

Calendar No. 415

112TH CONGRESS
2D SESSION**S. 3240**

To reauthorize agricultural programs through 2017, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 24, 2012

Ms. STABENOW, from the Committee on Agriculture, Nutrition, and Forestry, reported the following original bill; which was read twice and placed on the calendar

A BILL

To reauthorize agricultural programs through 2017, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) IN GENERAL.—This Act may be cited as the “Ag-
5 riculture Reform, Food, and Jobs Act of 2012”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
Sec. 2. Definition of Secretary.

Subtitle A—Repeals and Reforms

- Sec. 1101. Repeal of direct payments.
- Sec. 1102. Repeal of counter-cyclical payments.
- Sec. 1103. Repeal of average crop revenue election program.
- Sec. 1104. Definitions.
- Sec. 1105. Agriculture risk coverage.
- Sec. 1106. Producer agreement required as condition of provision of payments.
- Sec. 1107. Period of effectiveness.

Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

- Sec. 1201. Availability of nonrecourse marketing assistance loans for loan commodities.
- Sec. 1202. Loan rates for nonrecourse marketing assistance loans.
- Sec. 1203. Term of loans.
- Sec. 1204. Repayment of loans.
- Sec. 1205. Loan deficiency payments.
- Sec. 1206. Payments in lieu of loan deficiency payments for grazed acreage.
- Sec. 1207. Special marketing loan provisions for upland cotton.
- Sec. 1208. Special competitive provisions for extra long staple cotton.
- Sec. 1209. Availability of recourse loans for high moisture feed grains and seed cotton.
- Sec. 1210. Adjustments of loans.

Subtitle C—Sugar

- Sec. 1301. Sugar program.

Subtitle D—Dairy

PART I—DAIRY PRODUCTION MARGIN PROTECTION AND DAIRY MARKET STABILIZATION PROGRAMS

- Sec. 1401. Definitions.
- Sec. 1402. Calculation of average feed cost and actual dairy production margins.

SUBPART A—DAIRY PRODUCTION MARGIN PROTECTION PROGRAM

- Sec. 1411. Establishment of dairy production margin protection program.
- Sec. 1412. Participation of dairy operations in production margin protection program.
- Sec. 1413. Production history of participating dairy operations.
- Sec. 1414. Basic production margin protection.
- Sec. 1415. Supplemental production margin protection.
- Sec. 1416. Effect of failure to pay administration fees or premiums.

SUBPART B—DAIRY MARKET STABILIZATION PROGRAM

- Sec. 1431. Establishment of dairy market stabilization program.
- Sec. 1432. Threshold for implementation and reduction in dairy payments.
- Sec. 1433. Milk marketings information.
- Sec. 1434. Calculation and collection of reduced dairy operation payments.
- Sec. 1435. Remitting funds to the Secretary and use of funds.
- Sec. 1436. Suspension of reduced payment requirement.
- Sec. 1437. Enforcement.
- Sec. 1438. Audit requirements.

Sec. 1439. Study; report.

SUBPART C—DURATION

Sec. 1451. Duration.

PART II—DAIRY MARKET TRANSPARENCY

Sec. 1461. Dairy product mandatory reporting.

Sec. 1462. Federal milk marketing order information.

PART III—REPEAL OR REAUTHORIZATION OF OTHER DAIRY-RELATED PROVISIONS

Sec. 1471. Repeal of dairy product price support and milk income loss contract programs.

Sec. 1472. Repeal of dairy export incentive program.

Sec. 1473. Extension of dairy forward pricing program.

Sec. 1474. Extension of dairy indemnity program.

Sec. 1475. Extension of dairy promotion and research program.

Sec. 1476. Extension of Federal Milk Marketing Order Review Commission.

PART IV—EFFECTIVE DATE

Sec. 1481. Effective date.

Subtitle E—Supplemental Agricultural Disaster Assistance Programs

Sec. 1501. Supplemental agricultural disaster assistance programs.

Subtitle F—Administration

Sec. 1601. Administration generally.

Sec. 1602. Suspension of permanent price support authority.

Sec. 1603. Payment limitations.

Sec. 1604. Payments limited to active farmers.

Sec. 1605. Adjusted gross income limitation.

Sec. 1606. Geographically disadvantaged farmers and ranchers.

Sec. 1607. Personal liability of producers for deficiencies.

Sec. 1608. Prevention of deceased individuals receiving payments under farm commodity programs.

Sec. 1609. Appeals.

Sec. 1610. Technical corrections.

Sec. 1611. Assignment of payments.

Sec. 1612. Tracking of benefits.

Sec. 1613. Signature authority.

Sec. 1614. Implementation.

TITLE II—CONSERVATION

Subtitle A—Conservation Reserve Program

Sec. 2001. Extension and enrollment requirements of conservation reserve program.

Sec. 2002. Farmable wetland program.

Sec. 2003. Duties of owners and operators.

Sec. 2004. Duties of the Secretary.

Sec. 2005. Payments.

Sec. 2006. Contract requirements.

- Sec. 2007. Conversion of land subject to contract to other conserving uses.
- Sec. 2008. Effective date.

Subtitle B—Conservation Stewardship Program

- Sec. 2101. Conservation stewardship program.

Subtitle C—Environmental Quality Incentives Program

- Sec. 2201. Purposes.
- Sec. 2202. Definitions.
- Sec. 2203. Establishment and administration.
- Sec. 2204. Evaluation of applications.
- Sec. 2205. Duties of producers.
- Sec. 2206. Limitation on payments.
- Sec. 2207. Conservation innovation grants and payments.
- Sec. 2208. Effective date.

Subtitle D—Agricultural Conservation Easement Program

- Sec. 2301. Agricultural Conservation Easement Program.

Subtitle E—Regional Conservation Partnership Program

- Sec. 2401. Regional Conservation Partnership Program.

Subtitle F—Other Conservation Programs

- Sec. 2501. Conservation of private grazing land.
- Sec. 2502. Grassroots source water protection program.
- Sec. 2503. Voluntary public access and habitat incentive program.
- Sec. 2504. Agriculture conservation experienced services program.
- Sec. 2505. Small watershed rehabilitation program.
- Sec. 2506. Terminal lakes assistance.

Subtitle G—Funding and Administration

- Sec. 2601. Funding.
- Sec. 2602. Technical assistance.
- Sec. 2603. Regional equity.
- Sec. 2604. Reservation of funds to provide assistance to certain farmers or ranchers for conservation access.
- Sec. 2605. Annual report on program enrollments and assistance.
- Sec. 2606. Administrative requirements for conservation programs.
- Sec. 2607. Rulemaking authority.
- Sec. 2608. Standards for State technical committees.

Subtitle H—Repeal of Superseded Program Authorities and Transitional Provisions

- Sec. 2701. Comprehensive conservation enhancement program.
- Sec. 2702. Emergency forestry conservation reserve program.
- Sec. 2703. Wetlands reserve program.
- Sec. 2704. Farmland protection program and farm viability program.
- Sec. 2705. Grassland reserve program.
- Sec. 2706. Agricultural water enhancement program.
- Sec. 2707. Wildlife habitat incentive program.
- Sec. 2708. Great Lakes basin program.

- Sec. 2709. Chesapeake Bay watershed program.
- Sec. 2710. Cooperative conservation partnership initiative.
- Sec. 2711. Environmental easement program.
- Sec. 2712. Technical amendments.

TITLE III—TRADE

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- Sec. 3001. Set-aside for support for organizations through which nonemergency assistance is provided.
- Sec. 3002. Food aid quality.
- Sec. 3003. Minimum levels of assistance.
- Sec. 3004. Reauthorization of Food Aid Consultative Group.
- Sec. 3005. Oversight, monitoring, and evaluation of Food for Peace Act programs.
- Sec. 3006. Assistance for stockpiling and rapid transportation, delivery, and distribution of shelf-stable prepackaged foods.
- Sec. 3007. Limitation on total volume of commodities monetized.
- Sec. 3008. Flexibility.
- Sec. 3009. Procurement, transportation, testing, and storage of agricultural commodities for prepositioning in the United States and foreign countries.
- Sec. 3010. Deadline for agreements to finance sales or to provide other assistance.
- Sec. 3011. Minimum level of nonemergency food assistance.
- Sec. 3012. Coordination of foreign assistance programs report.
- Sec. 3013. Micronutrient fortification programs.
- Sec. 3014. John Ogonowski and Doug Bereuter Farmer-to-Farmer Program.

Subtitle B—Agricultural Trade Act of 1978

- Sec. 3101. Export credit guarantee programs.
- Sec. 3102. Funding for market access program.
- Sec. 3103. Foreign market development cooperator program.

Subtitle C—Other Agricultural Trade Laws

- Sec. 3201. Food for Progress Act of 1985.
- Sec. 3202. Bill Emerson Humanitarian Trust.
- Sec. 3203. Promotion of agricultural exports to emerging markets.
- Sec. 3204. McGovern-Dole International Food for Education and Child Nutrition Program.
- Sec. 3205. Technical assistance for specialty crops.
- Sec. 3206. Global Crop Diversity Trust.
- Sec. 3207. Local and regional food aid procurement projects.
- Sec. 3208. Donald Payne Horn of Africa food resilience program.
- Sec. 3209. Agricultural trade enhancement study.

TITLE IV—NUTRITION

Subtitle A—Supplemental Nutrition Assistance Program

- Sec. 4001. Food distribution program on Indian reservations.
- Sec. 4002. Standard utility allowances based on the receipt of energy assistance payments.
- Sec. 4003. Eligibility disqualifications.

- Sec. 4004. Ending supplemental nutrition assistance program benefits for lottery or gambling winners.
- Sec. 4005. Retail food stores.
- Sec. 4006. Improving security of food assistance.
- Sec. 4007. Technology modernization for retail food stores.
- Sec. 4008. Use of benefits for purchase of community-supported agriculture share.
- Sec. 4009. Restaurant meals program.
- Sec. 4010. Quality control error rate determination.
- Sec. 4011. Authorization of appropriations.
- Sec. 4012. Assistance for community food projects.
- Sec. 4013. Emergency food assistance.
- Sec. 4014. Nutrition education.
- Sec. 4015. Retail food store and recipient trafficking.
- Sec. 4016. Technical and conforming amendments.

Subtitle B—Commodity Distribution Programs

- Sec. 4101. Commodity distribution program.
- Sec. 4102. Commodity supplemental food program.
- Sec. 4103. Distribution of surplus commodities to special nutrition projects.
- Sec. 4104. Technical and conforming amendments.

Subtitle C—Miscellaneous

- Sec. 4201. Purchase of fresh fruits and vegetables for distribution to schools and service institutions.
- Sec. 4202. Seniors farmers' market nutrition program.
- Sec. 4203. Nutrition information and awareness pilot program.
- Sec. 4204. Whole grain products.
- Sec. 4205. Hunger-free communities.
- Sec. 4206. Healthy Food Financing Initiative.
- Sec. 4207. Purchase of commodities by Commodity Credit Corporation.

TITLE V—CREDIT

Subtitle A—Farmer Loans, Servicing, and Other Assistance Under the Consolidated Farm and Rural Development Act

- Sec. 5001. Farmer loans, servicing, and other assistance under the Consolidated Farm and Rural Development Act.

Subtitle B—Miscellaneous

- Sec. 5101. State agricultural mediation programs.
- Sec. 5102. Loans to purchasers of highly fractionated land.
- Sec. 5103. Removal of duplicative appraisals.

TITLE VI—RURAL DEVELOPMENT

Subtitle A—Reorganization of the Consolidated Farm and Rural Development Act

- Sec. 6001. Reorganization of the Consolidated Farm and Rural Development Act.
- Sec. 6002. Conforming amendments.

Subtitle B—Rural Electrification

- Sec. 6101. Definition of rural area.
- Sec. 6102. Guarantees for bonds and notes issued for electrification or telephone purposes.
- Sec. 6103. Expansion of 911 access.
- Sec. 6104. Access to broadband telecommunications services in rural areas.

Subtitle C—Miscellaneous

- Sec. 6201. Distance learning and telemedicine.
- Sec. 6202. Rural energy savings program.

TITLE VII—RESEARCH, EXTENSION, AND RELATED MATTERS

Subtitle A—National Agricultural Research, Extension, and Teaching Policy Act of 1977

- Sec. 7101. National Agricultural Research, Extension, Education, and Economics Advisory Board.
- Sec. 7102. Specialty crop committee.
- Sec. 7103. Veterinary services grant program.
- Sec. 7104. Grants and fellowships for food and agriculture sciences education.
- Sec. 7105. Agricultural and food policy research centers.
- Sec. 7106. Education grants to Alaska Native serving institutions and Native Hawaiian serving institutions.
- Sec. 7107. Nutrition education program.
- Sec. 7108. Continuing animal health and disease research programs.
- Sec. 7109. Grants to upgrade agricultural and food sciences facilities at 1890 land-grant colleges, including Tuskegee University.
- Sec. 7110. Grants to upgrade agricultural and food sciences facilities and equipment at insular area land-grant institutions.
- Sec. 7111. Hispanic-serving institutions.
- Sec. 7112. Competitive grants for international agricultural science and education programs.
- Sec. 7113. University research.
- Sec. 7114. Extension service.
- Sec. 7115. Supplemental and alternative crops.
- Sec. 7116. Capacity building grants for NLGCA institutions.
- Sec. 7117. Aquaculture assistance programs.
- Sec. 7118. Rangeland research programs.
- Sec. 7119. Special authorization for biosecurity planning and response.
- Sec. 7120. Distance education and resident instruction grants program for insular area institutions of higher education.

Subtitle B—Food, Agriculture, Conservation, and Trade Act of 1990

- Sec. 7201. Best utilization of biological applications.
- Sec. 7202. Integrated management systems.
- Sec. 7203. Sustainable agriculture technology development and transfer program.
- Sec. 7204. National training program.
- Sec. 7205. National Genetics Resources Program.
- Sec. 7206. National Agricultural Weather Information System.
- Sec. 7207. High-priority research and extension initiatives.
- Sec. 7208. Organic agriculture research and extension initiative.
- Sec. 7209. Farm business management.
- Sec. 7210. Regional centers of excellence.
- Sec. 7211. Assistive technology program for farmers with disabilities.

Sec. 7212. National rural information center clearinghouse.

Subtitle C—Agricultural Research, Extension, and Education Reform Act of 1998

- Sec. 7301. Relevance and merit of agricultural research, extension, and education funded by the Department.
- Sec. 7302. Integrated research, education, and extension competitive grants program.
- Sec. 7303. Support for research regarding diseases of wheat, triticale, and barley caused by *Fusarium graminearum* or by *Tilletia indica*.
- Sec. 7304. Grants for youth organizations.
- Sec. 7305. Specialty crop research initiative.
- Sec. 7306. Food animal residue avoidance database program.
- Sec. 7307. Office of pest management policy.
- Sec. 7308. Authorization of regional integrated pest management centers.

Subtitle D—Other Laws

- Sec. 7401. Critical Agricultural Materials Act.
- Sec. 7402. Equity in Educational Land-Grant Status Act of 1994.
- Sec. 7403. Research Facilities Act.
- Sec. 7404. Competitive, Special, and Facilities Research Grant Act.
- Sec. 7405. Enhanced use lease authority pilot program under Department of Agriculture Reorganization Act of 1994.
- Sec. 7406. Renewable Resources Extension Act of 1978.
- Sec. 7407. National Aquaculture Act of 1980.
- Sec. 7408. Beginning farmer and rancher development program under Farm Security and Rural Investment Act of 2002.

Subtitle E—Food, Conservation, and Energy Act of 2008

PART I—AGRICULTURAL SECURITY

- Sec. 7501. Agricultural biosecurity communication center.
- Sec. 7502. Assistance to build local capacity in agricultural biosecurity planning, preparation, and response.
- Sec. 7503. Research and development of agricultural countermeasures.
- Sec. 7504. Agricultural biosecurity grant program.

PART II—MISCELLANEOUS

- Sec. 7511. Grazinglands research laboratory.
- Sec. 7512. Budget submission and funding.
- Sec. 7513. Natural products research program.
- Sec. 7514. Sun grant program.

Subtitle F—Miscellaneous

- Sec. 7601. Foundation for Food and Agriculture Research.

TITLE VIII—FORESTRY

Subtitle A—Repeal of Certain Forestry Programs

- Sec. 8001. Forest land enhancement program.
- Sec. 8002. Watershed forestry assistance program.
- Sec. 8003. Expired cooperative national forest products marketing program.

- Sec. 8004. Hispanic-serving institution agricultural land national resources leadership program.
- Sec. 8005. Tribal watershed forestry assistance program.

Subtitle B—Reauthorization of Cooperative Forestry Assistance Act of 1978 Programs

- Sec. 8101. State-wide assessment and strategies for forest resources.
- Sec. 8102. Forest stewardship program.
- Sec. 8103. Forest Legacy Program.
- Sec. 8104. Community forest and open space conservation program.
- Sec. 8105. Urban and community forestry assistance.

Subtitle C—Reauthorization of Other Forestry-related Laws

- Sec. 8201. Rural revitalization technologies.
- Sec. 8202. Office of International Forestry.
- Sec. 8203. Insect infestations and related diseases.
- Sec. 8204. Stewardship end result contracting projects.
- Sec. 8205. Healthy forests reserve program.

Subtitle D—Miscellaneous Provisions

- Sec. 8301. McIntire-Stennis Cooperative Forestry Act.
- Sec. 8302. Revision of strategic plan for forest inventory and analysis.

TITLE IX—ENERGY

- Sec. 9001. Definition of renewable chemical.
- Sec. 9002. Biobased markets program.
- Sec. 9003. Biorefinery, renewable chemical, and biobased product manufacturing assistance.
- Sec. 9004. Repeal of repowering assistance program and transfer of remaining funds.
- Sec. 9005. Bioenergy program for advanced biofuels.
- Sec. 9006. Biodiesel fuel education program.
- Sec. 9007. Rural Energy for America Program.
- Sec. 9008. Biomass research and development.
- Sec. 9009. Feedstock flexibility program for bioenergy producers.
- Sec. 9010. Biomass Crop Assistance Program.
- Sec. 9011. Repeal of forest biomass for energy.
- Sec. 9012. Community wood energy program.
- Sec. 9013. Repeal of renewable fertilizer study.

TITLE X—HORTICULTURE

- Sec. 10001. Specialty crops market news allocation.
- Sec. 10002. Repeal of grant program to improve movement of specialty crops.
- Sec. 10003. Farmers market and local food promotion program.
- Sec. 10004. Study on local food production and program evaluation.
- Sec. 10005. Organic agriculture.
- Sec. 10006. Food safety education initiatives.
- Sec. 10007. Coordinated plant management program.
- Sec. 10008. Specialty crop block grants.
- Sec. 10009. Recordkeeping, investigations, and enforcement.
- Sec. 10010. Report on honey.
- Sec. 10011. Effective date.

TITLE XI—CROP INSURANCE

- Sec. 11001. Supplemental coverage option.
- Sec. 11002. Premium amounts for catastrophic risk protection.
- Sec. 11003. Permanent enterprise unit.
- Sec. 11004. Enterprise units for irrigated and nonirrigated crops.
- Sec. 11005. Data collection.
- Sec. 11006. Adjustment in actual production history to establish insurable yields.
- Sec. 11007. Submission and review of policies.
- Sec. 11008. Board review and approval.
- Sec. 11009. Consultation.
- Sec. 11010. Budget limitations on renegotiation of the standard reinsurance agreement.
- Sec. 11011. Stacked income protection plan for producers of upland cotton.
- Sec. 11012. Peanut revenue crop insurance.
- Sec. 11013. Authority to correct errors.
- Sec. 11014. Implementation.
- Sec. 11015. Approval of costs for research and development.
- Sec. 11016. Whole farm risk management insurance.
- Sec. 11017. Crop insurance for livestock.
- Sec. 11018. Margin coverage for catfish.
- Sec. 11019. Research and development.
- Sec. 11020. Pilot programs.
- Sec. 11021. Index-based weather insurance pilot program.
- Sec. 11022. Enhancing producer self-help through farm financial benchmarking.
- Sec. 11023. Beginning farmer and rancher provisions.
- Sec. 11024. Agricultural management assistance, risk management education, and organic certification cost share assistance.
- Sec. 11025. Crop production on native sod.
- Sec. 11026. Technical amendments.

TITLE XII—MISCELLANEOUS

Subtitle A—Socially Disadvantaged Producers and Limited Resource
Producers

- Sec. 12001. Outreach and assistance for socially disadvantaged farmers and ranchers and veteran farmers and ranchers.
- Sec. 12002. Office of Advocacy and Outreach.

Subtitle B—Livestock

- Sec. 12101. Wildlife reservoir zoonotic disease initiative.
- Sec. 12102. Trichinae certification program.
- Sec. 12103. National Aquatic Animal Health Plan.
- Sec. 12104. Sheep production and marketing grant program.
- Sec. 12105. Feral swine eradication pilot program.

Subtitle C—Other Miscellaneous Provisions

- Sec. 12201. Military veterans agricultural liaison.
- Sec. 12202. Information gathering.
- Sec. 12203. Grants to improve supply, stability, safety, and training of agricultural labor force.
- Sec. 12204. Noninsured crop assistance program.

Sec. 12205. Regional economic and infrastructure development.

Sec. 12206. Canada geese removal.

1 **SEC. 2. DEFINITION OF SECRETARY.**

2 In this Act, the term “Secretary” means the Sec-
3 retary of Agriculture.

4 **TITLE I—COMMODITY**
5 **PROGRAMS**

6 **Subtitle A—Repeals and Reforms**

7 **SEC. 1101. REPEAL OF DIRECT PAYMENTS.**

8 (a) REPEAL.—Sections 1103 and 1303 of the Food,
9 Conservation, and Energy Act of 2008 (7 U.S.C. 8713,
10 8753) are repealed.

11 (b) CONTINUED APPLICATION FOR 2012 CROP
12 YEAR.—Sections 1103 and 1303 of the Food, Conserva-
13 tion, and Energy Act of 2008 (7 U.S.C. 8713, 8753), as
14 in effect on the day before the date of enactment of this
15 Act, shall continue to apply through the 2012 crop year
16 with respect to all covered commodities (as defined in sec-
17 tion 1001 of that Act (7 U.S.C. 8702)) (except pulse
18 crops) and peanuts on a farm.

19 **SEC. 1102. REPEAL OF COUNTER-CYCLICAL PAYMENTS.**

20 (a) REPEAL.—Sections 1104 and 1304 of the Food,
21 Conservation, and Energy Act of 2008 (7 U.S.C. 8714,
22 8754) are repealed.

23 (b) CONTINUED APPLICATION FOR 2012 CROP
24 YEAR.—Sections 1104 and 1304 of the Food, Conserva-

1 tion, and Energy Act of 2008 (7 U.S.C. 8714, 8754), as
2 in effect on the day before the date of enactment of this
3 Act, shall continue to apply through the 2012 crop year
4 with respect to all covered commodities (as defined in sec-
5 tion 1001 of that Act (7 U.S.C. 8702)) and peanuts on
6 a farm.

7 **SEC. 1103. REPEAL OF AVERAGE CROP REVENUE ELECTION**
8 **PROGRAM.**

9 (a) REPEAL.—Section 1105 of the Food, Conserva-
10 tion, and Energy Act of 2008 (7 U.S.C. 8715) is repealed.

11 (b) CONTINUED APPLICATION FOR 2012 CROP
12 YEAR.—Section 1105 of the Food, Conservation, and En-
13 ergy Act of 2008 (7 U.S.C. 8715), as in effect on the day
14 before the date of enactment of this Act, shall continue
15 to apply through the 2012 crop year with respect to all
16 covered commodities (as defined in section 1001 of that
17 Act (7 U.S.C. 8702)) and peanuts on a farm for which
18 the irrevocable election under section 1105 of that Act is
19 made before the date of enactment of this Act.

20 **SEC. 1104. DEFINITIONS.**

21 In this subtitle, subtitle B, and subtitle F:

22 (1) ACTUAL CROP REVENUE.—The term “ac-
23 tual crop revenue”, with respect to a covered com-
24 modity for a crop year, means the amount deter-
25 mined by the Secretary under section 1105(c)(3).

1 (2) AGRICULTURE RISK COVERAGE GUAR-
2 ANTEE.—The term “agriculture risk coverage guar-
3 antee”, with respect to a covered commodity for a
4 crop year, means the amount determined by the Sec-
5 retary under section 1105(c)(4).

6 (3) AGRICULTURE RISK COVERAGE PAYMENT.—
7 The term “agriculture risk coverage payment”
8 means a payment under section 1105(c).

9 (4) AVERAGE INDIVIDUAL YIELD.—The term
10 “average individual yield” means the yield reported
11 by a producer for purposes of subtitle A of the Fed-
12 eral Crop Insurance Act (7 U.S.C. 1501 et seq.), to
13 the maximum extent practicable.

14 (5) COUNTY COVERAGE.—For the purposes of
15 agriculture risk coverage under section 1105, the
16 term “county coverage” means coverage determined
17 using the total quantity of all acreage in a county
18 of the covered commodity that is planted or pre-
19 vented from being planted for harvest by a producer
20 with the yield determined by the average county
21 yield described in subsection (c) of that section.

22 (6) COVERED COMMODITY.—

23 (A) IN GENERAL.—The term “covered
24 commodity” means wheat, corn, grain sorghum,
25 barley, oats, long grain rice, medium grain rice,

1 pulse crops, soybeans, other oilseeds, and pea-
2 nuts.

3 (B) POPCORN.—The Secretary—

4 (i) shall study the feasibility of includ-
5 ing popcorn as a covered commodity by
6 2014; and

7 (ii) if the Secretary determines it to
8 be feasible, shall designate popcorn as a
9 covered commodity.

10 (7) ELIGIBLE ACRES.—

11 (A) IN GENERAL.—Except as provided in
12 subparagraphs (B) through (E), the term “eli-
13 gible acres” means all acres planted or pre-
14 vented from being planted to all covered com-
15 modities on a farm in any crop year.

16 (B) MAXIMUM.—Except as provided in
17 (C), the total quantity of eligible acres on a
18 farm determined under subparagraph (A) shall
19 not exceed the average total acres planted or
20 prevented from being planted to covered com-
21 modities and upland cotton on the farm for the
22 2009 through 2012 crop years, as determined
23 by the Secretary.

24 (C) ADJUSTMENT.—The Secretary shall
25 provide for an adjustment, as appropriate, in

1 the eligible acres for covered commodities for a
2 farm if any of the following circumstances oc-
3 curs:

4 (i) If a conservation reserve contract
5 for a farm in a county entered into under
6 section 1231 of the Food Security Act of
7 1985 (16 U.S.C. 3831) expires or is volun-
8 tarily terminated or cropland is released
9 from coverage under a conservation reserve
10 contract, the Secretary shall provide for an
11 adjustment, as appropriate, in the eligible
12 acres for the farm to a total quantity that
13 is the higher of—

14 (I) the total base acreage for the
15 farm, less any upland cotton base
16 acreage, that was suspended during
17 the conservation reserve contract; or

18 (II) the product obtained by mul-
19 tipling—

20 (aa) the average proportion
21 that—

22 (AA) the total number
23 of acres planted to covered
24 commodities and upland cot-
25 ton in the county for crop

1 years 2009 through 2012;
2 bears to

3 (BB) the total number
4 of all acres of covered com-
5 modities, grassland, and up-
6 land cotton acres in the
7 county for the same crop
8 years; by

9 (bb) the total acres for
10 which coverage has expired, vol-
11 untarily terminated, or been re-
12 leased under the conservation re-
13 serve contract.

14 (ii) The producer has eligible oilseed
15 acreage as the result of the Secretary des-
16 ignating additional oilseeds, which shall be
17 determined in the same manner as eligible
18 oilseed acreage under section
19 1101(a)(1)(D) of the Food, Conservation,
20 and Energy Act of 2008 (7 U.S.C.
21 8711(a)(1)(D)).

22 (iii) The producer has any acreage not
23 cropped during the 2009 through 2012
24 crop years, but placed into an established
25 rotation practice for the purposes of en-

1 riching land or conserving moisture for
2 subsequent crop years, including summer
3 fallow, as determined by the Secretary.

4 (D) EXCLUSION.—The term “eligible
5 acres” does not include any crop subsequently
6 planted during the same crop year on the same
7 land for which the first crop is eligible for pay-
8 ments under this subtitle, unless the crop was
9 planted in an area approved for double crop-
10 ping, as determined by the Secretary.

11 (8) EXTRA LONG STAPLE COTTON.—The term
12 “extra long staple cotton” means cotton that—

13 (A) is produced from pure strain varieties
14 of the Barbadosense species or any hybrid of the
15 species, or other similar types of extra long sta-
16 ple cotton, designated by the Secretary, having
17 characteristics needed for various end uses for
18 which United States upland cotton is not suit-
19 able and grown in irrigated cotton-growing re-
20 gions of the United States designated by the
21 Secretary or other areas designated by the Sec-
22 retary as suitable for the production of the vari-
23 eties or types; and

1 (B) is ginned on a roller-type gin or, if au-
2 thorized by the Secretary, ginned on another
3 type gin for experimental purposes.

4 (9) INDIVIDUAL COVERAGE.—For purposes of
5 agriculture risk coverage under section 1105, the
6 term “individual coverage” means coverage deter-
7 mined using the total quantity of all acreage in a
8 county of the covered commodity that is planted or
9 prevented from being planted for harvest by a pro-
10 ducer with the yield determined by the average indi-
11 vidual yield of the producer described in subsection
12 (c) of that section.

13 (10) MEDIUM GRAIN RICE.—The term “medium
14 grain rice” includes short grain rice.

15 (11) MIDSEASON PRICE.—The term “midseason
16 price” means the applicable national average market
17 price received by producers for the first 5 months of
18 the applicable marketing year, as determined by the
19 Secretary.

20 (12) OTHER OILSEED.—The term “other oil-
21 seed” means a crop of sunflower seed, rapeseed,
22 canola, safflower, flaxseed, mustard seed, crambe,
23 sesame seed, or any oilseed designated by the Sec-
24 retary.

25 (13) PRODUCER.—

1 (A) IN GENERAL.—The term “producer”
2 means an owner, operator, landlord, tenant, or
3 sharecropper that shares in the risk of pro-
4 ducing a crop and is entitled to share in the
5 crop available for marketing from the farm, or
6 would have shared had the crop been produced.

7 (B) HYBRID SEED.—In determining
8 whether a grower of hybrid seed is a producer,
9 the Secretary shall—

10 (i) not take into consideration the ex-
11 istence of a hybrid seed contract; and

12 (ii) ensure that program requirements
13 do not adversely affect the ability of the
14 grower to receive a payment under this
15 title.

16 (14) PULSE CROP.—The term “pulse crop”
17 means dry peas, lentils, small chickpeas, and large
18 chickpeas.

19 (15) STATE.—The term “State” means—

20 (A) a State;

21 (B) the District of Columbia;

22 (C) the Commonwealth of Puerto Rico;

23 and

24 (D) any other territory or possession of the
25 United States.

1 (16) TRANSITIONAL YIELD.—The term “transi-
2 tional yield” has the meaning given the term in sec-
3 tion 502(b) of the Federal Crop Insurance Act (7
4 U.S.C. 1502(b)).

5 (17) UNITED STATES.—The term “United
6 States”, when used in a geographical sense, means
7 all of the States.

8 (18) UNITED STATES PREMIUM FACTOR.—The
9 term “United States Premium Factor” means the
10 percentage by which the difference in the United
11 States loan schedule premiums for Strict Middling
12 (SM) 1¹/₈-inch upland cotton and for Middling (M)
13 1³/₃₂-inch upland cotton exceeds the difference in the
14 applicable premiums for comparable international
15 qualities.

16 **SEC. 1105. AGRICULTURE RISK COVERAGE.**

17 (a) PAYMENTS REQUIRED.—If the Secretary deter-
18 mines that payments are required under subsection (c),
19 the Secretary shall make payments for each covered com-
20 modity available to producers in accordance with this sec-
21 tion.

22 (b) COVERAGE ELECTION.—

23 (1) IN GENERAL.—For the period of crop years
24 2013 through 2017, the producers shall make a 1-
25 time, irrevocable election to receive—

1 (A) individual coverage under this section,
2 as determined by the Secretary; or

3 (B) in the case of a county with sufficient
4 data (as determined by the Secretary), county
5 coverage under this section.

6 (2) EFFECT OF ELECTION.—The election made
7 under paragraph (1) shall be binding on the pro-
8 ducers making the election, regardless of covered
9 commodities planted, and applicable to all acres
10 under the operational control of the producers, in a
11 manner that—

12 (A) acres brought under the operational
13 control of the producers after the election are
14 included; and

15 (B) acres no longer under the operational
16 control of the producers after the election are
17 no longer subject to the election of the pro-
18 ducers but become subject to the election of the
19 subsequent producers.

20 (3) DUTIES OF THE SECRETARY.—The Sec-
21 retary shall ensure that producers are precluded
22 from taking any action, including reconstitution,
23 transfer, or other similar action, that would have the
24 effect of altering or reversing the election made
25 under paragraph (1).

1 (c) AGRICULTURE RISK COVERAGE.—

2 (1) PAYMENTS.—The Secretary shall make ag-
3 riculture risk coverage payments available under this
4 subsection for each of the 2013 through 2017 crop
5 years if the Secretary determines that—

6 (A) the actual crop revenue for the crop
7 year for the covered commodity; is less than

8 (B) the agriculture risk coverage guarantee
9 for the crop year for the covered commodity.

10 (2) TIME FOR PAYMENTS.—If the Secretary de-
11 termines under this subsection that agriculture risk
12 coverage payments are required to be made for the
13 covered commodity, the agriculture risk coverage
14 payments shall be made as soon as practicable there-
15 after.

16 (3) ACTUAL CROP REVENUE.—The amount of
17 the actual crop revenue for a crop year of a covered
18 commodity shall be equal to the product obtained by
19 multiplying—

20 (A)(i) in the case of individual coverage,
21 the actual average individual yield for the cov-
22 ered commodity, as determined by the Sec-
23 retary; or

24 (ii) in the case of county coverage, the ac-
25 tual average yield for the county for the covered

1 commodity, as determined by the Secretary;
2 and

3 (B) the higher of—

4 (i) the midseason price; or

5 (ii) if applicable, the national mar-
6 keting assistance loan rate for the covered
7 commodity under subtitle B.

8 (4) AGRICULTURE RISK COVERAGE GUAR-
9 ANTEE.—

10 (A) IN GENERAL.—The agriculture risk
11 coverage guarantee for a crop year for a cov-
12 ered commodity shall equal 89 percent of the
13 benchmark revenue.

14 (B) BENCHMARK REVENUE.—

15 (i) IN GENERAL.—The benchmark
16 revenue shall be the product obtained by
17 multiplying—

18 (I)(aa) in the case of individual
19 coverage, subject to clause (ii), the av-
20 erage individual yield, as determined
21 by the Secretary, for the most recent
22 5 crop years, excluding each of the
23 crop years with the highest and lowest
24 yields; or

1 (bb) in the case of county cov-
2 erage, the average county yield, as de-
3 termined by the Secretary, for the
4 most recent 5 crop years, excluding
5 each of the crop years with the high-
6 est and lowest yields; and

7 (II) subject to clause (iii), the av-
8 erage national marketing year average
9 price for the most recent 5 crop years,
10 excluding each of the crop years with
11 the highest and lowest prices.

12 (ii) USE OF TRANSITIONAL YIELDS.—

13 If the yield determined under clause

14 (i)(I)(aa)—

15 (I) for the 2012 crop year or any
16 prior crop year, is less than 60 per-
17 cent of the applicable transitional
18 yield, the Secretary shall use 60 per-
19 cent of the applicable transitional
20 yield for that crop year; and

21 (II) for the 2013 crop year and
22 any subsequent crop year, is less than
23 70 percent of the applicable transi-
24 tional yield, the Secretary shall use 70

1 percent of the applicable transitional
2 yield for that crop year.

3 (iii) SPECIAL RULE FOR RICE AND
4 PEANUTS.—If the national marketing year
5 average price under clause (i)(II) for any
6 of the applicable crop years is lower than
7 the price for the covered commodity listed
8 below, the Secretary shall use the following
9 price for that crop year:

10 (I) For long grain rice, \$13.00
11 per hundredweight.

12 (II) For medium grain rice,
13 \$13.00 per hundredweight.

14 (III) For peanuts, \$530.00 per
15 ton.

16 (5) PAYMENT RATE.—The payment rate for
17 each covered commodity shall be equal to the lesser
18 of—

19 (A) the amount that—

20 (i) the agriculture risk coverage guar-
21 antee for the covered commodity; exceeds

22 (ii) the actual crop revenue for the
23 crop year of the covered commodity; or

24 (B) 10 percent of the benchmark revenue
25 for the crop year of the covered commodity.

1 (6) PAYMENT AMOUNT.—If agriculture risk
2 coverage payments under this subsection are re-
3 quired to be paid for any of the 2013 through 2017
4 crop years of a covered commodity, the amount of
5 the agriculture risk coverage payment for the crop
6 year shall be equal to the product obtained by multi-
7 plying—

8 (A) the payment rate under paragraph (5);

9 and

10 (B)(i) in the case of individual coverage
11 the sum of—

12 (I) 65 percent of the planted eligible
13 acres of the covered commodity; and

14 (II) 45 percent of the eligible acres
15 that were prevented from being planted to
16 the covered commodity; or

17 (ii) in the case of county coverage—

18 (I) 80 percent of the planted eligible
19 acres of the covered commodity; and

20 (II) 45 percent of the eligible acres
21 that were prevented from being planted to
22 the covered commodity.

23 (7) DUTIES OF THE SECRETARY.—In carrying
24 out the program under this subsection, the Secretary
25 shall—

1 (A) to the maximum extent practicable,
2 use all available information and analysis to
3 check for anomalies in the determination of
4 payments under the program;

5 (B) to the maximum extent practicable,
6 calculate a separate actual crop revenue and ag-
7 riculture risk coverage guarantee for irrigated
8 and nonirrigated covered commodities;

9 (C) differentiate by type or class the na-
10 tional average price of—

11 (i) sunflower seeds;

12 (ii) barley, using malting barley val-
13 ues; and

14 (iii) wheat; and

15 (D) assign a yield for each acre planted or
16 prevented from being planted for the crop year
17 for the covered commodity on the basis of the
18 yield history of representative farms in the
19 State, region, or crop reporting district, as de-
20 termined by the Secretary, if the Secretary can-
21 not establish the yield as determined under
22 paragraph (3)(A)(ii) or (4)(B)(i) or if the yield
23 determined under paragraph (3)(A)(ii) or (4) is
24 an unrepresentative average yield for the cov-
25 ered commodity as determined by the Secretary.

1 **SEC. 1106. PRODUCER AGREEMENT REQUIRED AS CONDI-**
2 **TION OF PROVISION OF PAYMENTS.**

3 (a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

4 (1) REQUIREMENTS.—Before the producers on
5 a farm may receive agriculture risk coverage pay-
6 ments, the producers shall agree, during the crop
7 year for which the payments are made and in ex-
8 change for the payments—

9 (A) to comply with applicable conservation
10 requirements under subtitle B of title XII of
11 the Food Security Act of 1985 (16 U.S.C. 3811
12 et seq.);

13 (B) to comply with applicable wetland pro-
14 tection requirements under subtitle C of title
15 XII of that Act (16 U.S.C. 3821 et seq.);

16 (C) to use the land on the farm for an ag-
17 ricultural or conserving use in a quantity equal
18 to the attributable eligible acres of the farm,
19 and not for a nonagricultural commercial, in-
20 dustrial, or residential use, as determined by
21 the Secretary; and

22 (D) to effectively control noxious weeds
23 and otherwise maintain the land in accordance
24 with sound agricultural practices, as determined
25 by the Secretary, if the agricultural or con-
26 serving use involves the noncultivation of any

1 portion of the land referred to in subparagraph
2 (C).

3 (2) COMPLIANCE.—The Secretary may issue
4 such rules as the Secretary considers necessary to
5 ensure producer compliance with the requirements of
6 paragraph (1).

7 (3) MODIFICATION.—At the request of the
8 transferee or owner, the Secretary may modify the
9 requirements of this subsection if the modifications
10 are consistent with the objectives of this subsection,
11 as determined by the Secretary.

12 (b) TRANSFER OR CHANGE OF INTEREST IN
13 FARM.—

14 (1) TERMINATION.—

15 (A) IN GENERAL.—Except as provided in
16 paragraph (2), a transfer of (or change in) the
17 interest of the producers on a farm for which
18 agriculture risk coverage payments are made
19 shall result in the termination of the agriculture
20 risk coverage payments, unless the transferee or
21 owner of the acreage agrees to assume all obli-
22 gations under subsection (a).

23 (B) EFFECTIVE DATE.—The termination
24 shall take effect on the date determined by the
25 Secretary.

1 (2) EXCEPTION.—If a producer entitled to an
2 agriculture risk coverage payment dies, becomes in-
3 competent, or is otherwise unable to receive the pay-
4 ment, the Secretary shall make the payment, in ac-
5 cordance with rules issued by the Secretary.

6 (c) REPORTS.—

7 (1) ACREAGE REPORTS.—As a condition on the
8 receipt of any benefits under this subtitle or subtitle
9 B, the Secretary shall require producers on a farm
10 to submit to the Secretary annual acreage reports
11 with respect to all cropland on the farm.

12 (2) PRODUCTION REPORTS.—As a condition on
13 the receipt of any benefits under section 1105, the
14 Secretary shall require producers on a farm to sub-
15 mit to the Secretary annual production reports with
16 respect to all covered commodities produced on the
17 farm.

18 (3) PENALTIES.—No penalty with respect to
19 benefits under this subtitle or subtitle B shall be as-
20 sessed against the producers on a farm for an inac-
21 curate acreage or production report unless the pro-
22 ducers on the farm knowingly and willfully falsified
23 the acreage or production report.

24 (4) DATA REPORTING.—To the maximum ex-
25 tent practicable, the Secretary shall use data re-

1 ported by the producer pursuant to requirements
 2 under the Federal Crop Insurance Act (7 U.S.C.
 3 1501 et seq.) to meet the obligations described in
 4 paragraphs (1) and (2), without additional submis-
 5 sions to the Department.

6 (d) TENANTS AND SHARECROPPERS.—In carrying
 7 out this subtitle, the Secretary shall provide adequate safe-
 8 guards to protect the interests of tenants and share-
 9 croppers.

10 **SEC. 1107. PERIOD OF EFFECTIVENESS.**

11 This subtitle shall be effective beginning with the
 12 2013 crop year of each covered commodity through the
 13 2017 crop year.

14 **Subtitle B—Marketing Assistance**
 15 **Loans and Loan Deficiency Pay-**
 16 **ments**

17 **SEC. 1201. AVAILABILITY OF NONRECOURSE MARKETING**
 18 **ASSISTANCE LOANS FOR LOAN COMMOD-**
 19 **ITIES.**

20 (a) DEFINITION OF LOAN COMMODITY.—In this sub-
 21 title, the term “loan commodity” means wheat, corn, grain
 22 sorghum, barley, oats, upland cotton, extra long staple
 23 cotton, long grain rice, medium grain rice, peanuts, soy-
 24 beans, other oilseeds, graded wool, nongraded wool, mo-

1 hair, honey, dry peas, lentils, small chickpeas, and large
2 chickpeas.

3 (b) NONRECOURSE LOANS AVAILABLE.—

4 (1) IN GENERAL.—For each of the 2013
5 through 2017 crops of each loan commodity, the
6 Secretary shall make available to producers on a
7 farm nonrecourse marketing assistance loans for
8 loan commodities produced on the farm.

9 (2) TERMS AND CONDITIONS.—The marketing
10 assistance loans shall be made under terms and con-
11 ditions that are prescribed by the Secretary and at
12 the loan rate established under section 1202 for the
13 loan commodity.

14 (c) ELIGIBLE PRODUCTION.—The producers on a
15 farm shall be eligible for a marketing assistance loan
16 under subsection (b) for any quantity of a loan commodity
17 produced on the farm.

18 (d) COMPLIANCE WITH CONSERVATION AND WET-
19 LANDS REQUIREMENTS.—

20 (1) REQUIREMENTS.—Before the producers on
21 a farm may receive a marketing assistance loan or
22 any other payment or benefit under this subtitle, the
23 producers shall agree, for the crop year for which
24 the payments are made and in exchange for the pay-
25 ments—

1 (A) to comply with applicable conservation
2 requirements under subtitle B of title XII of
3 the Food Security Act of 1985 (16 U.S.C. 3811
4 et seq.);

5 (B) to comply with applicable wetland pro-
6 tection requirements under subtitle C of title
7 XII of that Act (16 U.S.C. 3821 et seq.);

8 (C) to use the land on the farm for an ag-
9 ricultural or conserving use in a quantity equal
10 to the attributable eligible acres of the farm,
11 and not for a nonagricultural commercial, in-
12 dustrial, or residential use, as determined by
13 the Secretary; and

14 (D) to effectively control noxious weeds
15 and otherwise maintain the land in accordance
16 with sound agricultural practices, as determined
17 by the Secretary, if the agricultural or con-
18 serving use involves the noncultivation of any
19 portion of the land referred to in subparagraph
20 (C).

21 (2) COMPLIANCE.—The Secretary may issue
22 such rules as the Secretary considers necessary to
23 ensure producer compliance with paragraph (1).

24 (3) MODIFICATION.—At the request of a trans-
25 feree or owner, the Secretary may modify the re-

1 requirements of this subsection if the modifications
2 are consistent with the purposes of this subsection,
3 as determined by the Secretary.

4 (e) SPECIAL RULES FOR PEANUTS.—

5 (1) IN GENERAL.—This subsection shall apply
6 only to producers of peanuts.

7 (2) OPTIONS FOR OBTAINING LOAN.—A mar-
8 keting assistance loan under this section, and loan
9 deficiency payments under section 1205, may be ob-
10 tained at the option of the producers on a farm
11 through—

12 (A) a designated marketing association or
13 marketing cooperative of producers that is ap-
14 proved by the Secretary; or

15 (B) the Farm Service Agency.

16 (3) STORAGE OF LOAN PEANUTS.—As a condi-
17 tion on the approval by the Secretary of an indi-
18 vidual or entity to provide storage for peanuts for
19 which a marketing assistance loan is made under
20 this section, the individual or entity shall agree—

21 (A) to provide the storage on a nondiscrim-
22 inatory basis; and

23 (B) to comply with such additional require-
24 ments as the Secretary considers appropriate to
25 accomplish the purposes of this section and pro-

1 mote fairness in the administration of the bene-
2 fits of this section.

3 (4) STORAGE, HANDLING, AND ASSOCIATED
4 COSTS.—

5 (A) IN GENERAL.—To ensure proper stor-
6 age of peanuts for which a loan is made under
7 this section, the Secretary shall pay handling
8 and other associated costs (other than storage
9 costs) incurred at the time at which the peanuts
10 are placed under loan, as determined by the
11 Secretary.

12 (B) REDEMPTION AND FORFEITURE.—The
13 Secretary shall—

14 (i) require the repayment of handling
15 and other associated costs paid under sub-
16 paragraph (A) for all peanuts pledged as
17 collateral for a loan that is redeemed under
18 this section; and

19 (ii) pay storage, handling, and other
20 associated costs for all peanuts pledged as
21 collateral that are forfeited under this sec-
22 tion.

23 (5) MARKETING.—A marketing association or
24 cooperative may market peanuts for which a loan is
25 made under this section in any manner that con-

1 forms to consumer needs, including the separation of
2 peanuts by type and quality.

3 (6) REIMBURSABLE AGREEMENTS AND PAY-
4 MENT OF ADMINISTRATIVE EXPENSES.—The Sec-
5 retary may implement any reimbursable agreements
6 or provide for the payment of administrative ex-
7 penses under this subsection only in a manner that
8 is consistent with those activities in regard to other
9 loan commodities.

10 **SEC. 1202. LOAN RATES FOR NONRECOURSE MARKETING**
11 **ASSISTANCE LOANS.**

12 (a) IN GENERAL.—For purposes of each of the 2013
13 through 2017 crop years, the loan rate for a marketing
14 assistance loan under section 1201 for a loan commodity
15 shall be equal to the following:

16 (1) In the case of wheat, \$2.94 per bushel.

17 (2) In the case of corn, \$1.95 per bushel.

18 (3) In the case of grain sorghum, \$1.95 per
19 bushel.

20 (4) In the case of barley, \$1.95 per bushel.

21 (5) In the case of oats, \$1.39 per bushel.

22 (6) In the case of base quality of upland cotton,
23 for the 2013 and each subsequent crop year, the
24 simple average of the adjusted prevailing world price
25 for the 2 immediately preceding marketing years, as

1 determined by the Secretary and announced October
2 1 preceding the next domestic plantings, but in no
3 case less than \$0.47 per pound or more than \$0.52
4 per pound.

5 (7) In the case of extra long staple cotton,
6 \$0.7977 per pound.

7 (8) In the case of long grain rice, \$6.50 per
8 hundredweight.

9 (9) In the case of medium grain rice, \$6.50 per
10 hundredweight.

11 (10) In the case of soybeans, \$5.00 per bushel.

12 (11) In the case of other oilseeds, \$10.09 per
13 hundredweight for each of the following kinds of oil-
14 seeds:

15 (A) Sunflower seed.

16 (B) Rapeseed.

17 (C) Canola.

18 (D) Safflower.

19 (E) Flaxseed.

20 (F) Mustard seed.

21 (G) Crambe.

22 (H) Sesame seed.

23 (I) Other oilseeds designated by the Sec-
24 retary.

1 (12) In the case of dry peas, \$5.40 per hun-
2 dredweight.

3 (13) In the case of lentils, \$11.28 per hundred-
4 weight.

5 (14) In the case of small chickpeas, \$7.43 per
6 hundredweight.

7 (15) In the case of large chickpeas, \$11.28 per
8 hundredweight.

9 (16) In the case of graded wool, \$1.15 per
10 pound.

11 (17) In the case of nongraded wool, \$0.40 per
12 pound.

13 (18) In the case of mohair, \$4.20 per pound.

14 (19) In the case of honey, \$0.69 per pound.

15 (20) In the case of peanuts, \$355 per ton.

16 (b) SINGLE COUNTY LOAN RATE FOR OTHER OIL-
17 SEEDS.—The Secretary shall establish a single loan rate
18 in each county for each kind of other oilseeds described
19 in subsection (a)(11).

20 **SEC. 1203. TERM OF LOANS.**

21 (a) TERM OF LOAN.—In the case of each loan com-
22 modity, a marketing assistance loan under section 1201
23 shall have a term of 9 months beginning on the first day
24 of the first month after the month in which the loan is
25 made.

1 (b) EXTENSIONS PROHIBITED.—The Secretary may
2 not extend the term of a marketing assistance loan for
3 any loan commodity.

4 **SEC. 1204. REPAYMENT OF LOANS.**

5 (a) GENERAL RULE.—The Secretary shall permit the
6 producers on a farm to repay a marketing assistance loan
7 under section 1201 for a loan commodity (other than up-
8 land cotton, long grain rice, medium grain rice, extra long
9 staple cotton, peanuts and confectionery and each other
10 kind of sunflower seed (other than oil sunflower seed)) at
11 a rate that is the lesser of—

12 (1) the loan rate established for the commodity
13 under section 1202, plus interest (determined in ac-
14 cordance with section 163 of the Federal Agriculture
15 Improvement and Reform Act of 1996 (7 U.S.C.
16 7283));

17 (2) a rate (as determined by the Secretary)
18 that—

19 (A) is calculated based on average market
20 prices for the loan commodity during the pre-
21 ceding 30-day period; and

22 (B) will minimize discrepancies in mar-
23 keting loan benefits across State boundaries
24 and across county boundaries; or

1 (3) a rate that the Secretary may develop using
2 alternative methods for calculating a repayment rate
3 for a loan commodity that the Secretary determines
4 will—

5 (A) minimize potential loan forfeitures;

6 (B) minimize the accumulation of stocks of
7 the commodity by the Federal Government;

8 (C) minimize the cost incurred by the Fed-
9 eral Government in storing the commodity;

10 (D) allow the commodity produced in the
11 United States to be marketed freely and com-
12 petitively, both domestically and internationally;
13 and

14 (E) minimize discrepancies in marketing
15 loan benefits across State boundaries and
16 across county boundaries.

17 (b) REPAYMENT RATES FOR UPLAND COTTON, LONG
18 GRAIN RICE, AND MEDIUM GRAIN RICE.—The Secretary
19 shall permit producers to repay a marketing assistance
20 loan under section 1201 for upland cotton, long grain rice,
21 and medium grain rice at a rate that is the lesser of—

22 (1) the loan rate established for the commodity
23 under section 1202, plus interest (determined in ac-
24 cordance with section 163 of the Federal Agriculture

1 Improvement and Reform Act of 1996 (7 U.S.C.
2 7283)); or

3 (2) the prevailing world market price for the
4 commodity, as determined and adjusted by the Sec-
5 retary in accordance with this section.

6 (c) REPAYMENT RATES FOR EXTRA LONG STAPLE
7 COTTON.—Repayment of a marketing assistance loan for
8 extra long staple cotton shall be at the loan rate estab-
9 lished for the commodity under section 1202, plus interest
10 (determined in accordance with section 163 of the Federal
11 Agriculture Improvement and Reform Act of 1996 (7
12 U.S.C. 7283)).

13 (d) PREVAILING WORLD MARKET PRICE.—For pur-
14 poses of this section and section 1207, the Secretary shall
15 prescribe by regulation—

16 (1) a formula to determine the prevailing world
17 market price for each of upland cotton, long grain
18 rice, and medium grain rice; and

19 (2) a mechanism by which the Secretary shall
20 announce periodically those prevailing world market
21 prices.

22 (e) ADJUSTMENT OF PREVAILING WORLD MARKET
23 PRICE FOR UPLAND COTTON, LONG GRAIN RICE, AND
24 MEDIUM GRAIN RICE.—

1 (1) RICE.—The prevailing world market price
2 for long grain rice and medium grain rice deter-
3 mined under subsection (d) shall be adjusted to
4 United States quality and location.

5 (2) COTTON.—The prevailing world market
6 price for upland cotton determined under subsection
7 (d)—

8 (A) shall be adjusted to United States
9 quality and location, with the adjustment to in-
10 clude—

11 (i) a reduction equal to any United
12 States Premium Factor for upland cotton
13 of a quality higher than Middling (M)
14 $1\frac{3}{32}$ -inch; and

15 (ii) the average costs to market the
16 commodity, including average transpor-
17 tation costs, as determined by the Sec-
18 retary; and

19 (B) may be further adjusted, during the
20 period beginning on the date of enactment of
21 this Act and ending on July 31, 2018, if the
22 Secretary determines the adjustment is nec-
23 essary—

24 (i) to minimize potential loan forfeit-
25 ures;

1 (ii) to minimize the accumulation of
2 stocks of upland cotton by the Federal
3 Government;

4 (iii) to ensure that upland cotton pro-
5 duced in the United States can be mar-
6 keted freely and competitively, both domes-
7 tically and internationally; and

8 (iv) to ensure an appropriate transi-
9 tion between current-crop and forward-
10 crop price quotations, except that the Sec-
11 retary may use forward-crop price
12 quotations prior to July 31 of a marketing
13 year only if—

14 (I) there are insufficient current-
15 crop price quotations; and

16 (II) the forward-crop price
17 quotation is the lowest such quotation
18 available.

19 (3) GUIDELINES FOR ADDITIONAL ADJUST-
20 MENTS.—In making adjustments under this sub-
21 section, the Secretary shall establish a mechanism
22 for determining and announcing the adjustments in
23 order to avoid undue disruption in the United States
24 market.

1 (f) REPAYMENT RATES FOR CONFECTIONERY AND
2 OTHER KINDS OF SUNFLOWER SEEDS.—The Secretary
3 shall permit the producers on a farm to repay a marketing
4 assistance loan under section 1201 for confectionery and
5 each other kind of sunflower seed (other than oil sunflower
6 seed) at a rate that is the lesser of—

7 (1) the loan rate established for the commodity
8 under section 1202, plus interest (determined in ac-
9 cordance with section 163 of the Federal Agriculture
10 Improvement and Reform Act of 1996 (7 U.S.C.
11 7283)); or

12 (2) the repayment rate established for oil sun-
13 flower seed.

14 (g) PAYMENT OF COTTON STORAGE COSTS.—Effec-
15 tive for each of the 2013 through 2017 crop years, the
16 Secretary shall make cotton storage payments available in
17 the same manner, and at the same rates as the Secretary
18 provided storage payments for the 2006 crop of cotton,
19 except that the rates shall be reduced by 20 percent.

20 (h) REPAYMENT RATE FOR PEANUTS.—The Sec-
21 retary shall permit producers on a farm to repay a mar-
22 keting assistance loan for peanuts under subsection (a) at
23 a rate that is the lesser of—

24 (1) the loan rate established for peanuts under
25 subsection (b), plus interest (determined in accord-

1 ance with section 163 of the Federal Agriculture Im-
2 provement and Reform Act of 1996 (7 U.S.C.
3 7283)); or

4 (2) a rate that the Secretary determines will—

5 (A) minimize potential loan forfeitures;

6 (B) minimize the accumulation of stocks of
7 peanuts by the Federal Government;

8 (C) minimize the cost incurred by the Fed-
9 eral Government in storing peanuts; and

10 (D) allow peanuts produced in the United
11 States to be marketed freely and competitively,
12 both domestically and internationally.

13 (i) AUTHORITY TO TEMPORARILY ADJUST REPAY-
14 MENT RATES.—

15 (1) ADJUSTMENT AUTHORITY.—In the event of
16 a severe disruption to marketing, transportation, or
17 related infrastructure, the Secretary may modify the
18 repayment rate otherwise applicable under this sec-
19 tion for marketing assistance loans under section
20 1201 for a loan commodity.

21 (2) DURATION.—Any adjustment made under
22 paragraph (1) in the repayment rate for marketing
23 assistance loans for a loan commodity shall be in ef-
24 fect on a short-term and temporary basis, as deter-
25 mined by the Secretary.

1 **SEC. 1205. LOAN DEFICIENCY PAYMENTS.**

2 (a) AVAILABILITY OF LOAN DEFICIENCY PAY-
3 MENTS.—

4 (1) IN GENERAL.—Except as provided in sub-
5 section (d), the Secretary may make loan deficiency
6 payments available to producers on a farm that, al-
7 though eligible to obtain a marketing assistance loan
8 under section 1201 with respect to a loan com-
9 modity, agree to forgo obtaining the loan for the
10 commodity in return for loan deficiency payments
11 under this section.

12 (2) UNSHORN PELTS, HAY, AND SILAGE.—

13 (A) MARKETING ASSISTANCE LOANS.—

14 Subject to subparagraph (B), nongraded wool
15 in the form of unshorn pelts and hay and silage
16 derived from a loan commodity are not eligible
17 for a marketing assistance loan under section
18 1201.

19 (B) LOAN DEFICIENCY PAYMENT.—Effec-
20 tive for the 2013 through 2017 crop years, the
21 Secretary may make loan deficiency payments
22 available under this section to producers on a
23 farm that produce unshorn pelts or hay and si-
24 lage derived from a loan commodity.

25 (b) COMPUTATION.—A loan deficiency payment for a
26 loan commodity or commodity referred to in subsection

1 (a)(2) shall be equal to the product obtained by multi-
2 plying—

3 (1) the payment rate determined under sub-
4 section (c) for the commodity; by

5 (2) the quantity of the commodity produced by
6 the eligible producers, excluding any quantity for
7 which the producers obtain a marketing assistance
8 loan under section 1201.

9 (c) PAYMENT RATE.—

10 (1) IN GENERAL.—In the case of a loan com-
11 modity, the payment rate shall be the amount by
12 which—

13 (A) the loan rate established under section
14 1202 for the loan commodity; exceeds

15 (B) the rate at which a marketing assist-
16 ance loan for the loan commodity may be repaid
17 under section 1204.

18 (2) UNSHORN PELTS.—In the case of unshorn
19 pelts, the payment rate shall be the amount by
20 which—

21 (A) the loan rate established under section
22 1202 for ungraded wool; exceeds

23 (B) the rate at which a marketing assist-
24 ance loan for ungraded wool may be repaid
25 under section 1204.

1 under section 1205 for wheat, barley, or oats, but
2 that elects to use acreage planted to the wheat, bar-
3 ley, or oats for the grazing of livestock, the Sec-
4 retary shall make a payment to the producer under
5 this section if the producer enters into an agreement
6 with the Secretary to forgo any other harvesting of
7 the wheat, barley, or oats on that acreage.

8 (2) GRAZING OF TRITICALE ACREAGE.—Effec-
9 tive for the 2013 through 2017 crop years, with re-
10 spect to a producer on a farm that uses acreage
11 planted to triticale for the grazing of livestock, the
12 Secretary shall make a payment to the producer
13 under this section if the producer enters into an
14 agreement with the Secretary to forgo any other
15 harvesting of triticale on that acreage.

16 (b) PAYMENT AMOUNT.—

17 (1) IN GENERAL.—The amount of a payment
18 made under this section to a producer on a farm de-
19 scribed in subsection (a)(1) shall be equal to the
20 amount determined by multiplying—

21 (A) the loan deficiency payment rate deter-
22 mined under section 1205(c) in effect, as of the
23 date of the agreement, for the county in which
24 the farm is located; by

1 (B) the payment quantity determined by
2 multiplying—

3 (i) the quantity of the grazed acreage
4 on the farm with respect to which the pro-
5 ducer elects to forgo harvesting of wheat,
6 barley, or oats; and

7 (ii)(I) the yield in effect for the cal-
8 culation of agriculture risk coverage pay-
9 ments under subtitle A with respect to that
10 loan commodity on the farm; or

11 (II) in the case of a farm without a
12 payment yield for that loan commodity, an
13 appropriate yield established by the Sec-
14 retary.

15 (2) GRAZING OF TRITICALE ACREAGE.—The
16 amount of a payment made under this section to a
17 producer on a farm described in subsection (a)(2)
18 shall be equal to the amount determined by multi-
19 plying—

20 (A) the loan deficiency payment rate deter-
21 mined under section 1205(c) in effect for
22 wheat, as of the date of the agreement, for the
23 county in which the farm is located; by

24 (B) the payment quantity determined by
25 multiplying—

1 (i) the quantity of the grazed acreage
2 on the farm with respect to which the pro-
3 ducer elects to forgo harvesting of triticale;
4 and

5 (ii)(I) the yield in effect for the cal-
6 culation of agriculture risk coverage pay-
7 ments under subtitle A with respect to
8 wheat on the farm; or

9 (II) in the case of a farm without a
10 payment yield for wheat, an appropriate
11 yield established by the Secretary in a
12 manner consistent with section 1102 of the
13 Food, Conservation, and Energy Act of
14 2008 (7 U.S.C. 8712).

15 (c) TIME, MANNER, AND AVAILABILITY OF PAY-
16 MENT.—

17 (1) TIME AND MANNER.—A payment under this
18 section shall be made at the same time and in the
19 same manner as loan deficiency payments are made
20 under section 1205.

21 (2) AVAILABILITY.—

22 (A) IN GENERAL.—The Secretary shall es-
23 tablish an availability period for the payments
24 authorized by this section.

1 (B) CERTAIN COMMODITIES.—In the case
2 of wheat, barley, and oats, the availability pe-
3 riod shall be consistent with the availability pe-
4 riod for the commodity established by the Sec-
5 retary for marketing assistance loans author-
6 ized by this subtitle.

7 (d) PROHIBITION ON CROP INSURANCE INDEMNITY
8 OR NONINSURED CROP ASSISTANCE.—A 2013 through
9 2017 crop of wheat, barley, oats, or triticale planted on
10 acreage that a producer elects, in the agreement required
11 by subsection (a), to use for the grazing of livestock in
12 lieu of any other harvesting of the crop shall not be eligible
13 for an indemnity under a policy or plan of insurance au-
14 thorized under the Federal Crop Insurance Act (7 U.S.C.
15 1501 et seq.) or noninsured crop assistance under section
16 196 of the Federal Agriculture Improvement and Reform
17 Act of 1996 (7 U.S.C. 7333).

18 **SEC. 1207. SPECIAL MARKETING LOAN PROVISIONS FOR**
19 **UPLAND COTTON.**

20 (a) SPECIAL IMPORT QUOTA.—

21 (1) DEFINITION OF SPECIAL IMPORT QUOTA.—
22 In this subsection, the term “special import quota”
23 means a quantity of imports that is not subject to
24 the over-quota tariff rate of a tariff-rate quota.

25 (2) ESTABLISHMENT.—

1 (A) IN GENERAL.—The President shall
2 carry out an import quota program during the
3 period beginning on August 1, 2013, and end-
4 ing on July 31, 2018, as provided in this sub-
5 section.

6 (B) PROGRAM REQUIREMENTS.—Whenever
7 the Secretary determines and announces that
8 for any consecutive 4-week period, the Friday
9 through Thursday average price quotation for
10 the lowest-priced United States growth, as
11 quoted for Middling (M) 1³/₃₂-inch cotton, deliv-
12 ered to a definable and significant international
13 market, as determined by the Secretary, ex-
14 ceeds the prevailing world market price, there
15 shall immediately be in effect a special import
16 quota.

17 (3) QUANTITY.—The quota shall be equal to
18 the consumption during a 1-week period of cotton by
19 domestic mills at the seasonally adjusted average
20 rate of the most recent 3 months for which official
21 data of the Department of Agriculture or other data
22 are available.

23 (4) APPLICATION.—The quota shall apply to
24 upland cotton purchased not later than 90 days
25 after the date of the Secretary's announcement

1 under paragraph (2) and entered into the United
2 States not later than 180 days after that date.

3 (5) OVERLAP.—A special quota period may be
4 established that overlaps any existing quota period if
5 required by paragraph (2), except that a special
6 quota period may not be established under this sub-
7 section if a quota period has been established under
8 subsection (b).

9 (6) PREFERENTIAL TARIFF TREATMENT.—The
10 quantity under a special import quota shall be con-
11 sidered to be an in-quota quantity for purposes of—

12 (A) section 213(d) of the Caribbean Basin
13 Economic Recovery Act (19 U.S.C. 2703(d));

14 (B) section 204 of the Andean Trade Pref-
15 erence Act (19 U.S.C. 3203);

16 (C) section 503(d) of the Trade Act of
17 1974 (19 U.S.C. 2463(d)); and

18 (D) General Note 3(a)(iv) to the Har-
19 monized Tariff Schedule.

20 (7) LIMITATION.—The quantity of cotton en-
21 tered into the United States during any marketing
22 year under the special import quota established
23 under this subsection may not exceed the equivalent
24 of 10 week's consumption of upland cotton by do-
25 mestic mills at the seasonally adjusted average rate

1 of the 3 months immediately preceding the first spe-
2 cial import quota established in any marketing year.

3 (b) LIMITED GLOBAL IMPORT QUOTA FOR UPLAND
4 COTTON.—

5 (1) DEFINITIONS.—In this subsection:

6 (A) DEMAND.—The term “demand”
7 means—

8 (i) the average seasonally adjusted an-
9 nual rate of domestic mill consumption of
10 cotton during the most recent 3 months
11 for which official data of the Department
12 of Agriculture (as determined by the Sec-
13 retary) are available; and

14 (ii) the larger of—

15 (I) average exports of upland cot-
16 ton during the preceding 6 marketing
17 years; or

18 (II) cumulative exports of upland
19 cotton plus outstanding export sales
20 for the marketing year in which the
21 quota is established.

22 (B) LIMITED GLOBAL IMPORT QUOTA.—
23 The term “limited global import quota” means
24 a quantity of imports that is not subject to the
25 over-quota tariff rate of a tariff-rate quota.

1 (C) SUPPLY.—The term “supply” means,
2 using the latest official data of the Department
3 of Agriculture—

4 (i) the carryover of upland cotton at
5 the beginning of the marketing year (ad-
6 justed to 480-pound bales) in which the
7 quota is established;

8 (ii) production of the current crop;
9 and

10 (iii) imports to the latest date avail-
11 able during the marketing year.

12 (2) PROGRAM.—The President shall carry out
13 an import quota program that provides that when-
14 ever the Secretary determines and announces that
15 the average price of the base quality of upland cot-
16 ton, as determined by the Secretary, in the des-
17 ignated spot markets for a month exceeded 130 per-
18 cent of the average price of the quality of cotton in
19 the markets for the preceding 36 months, notwith-
20 standing any other provision of law, there shall im-
21 mediately be in effect a limited global import quota
22 subject to the following conditions:

23 (A) QUANTITY.—The quantity of the quota
24 shall be equal to 21 days of domestic mill con-
25 sumption of upland cotton at the seasonally ad-

1 justed average rate of the most recent 3 months
2 for which official data of the Department of Ag-
3 riculture are available or as estimated by the
4 Secretary.

5 (B) QUANTITY IF PRIOR QUOTA.—If a
6 quota has been established under this sub-
7 section during the preceding 12 months, the
8 quantity of the quota next established under
9 this subsection shall be the smaller of 21 days
10 of domestic mill consumption calculated under
11 subparagraph (A) or the quantity required to
12 increase the supply to 130 percent of the de-
13 mand.

14 (C) PREFERENTIAL TARIFF TREAT-
15 MENT.—The quantity under a limited global
16 import quota shall be considered to be an in-
17 quota quantity for purposes of—

18 (i) section 213(d) of the Caribbean
19 Basin Economic Recovery Act (19 U.S.C.
20 2703(d));

21 (ii) section 204 of the Andean Trade
22 Preference Act (19 U.S.C. 3203);

23 (iii) section 503(d) of the Trade Act
24 of 1974 (19 U.S.C. 2463(d)); and

1 (iv) General Note 3(a)(iv) to the Har-
2 monized Tariff Schedule.

3 (D) QUOTA ENTRY PERIOD.—When a
4 quota is established under this subsection, cot-
5 ton may be entered under the quota during the
6 90-day period beginning on the date the quota
7 is established by the Secretary.

8 (3) NO OVERLAP.—Notwithstanding paragraph
9 (2), a quota period may not be established that over-
10 laps an existing quota period or a special quota pe-
11 riod established under subsection (a).

12 (c) ECONOMIC ADJUSTMENT ASSISTANCE TO USERS
13 OF UPLAND COTTON.—

14 (1) IN GENERAL.—Subject to paragraph (2),
15 the Secretary shall, on a monthly basis, make eco-
16 nomic adjustment assistance available to domestic
17 users of upland cotton in the form of payments for
18 all documented use of that upland cotton during the
19 previous monthly period regardless of the origin of
20 the upland cotton.

21 (2) VALUE OF ASSISTANCE.—Effective begin-
22 ning on August 1, 2012, the value of the assistance
23 provided under paragraph (1) shall be 3 cents per
24 pound.

1 (3) ALLOWABLE PURPOSES.—Economic adjust-
2 ment assistance under this subsection shall be made
3 available only to domestic users of upland cotton
4 that certify that the assistance shall be used only to
5 acquire, construct, install, modernize, develop, con-
6 vert, or expand land, plant, buildings, equipment, fa-
7 cilities, or machinery.

8 (4) REVIEW OR AUDIT.—The Secretary may
9 conduct such review or audit of the records of a do-
10 mestic user under this subsection as the Secretary
11 determines necessary to carry out this subsection.

12 (5) IMPROPER USE OF ASSISTANCE.—If the
13 Secretary determines, after a review or audit of the
14 records of the domestic user, that economic adjust-
15 ment assistance under this subsection was not used
16 for the purposes specified in paragraph (3), the do-
17 mestic user shall be—

18 (A) liable for the repayment of the assist-
19 ance to the Secretary, plus interest, as deter-
20 mined by the Secretary; and

21 (B) ineligible to receive assistance under
22 this subsection for a period of 1 year following
23 the determination of the Secretary.

1 **SEC. 1208. SPECIAL COMPETITIVE PROVISIONS FOR EXTRA**
2 **LONG STAPLE COTTON.**

3 (a) **COMPETITIVENESS PROGRAM.**—Notwithstanding
4 any other provision of law, during the period beginning
5 on the date of enactment of this Act through July 31,
6 2018, the Secretary shall carry out a program—

7 (1) to maintain and expand the domestic use of
8 extra long staple cotton produced in the United
9 States;

10 (2) to increase exports of extra long staple cot-
11 ton produced in the United States; and

12 (3) to ensure that extra long staple cotton pro-
13 duced in the United States remains competitive in
14 world markets.

15 (b) **PAYMENTS UNDER PROGRAM; TRIGGER.**—Under
16 the program, the Secretary shall make payments available
17 under this section whenever—

18 (1) for a consecutive 4-week period, the world
19 market price for the lowest priced competing growth
20 of extra long staple cotton (adjusted to United
21 States quality and location and for other factors af-
22 fecting the competitiveness of such cotton), as deter-
23 mined by the Secretary, is below the prevailing
24 United States price for a competing growth of extra
25 long staple cotton; and

1 (2) the lowest priced competing growth of extra
2 long staple cotton (adjusted to United States quality
3 and location and for other factors affecting the com-
4 petitiveness of such cotton), as determined by the
5 Secretary, is less than 134 percent of the loan rate
6 for extra long staple cotton.

7 (c) ELIGIBLE RECIPIENTS.—The Secretary shall
8 make payments available under this section to domestic
9 users of extra long staple cotton produced in the United
10 States and exporters of extra long staple cotton produced
11 in the United States that enter into an agreement with
12 the Commodity Credit Corporation to participate in the
13 program under this section.

14 (d) PAYMENT AMOUNT.—Payments under this sec-
15 tion shall be based on the amount of the difference in the
16 prices referred to in subsection (b)(1) during the fourth
17 week of the consecutive 4-week period multiplied by the
18 amount of documented purchases by domestic users and
19 sales for export by exporters made in the week following
20 such a consecutive 4-week period.

21 **SEC. 1209. AVAILABILITY OF RECOURSE LOANS FOR HIGH**
22 **MOISTURE FEED GRAINS AND SEED COTTON.**

23 (a) HIGH MOISTURE FEED GRAINS.—

24 (1) DEFINITION OF HIGH MOISTURE STATE.—

25 In this subsection, the term “high moisture state”

1 means corn or grain sorghum having a moisture con-
2 tent in excess of Commodity Credit Corporation
3 standards for marketing assistance loans made by
4 the Secretary under section 1201.

5 (2) RECOURSE LOANS AVAILABLE.—For each of
6 the 2013 through 2017 crops of corn and grain sor-
7 ghum, the Secretary shall make available recourse
8 loans, as determined by the Secretary, to producers
9 on a farm that—

10 (A) normally harvest all or a portion of
11 their crop of corn or grain sorghum in a high
12 moisture state;

13 (B) present—

14 (i) certified scale tickets from an in-
15 spected, certified commercial scale, includ-
16 ing a licensed warehouse, feedlot, feed mill,
17 distillery, or other similar entity approved
18 by the Secretary, pursuant to regulations
19 issued by the Secretary; or

20 (ii) field or other physical measure-
21 ments of the standing or stored crop in re-
22 gions of the United States, as determined
23 by the Secretary, that do not have certified
24 commercial scales from which certified

1 scale tickets may be obtained within rea-
2 sonable proximity of harvest operation;

3 (C) certify that the producers on the farm
4 were the owners of the feed grain at the time
5 of delivery to, and that the quantity to be
6 placed under loan under this subsection was in
7 fact harvested on the farm and delivered to, a
8 feedlot, feed mill, or commercial or on-farm
9 high-moisture storage facility, or to a facility
10 maintained by the users of corn and grain sor-
11 ghum in a high moisture state; and

12 (D) comply with deadlines established by
13 the Secretary for harvesting the corn or grain
14 sorghum and submit applications for loans
15 under this subsection within deadlines estab-
16 lished by the Secretary.

17 (3) ELIGIBILITY OF ACQUIRED FEED GRAINS.—
18 A loan under this subsection shall be made on a
19 quantity of corn or grain sorghum of the same crop
20 acquired by the producer equivalent to a quantity
21 determined by multiplying—

22 (A) the acreage of the corn or grain sor-
23 ghum in a high moisture state harvested on the
24 farm of the producer; by

1 (B) the lower of the actual average yield
2 used to make payments under subtitle A or the
3 actual yield on a field, as determined by the
4 Secretary, that is similar to the field from
5 which the corn or grain sorghum was obtained.

6 (b) RECOURSE LOANS AVAILABLE FOR SEED COT-
7 TON.—For each of the 2013 through 2017 crops of upland
8 cotton and extra long staple cotton, the Secretary shall
9 make available recourse seed cotton loans, as determined
10 by the Secretary, on any production.

11 (c) REPAYMENT RATES.—Repayment of a recourse
12 loan made under this section shall be at the loan rate es-
13 tablished for the commodity by the Secretary, plus interest
14 (determined in accordance with section 163 of the Federal
15 Agriculture Improvement and Reform Act of 1996 (7
16 U.S.C. 7283)).

17 **SEC. 1210. ADJUSTMENTS OF LOANS.**

18 (a) ADJUSTMENT AUTHORITY.—Subject to sub-
19 section (e), the Secretary may make appropriate adjust-
20 ments in the loan rates for any loan commodity (other
21 than cotton) for differences in grade, type, quality, loca-
22 tion, and other factors.

23 (b) MANNER OF ADJUSTMENT.—The adjustments
24 under subsection (a) shall, to the maximum extent prac-
25 ticable, be made in such a manner that the average loan

1 level for the commodity will, on the basis of the anticipated
2 incidence of the factors, be equal to the level of support
3 determined in accordance with this subtitle and subtitles
4 C through E.

5 (c) ADJUSTMENT ON COUNTY BASIS.—

6 (1) IN GENERAL.—The Secretary may establish
7 loan rates for a crop for producers in individual
8 counties in a manner that results in the lowest loan
9 rate being 95 percent of the national average loan
10 rate, if those loan rates do not result in an increase
11 in outlays.

12 (2) PROHIBITION.—Adjustments under this
13 subsection shall not result in an increase in the na-
14 tional average loan rate for any year.

15 (d) ADJUSTMENT IN LOAN RATE FOR COTTON.—

16 (1) IN GENERAL.—The Secretary may make
17 appropriate adjustments in the loan rate for cotton
18 for differences in quality factors.

19 (2) REVISIONS TO QUALITY ADJUSTMENTS FOR
20 UPLAND COTTON.—

21 (A) IN GENERAL.—Not later than 180
22 days after the date of enactment of this Act,
23 the Secretary shall implement revisions in the
24 administration of the marketing assistance loan
25 program for upland cotton to more accurately

1 and efficiently reflect market values for upland
2 cotton.

3 (B) MANDATORY REVISIONS.—Revisions
4 under subparagraph (A) shall include—

5 (i) the elimination of warehouse loca-
6 tion differentials;

7 (ii) the establishment of differentials
8 for the various quality factors and staple
9 lengths of cotton based on a 3-year,
10 weighted moving average of the weighted
11 designated spot market regions, as deter-
12 mined by regional production;

13 (iii) the elimination of any artificial
14 split in the premium or discount between
15 upland cotton with a 32 or 33 staple
16 length due to micronaire; and

17 (iv) a mechanism to ensure that no
18 premium or discount is established that ex-
19 ceeds the premium or discount associated
20 with a leaf grade that is 1 better than the
21 applicable color grade.

22 (C) DISCRETIONARY REVISIONS.—Revi-
23 sions under subparagraph (A) may include—

24 (i) the use of non-spot market price
25 data, in addition to spot market price data,

1 that would enhance the accuracy of the
2 price information used in determining
3 quality adjustments under this subsection;

4 (ii) adjustments in the premiums or
5 discounts associated with upland cotton
6 with a staple length of 33 or above due to
7 micronaire with the goal of eliminating any
8 unnecessary artificial splits in the calcula-
9 tions of the premiums or discounts; and

10 (iii) such other adjustments as the
11 Secretary determines appropriate, after
12 consultations conducted in accordance with
13 paragraph (3).

14 (3) CONSULTATION WITH PRIVATE SECTOR.—

15 (A) PRIOR TO REVISION.—In making ad-
16 justments to the loan rate for cotton (including
17 any review of the adjustments) as provided in
18 this subsection, the Secretary shall consult with
19 representatives of the United States cotton in-
20 dustry.

21 (B) INAPPLICABILITY OF FEDERAL ADVI-
22 SORY COMMITTEE ACT.—The Federal Advisory
23 Committee Act (5 U.S.C. App.) shall not apply
24 to consultations under this subsection.

1 (1) ACTUAL DAIRY PRODUCTION MARGIN.—The
2 term “actual dairy production margin” means the
3 difference between the all-milk price and the average
4 feed cost, as calculated under section 1402.

5 (2) ALL-MILK PRICE.—The term “all-milk
6 price” means the average price received, per hun-
7 dredweight of milk, by dairy operations for all milk
8 sold to plants and dealers in the United States, as
9 determined by the Secretary.

10 (3) ANNUAL PRODUCTION HISTORY.—The term
11 “annual production history” means the production
12 history determined for a participating dairy oper-
13 ation under section 1413(b) whenever the partici-
14 pating dairy operation purchases supplemental pro-
15 duction margin protection.

16 (4) AVERAGE FEED COST.—The term “average
17 feed cost” means the average cost of feed used by
18 a dairy operation to produce a hundredweight of
19 milk, determined under section 1402 using the sum
20 of the following:

21 (A) The product determined by multiplying
22 1.0728 by the price of corn per bushel.

23 (B) The product determined by multiplying
24 0.00735 by the price of soybean meal per ton.

1 (C) The product determined by multiplying
2 0.0137 by the price of alfalfa hay per ton.

3 (5) BASIC PRODUCTION HISTORY.—The term
4 “basic production history” means the production
5 history determined for a participating dairy oper-
6 ation under section 1413(a) for provision of basic
7 production margin protection.

8 (6) CONSECUTIVE 2-MONTH PERIOD.—The term
9 “consecutive 2-month period” refers to the 2-month
10 period consisting of the months of January and Feb-
11 ruary, March and April, May and June, July and
12 August, September and October, or November and
13 December, respectively.

14 (7) DAIRY OPERATION.—

15 (A) IN GENERAL.—The term “dairy oper-
16 ation” means, as determined by the Secretary,
17 1 or more dairy producers that produce and
18 market milk as a single dairy operation in
19 which each dairy producer—

20 (i) shares in the pooling of resources
21 and a common ownership structure;

22 (ii) is at risk in the production of milk
23 on the dairy operation; and

1 (iii) contributes land, labor, manage-
2 ment, equipment, or capital to the dairy
3 operation.

4 (B) ADDITIONAL OWNERSHIP STRUC-
5 TURES.—The Secretary shall determine addi-
6 tional ownership structures to be covered by the
7 definition of dairy operation.

8 (8) HANDLER.—

9 (A) IN GENERAL.—The term “handler”
10 means the initial individual or entity making
11 payment to a dairy operation for milk produced
12 in the United States and marketed for commer-
13 cial use.

14 (B) PRODUCER-HANDLER.—The term in-
15 cludes a “producer-handler” when the producer
16 satisfies the definition in subparagraph (A).

17 (9) PARTICIPATING DAIRY OPERATION.—The
18 term “participating dairy operation” means a dairy
19 operation that—

20 (A) signs up under section 1412 to partici-
21 pate in the production margin protection pro-
22 gram under subpart A; and

23 (B) as a result, also participates in the sta-
24 bilization program under subpart B.

1 (10) PRODUCTION MARGIN PROTECTION PRO-
2 GRAM.—The term “production margin protection
3 program” means the dairy production margin pro-
4 tection program required by subpart A.

5 (11) SECRETARY.—The term “Secretary”
6 means the Secretary of Agriculture.

7 (12) STABILIZATION PROGRAM.—The term
8 “stabilization program” means the dairy market sta-
9 bilization program required by subpart B for all par-
10 ticipating dairy operations.

11 (13) STABILIZATION PROGRAM BASE.—The
12 term “stabilization program base”, with respect to a
13 participating dairy operation, means the stabilization
14 program base calculated for the participating dairy
15 operation under section 1431(b).

16 (14) UNITED STATES.—The term “United
17 States”, in a geographical sense, means the 50
18 States, the District of Columbia, American Samoa,
19 Guam, the Commonwealth of the Northern Mariana
20 Islands, the Commonwealth of Puerto Rico, the Vir-
21 gin Islands of the United States, and any other ter-
22 ritory or possession of the United States.

1 **SEC. 1402. CALCULATION OF AVERAGE FEED COST AND AC-**
2 **TUAL DAIRY PRODUCTION MARGINS.**

3 (a) **CALCULATION OF AVERAGE FEED COST.**—The
4 Secretary shall calculate the national average feed cost for
5 each month using the following data:

6 (1) The price of corn for a month shall be the
7 price received during that month by farmers in the
8 United States for corn, as reported in the monthly
9 Agricultural Prices report by the Secretary.

10 (2) The price of soybean meal for a month shall
11 be the central Illinois price for soybean meal, as re-
12 ported in the Market News—Monthly Soybean Meal
13 Price Report by the Secretary.

14 (3) The price of alfalfa hay for a month shall
15 be the price received during that month by farmers
16 in the United States for alfalfa hay, as reported in
17 the monthly Agricultural Prices report by the Sec-
18 retary.

19 (b) **CALCULATION OF ACTUAL DAIRY PRODUCTION**
20 **MARGINS.**—

21 (1) **PRODUCTION MARGIN PROTECTION PRO-**
22 **GRAM.**—For use in the production margin protection
23 program under subpart A, the Secretary shall cal-
24 culate the actual dairy production margin for each
25 consecutive 2-month period by subtracting—

1 (A) the average feed cost for that consecu-
 2 tive 2-month period, determined in accordance
 3 with subsection (a); from

4 (B) the all-milk price for that consecutive
 5 2-month period.

6 (2) STABILIZATION PROGRAM.—For use in the
 7 stabilization program under subpart B, the Sec-
 8 retary shall calculate each month the actual dairy
 9 production margin for the preceding month by sub-
 10 tracting—

11 (A) the average feed cost for that pre-
 12 ceding month, determined in accordance with
 13 subsection (a); from

14 (B) the all-milk price for that preceding
 15 month.

16 (3) TIME FOR CALCULATIONS.—The calcula-
 17 tions required by paragraphs (1) and (2) shall be
 18 made as soon as practicable using the full month
 19 price of the applicable reference month.

20 **Subpart A—Dairy Production Margin Protection**
 21 **Program**

22 **SEC. 1411. ESTABLISHMENT OF DAIRY PRODUCTION MAR-**
 23 **GIN PROTECTION PROGRAM.**

24 Effective not later than 120 days after the effective
 25 date of this subtitle, the Secretary shall establish and ad-

1 minister a dairy production margin protection program
2 under which participating dairy operations are paid—

3 (1) basic production margin protection program
4 payments under section 1414 when actual dairy pro-
5 duction margins are less than the threshold levels
6 for such payments; and

7 (2) supplemental production margin protection
8 program payments under section 1415 if purchased
9 by a participating dairy operation.

10 **SEC. 1412. PARTICIPATION OF DAIRY OPERATIONS IN PRO-**
11 **DUCTION MARGIN PROTECTION PROGRAM.**

12 (a) **ELIGIBILITY.**—All dairy operations in the United
13 States shall be eligible to participate in the production
14 margin protection program, except that a participating
15 dairy operation shall be required to register with the Sec-
16 retary before the participating dairy operation may re-
17 ceive—

18 (1) basic production margin protection program
19 payments under section 1414; and

20 (2) if the participating dairy operation pur-
21 chases supplemental production margin protection
22 under section 1415, supplemental production margin
23 protection program payments under such section.

24 (b) **REGISTRATION PROCESS.**—

1 (1) IN GENERAL.—The Secretary shall specify
2 the manner and form by which a participating dairy
3 operation may register to participate in the produc-
4 tion margin protection program.

5 (2) TREATMENT OF MULTIPRODUCER DAIRY
6 OPERATIONS.—If a participating dairy operation is
7 operated by more than 1 dairy producer, all of the
8 dairy producers of the participating dairy operation
9 shall be treated as a single dairy operation for pur-
10 poses of—

11 (A) registration to receive basic production
12 margin protection and election to purchase sup-
13 plemental production margin protection;

14 (B) payment of the participation fee under
15 subsection (d) and producer premiums under
16 section 1415; and

17 (C) participation in the stabilization pro-
18 gram under subtitle B.

19 (3) TREATMENT OF PRODUCERS WITH MUL-
20 TIPLE DAIRY OPERATIONS.—If a dairy producer op-
21 erates 2 or more dairy operations, each dairy oper-
22 ation of the producer shall separately register to re-
23 ceive basic production margin protection and pur-
24 chase supplemental production margin protection

1 and only those dairy operations so registered shall
2 be covered by the stabilization program.

3 (c) TIME FOR REGISTRATION.—

4 (1) EXISTING DAIRY OPERATIONS.—During the
5 15-month period beginning on the date of the initi-
6 ation of the registration period for the production
7 margin protection program, a dairy operation that is
8 actively engaged as of such date may register with
9 the Secretary—

10 (A) to receive basic production margin pro-
11 tection; and

12 (B) if the dairy operation elects, to pur-
13 chase supplemental production margin protec-
14 tion.

15 (2) NEW ENTRANTS.—A dairy producer that
16 has no existing interest in a dairy operation as of
17 the date of the initiation of the registration period
18 for the production margin protection program, but
19 that, after such date, establishes a new dairy oper-
20 ation, may register with the Secretary during the 1-
21 year period beginning on the date on which the dairy
22 operation first markets milk commercially—

23 (A) to receive basic production margin pro-
24 tection; and

1 (B) if the dairy operation elects, to pur-
2 chase supplemental production margin protec-
3 tion.

4 (d) TRANSITION FROM MILC TO PRODUCTION MAR-
5 GIN PROTECTION.—

6 (1) DEFINITION OF TRANSITION PERIOD.—In
7 this subsection, the term “transition period” means
8 the period during which the milk income loss pro-
9 gram established under section 1506 of the Food,
10 Conservation, and Energy Act of 2008 (7 U.S.C.
11 8773) and the production margin protection pro-
12 gram under this subtitle are both in existence.

13 (2) NOTICE OF AVAILABILITY.—Not later than
14 30 days after the date of enactment of this Act, the
15 Secretary shall publish a notice in the Federal Reg-
16 ister to inform dairy operations of the availability of
17 basic production margin protection and supple-
18 mental production margin protection, including the
19 terms of the protection and information about the
20 option of dairy operations during the transition pe-
21 riod to make an election described in paragraph (3).

22 (3) ELECTION.—Except as provided in para-
23 graph (4), a dairy operation may elect to participate
24 in either the milk income loss program established
25 under section 1506 of the Food, Conservation, and

1 Energy Act of 2008 (7 U.S.C. 8773) or the produc-
2 tion margin protection program under this subtitle
3 for the duration of the transition period.

4 (4) TRANSFER TO PRODUCTION MARGIN PRO-
5 TECTION.—A dairy operation that elects to partici-
6 pate in the milk income loss program established
7 under section 1506 of the Food, Conservation, and
8 Energy Act of 2008 (7 U.S.C. 8773) during the
9 transition period may, at any time, make a perma-
10 nent transfer to the production margin protection
11 program.

12 (e) ADMINISTRATION FEE.—

13 (1) ADMINISTRATION FEE REQUIRED.—Except
14 as provided in paragraph (5), a participating dairy
15 operation shall—

16 (A) pay an administration fee under this
17 subsection to register to participate in the pro-
18 duction margin protection program; and

19 (B) pay the administration fee annually
20 thereafter to continue to participate in the pro-
21 duction margin protection program.

22 (2) FEE AMOUNT.—The administration fee for
23 a participating dairy operation for a calendar year
24 shall be based on the pounds of milk (in millions)

1 marketed by the participating dairy operation in the
 2 previous calendar year, as follows:

Pounds Marketed (in millions)	Administration Fee
less than 1	\$100
1 to 5	\$250
more than 5 to 10	\$350
more than 10 to 40	\$1,000
more than 40	\$2,500

3 (3) DEPOSIT OF FEES.—All administration fees
 4 collected under this subsection shall be credited to
 5 the fund or account used to cover the costs incurred
 6 to administer the production margin protection pro-
 7 gram and the stabilization program and shall be
 8 available to the Secretary, without further appro-
 9 priation and until expended, for use or transfer as
 10 provided in paragraph (4).

11 (4) USE OF FEES.—The Secretary shall use ad-
 12 ministration fees collected under this subsection—

13 (A) to cover administrative costs of the
 14 production margin protection program and sta-
 15 bilization program; and

16 (B) to cover costs of the Department of
 17 Agriculture relating to reporting of dairy mar-
 18 ket news, carrying out the amendments made
 19 by section 1476, and carrying out section 273
 20 of the Agricultural Marketing Act of 1946 (7

1 U.S.C. 1637b)), to the extent funds remain
2 available after operation of subparagraph (A).

3 (5) WAIVER.—The Secretary shall waive or re-
4 duce the administration fee required under para-
5 graph (1) in the case of a limited-resource dairy op-
6 eration, as defined by the Secretary.

7 (f) DUTIES OF THE SECRETARY.—The Secretary
8 shall ensure that producers are precluded from taking any
9 action, including reconstitution, transfer, or other similar
10 action, that would have the effect of altering or reversing
11 any election made under this subtitle.

12 (g) DENIAL OF PROGRAM BENEFITS.—A person or
13 legal entity shall be ineligible to receive payments under
14 this subtitle for a calendar year, and the succeeding crop
15 year, if the Secretary determines that the person or legal
16 entity—

17 (1) failed to comply with this subtitle and
18 adopted or participated in adopting a scheme or de-
19 vice to evade the application of basic production
20 margin protection, supplemental production margin
21 protection, or the market stabilization program; or

22 (2) intentionally concealed the relevant interest
23 of a person or legal entity in any farm or legal entity
24 applicable to the implementation and administration
25 of this subtitle.

1 (h) EXTENDED INELIGIBILITY.—If the Secretary de-
2 termines that a person or legal entity, for the benefit of
3 the person or legal entity or the benefit of any other per-
4 son or legal entity, has knowingly engaged in, or aided
5 in the creation of a fraudulent document, failed to disclose
6 material information relevant to the administration of this
7 subtitle, or committed other equally serious actions in vio-
8 lation of the purposes of this subtitle (including regula-
9 tions issued by the Secretary), the Secretary may for a
10 period not to exceed 5 calendar years deny the issuance
11 of payments under this subtitle to the person or legal enti-
12 ty.

13 (i) PRO RATA DENIAL.—

14 (1) IN GENERAL.—Payments otherwise owed to
15 a person or legal entity described in subsection (g)
16 or (h) shall be denied in a pro rata manner based
17 on the ownership interest of the person or legal enti-
18 ty in a farm.

19 (2) CASH RENT TENANT.—Payments otherwise
20 payable to a person or legal entity shall be denied
21 in a pro rata manner if the person or legal entity
22 on a farm owned or under the control of a person
23 or legal entity with respect to which a determination
24 has been made under subsection (g) or (h).

1 (j) JOINT AND SEVERAL LIABILITY.—Any legal enti-
 2 ty (including s partnership and joint venture) and any
 3 member of any legal entity determined to have knowingly
 4 participated in a scheme or device to evade, or that has
 5 the purpose of evading, this section shall be jointly and
 6 severally liable for any amounts that are payable to the
 7 Secretary as the result of the scheme or device (including
 8 amounts necessary to recover those amounts).

9 (k) RELEASE.—The Secretary may partially or fully
 10 release from liability any person or legal entity that co-
 11 operates with the Secretary in enforcing this section or
 12 in instances in which the Secretary determines that any
 13 reconstitution is bona fide and substantive.

14 (l) LIMITATION.—A dairy operation may only partici-
 15 pate in the production margin protection program or the
 16 livestock gross margin for dairy program under the Fed-
 17 eral Crop Insurance Act (7 U.S.C. 1501 et seq.), but not
 18 both.

19 **SEC. 1413. PRODUCTION HISTORY OF PARTICIPATING**
 20 **DAIRY OPERATIONS.**

21 (a) PRODUCTION HISTORY FOR BASIC PRODUCTION
 22 MARGIN PROTECTION.—

23 (1) DETERMINATION REQUIRED.—For purposes
 24 of providing basic production margin protection, the

1 Secretary shall determine the basic production his-
2 tory of a participating dairy operation.

3 (2) CALCULATION.—Except as provided in
4 paragraph (3), the basic production history of a par-
5 ticipating dairy operation for basic production mar-
6 gin protection is equal to the highest annual milk
7 marketings of the participating dairy operation dur-
8 ing any 1 of the 3 calendar years immediately pre-
9 ceding the calendar year in which the participating
10 dairy operation first signed up to participate in the
11 production margin protection program.

12 (3) ELECTION BY NEW DAIRY OPERATIONS.—In
13 the case of a participating dairy operation that has
14 been in operation for less than a year, the partici-
15 pating dairy operation shall elect 1 of the following
16 methods for the Secretary to determine the basic
17 production history of the participating dairy oper-
18 ation:

19 (A) The volume of the actual milk mar-
20 ketings for the months the participating dairy
21 operation has been in operation extrapolated to
22 a yearly amount.

23 (B) An estimate of the actual milk mar-
24 ketings of the participating dairy operation
25 based on the herd size of the participating dairy

1 operation relative to the national rolling herd
2 average data published by the Secretary.

3 (4) NO CHANGE IN PRODUCTION HISTORY FOR
4 BASIC PRODUCTION MARGIN PROTECTION.—Once
5 the basic production history of a participating dairy
6 operation is determined under paragraph (2) or (3),
7 the basic production history shall not be subse-
8 quently changed for purposes of determining the
9 amount of any basic production margin protection
10 payments for the participating dairy operation made
11 under section 1414.

12 (b) ANNUAL PRODUCTION HISTORY FOR SUPPLE-
13 MENTAL PRODUCTION MARGIN PROTECTION.—

14 (1) DETERMINATION REQUIRED.—For purposes
15 of providing supplemental production margin protec-
16 tion for a participating dairy operation that pur-
17 chases supplemental production margin protection
18 for a year under section 1415, the Secretary shall
19 determine the annual production history of the par-
20 ticipating dairy operation under paragraph (2).

21 (2) CALCULATION.—The annual production his-
22 tory of a participating dairy operation for a year is
23 equal to the actual milk marketings of the partici-
24 pating dairy operation during the preceding calendar
25 year.

1 (3) NEW DAIRY OPERATIONS.—Subsection
2 (a)(3) shall apply with respect to determining the
3 annual production history of a participating dairy
4 operation that has been in operation for less than a
5 year.

6 (c) REQUIRED INFORMATION.—A participating dairy
7 operation shall provide all information that the Secretary
8 may require in order to establish—

9 (1) the basic production history of the partici-
10 pating dairy operation under subsection (a); and

11 (2) the production history of the participating
12 dairy operation whenever the participating dairy op-
13 eration purchases supplemental production margin
14 protection under section 1415.

15 (d) TRANSFER OF PRODUCTION HISTORIES.—

16 (1) TRANSFER BY SALE OR LEASE.—In promul-
17 gating the rules to initiate the production margin
18 protection program, the Secretary shall specify the
19 conditions under which and the manner by which the
20 production history of a participating dairy operation
21 may be transferred by sale or lease.

22 (2) COVERAGE LEVEL.—

23 (A) BASIC PRODUCTION MARGIN PROTEC-
24 TION.—A purchaser or lessee to whom the Sec-
25 retary transfers a basic production history

1 under this subsection shall not obtain a dif-
2 ferent level of basic production margin protec-
3 tion than the basic production margin protec-
4 tion coverage held by the seller or lessor from
5 whom the transfer was obtained.

6 (B) SUPPLEMENTAL PRODUCTION MARGIN
7 PROTECTION.—A purchaser or lessee to whom
8 the Secretary transfers an annual production
9 history under this subsection shall not obtain a
10 different level of supplemental production mar-
11 gin protection coverage than the supplemental
12 production margin protection coverage in effect
13 for the seller or lessor from whom the transfer
14 was obtained for the calendar year in which the
15 transfer was made.

16 (e) MOVEMENT AND TRANSFER OF PRODUCTION
17 HISTORY.—

18 (1) MOVEMENT AND TRANSFER AUTHOR-
19 IZED.—Subject to paragraph (2), if a participating
20 dairy operation moves from 1 location to another lo-
21 cation, the participating dairy operation may trans-
22 fer the basic production history and annual produc-
23 tion history associated with the participating dairy
24 operation.

1 (2) NOTIFICATION REQUIREMENT.—A partici-
2 pating dairy operation shall notify the Secretary of
3 any move of a participating dairy operation under
4 paragraph (1).

5 (3) SUBSEQUENT OCCUPATION OF VACATED LO-
6 CATION.—A party subsequently occupying a partici-
7 pating dairy operation location vacated as described
8 in paragraph (1) shall have no interest in the basic
9 production history or annual production history pre-
10 viously associated with the participating dairy oper-
11 ation at such location.

12 **SEC. 1414. BASIC PRODUCTION MARGIN PROTECTION.**

13 (a) PAYMENT THRESHOLD.—The Secretary shall
14 make a payment to participating dairy operations in ac-
15 cordance with subsection (b) whenever the average actual
16 dairy production margin for a consecutive 2-month period
17 is less than \$4.00 per hundredweight of milk.

18 (b) BASIC PRODUCTION MARGIN PROTECTION PAY-
19 MENT.—The basic production margin protection payment
20 for a participating dairy operation for a consecutive 2-
21 month period shall be equal to the product obtained by
22 multiplying—

23 (1) the difference between the average actual
24 dairy production margin for the consecutive 2-month

1 period and \$4.00, except that, if the difference is
2 more than \$4.00, the Secretary shall use \$4.00; by

3 (2) the lesser of—

4 (A) 80 percent of the production history of
5 the participating dairy operation, divided by 6;
6 or

7 (B) the actual quantity of milk marketed
8 by the participating dairy operation during the
9 consecutive 2-month period.

10 **SEC. 1415. SUPPLEMENTAL PRODUCTION MARGIN PROTEC-**
11 **TION.**

12 (a) ELECTION OF SUPPLEMENTAL PRODUCTION
13 MARGIN PROTECTION.—A participating dairy operation
14 may annually purchase supplemental production margin
15 protection to protect, during the calendar year for which
16 purchased, a higher level of the income of a participating
17 dairy operation than the income level guaranteed by basic
18 production margin protection under section 1414.

19 (b) SELECTION OF PAYMENT THRESHOLD.—A par-
20 ticipating dairy operation purchasing supplemental pro-
21 duction margin protection for a year shall elect a coverage
22 level that is higher, in any increment of \$0.50, than the
23 payment threshold for basic production margin protection
24 specified in section 1414(a), but not to exceed \$8.00.

1 (c) COVERAGE PERCENTAGE.—A participating dairy
2 operation purchasing supplemental production margin
3 protection for a year shall elect a percentage of coverage
4 equal to not more than 90 percent, nor less than 25 per-
5 cent, of the annual production history of the participating
6 dairy operation.

7 (d) PREMIUMS FOR SUPPLEMENTAL PRODUCTION
8 MARGIN PROTECTION.—

9 (1) PREMIUMS REQUIRED.—A participating
10 dairy operation that purchases supplemental produc-
11 tion margin protection shall pay an annual premium
12 equal to the product obtained by multiplying—

13 (A) the coverage percentage elected by the
14 participating dairy operation under subsection
15 (c);

16 (B) the annual production history of the
17 participating dairy operation; and

18 (C) the premium per hundredweight of
19 milk, as specified in the applicable table under
20 paragraph (2) or (3).

21 (2) PREMIUM PER HUNDREDWEIGHT FOR FIRST
22 4 MILLION POUNDS OF PRODUCTION.—For the first
23 4,000,000 pounds of milk marketings included in
24 the annual production history of a participating
25 dairy operation, the premium per hundredweight

1 corresponding to each coverage level specified in the
 2 following table is as follows:

Coverage Level	Premium per Cwt.
\$4.50	\$0.01
\$5.00	\$0.02
\$5.50	\$0.035
\$6.00	\$0.045
\$6.50	\$0.09
\$7.00	\$0.40
\$7.50	\$0.60
\$8.00	\$0.95

3 (3) PREMIUM PER HUNDREDWEIGHT FOR PRO-
 4 Duction IN EXCESS OF 4 MILLION POUNDS.—For
 5 milk marketings in excess of 4,000,000 pounds in-
 6 cluded in the annual production history of a partici-
 7 pating dairy operation, the premium per hundred-
 8 weight corresponding to each coverage level is as fol-
 9 lows:

Coverage Level	Premium per Cwt.
\$4.50	\$0.02
\$5.00	\$0.04
\$5.50	\$0.10
\$6.00	\$0.15
\$6.50	\$0.29
\$7.00	\$0.62
\$7.50	\$0.83
\$8.00	\$1.06

10 (4) TIME FOR PAYMENT.—In promulgating the
 11 rules to initiate the production margin protection
 12 program, the Secretary shall provide more than 1
 13 method by which a participating dairy operation that
 14 purchases supplemental production margin protec-

1 tion for a calendar year may pay the premium under
2 this subsection for that year in any manner that
3 maximizes participating dairy operation payment
4 flexibility and program integrity.

5 (e) PREMIUM OBLIGATIONS.—

6 (1) PRO-RATION OF PREMIUM FOR NEW DAIRY
7 OPERATIONS.—A participating dairy operation de-
8 scribed in section 1412(e)(2) that purchases supple-
9 mental production margin protection for a calendar
10 year after the start of the calendar year shall pay
11 a pro-rated premium for that calendar year based on
12 the portion of the calendar year for which the par-
13 ticipating dairy operation purchases the coverage.

14 (2) LEGAL OBLIGATION.—A participating dairy
15 operation that purchases supplemental production
16 margin protection for a calendar year shall be legally
17 obligated to pay the applicable premium for that cal-
18 endar year, except that the Secretary may waive
19 that obligation, under terms and conditions deter-
20 mined by the Secretary, for 1 or more producers in
21 any participating dairy operation in the case of
22 death, retirement, permanent dissolution of a par-
23 ticipating dairy operation, or other circumstances as
24 the Secretary considers appropriate to ensure the in-
25 tegrity of the program.

1 (f) SUPPLEMENTAL PAYMENT THRESHOLD.—A par-
2 ticipating dairy operation with supplemental production
3 margin protection shall receive a supplemental production
4 margin protection payment whenever the average actual
5 dairy production margin for a consecutive 2-month period
6 is less than the coverage level threshold selected by the
7 participating dairy operation under subsection (b).

8 (g) SUPPLEMENTAL PRODUCTION MARGIN PROTEC-
9 TION PAYMENTS.—

10 (1) IN GENERAL.—The supplemental produc-
11 tion margin protection payment for a participating
12 dairy operation is in addition to the basic production
13 margin protection payment.

14 (2) AMOUNT OF PAYMENT.—The supplemental
15 production margin protection payment for the par-
16 ticipating dairy operation shall be determined as fol-
17 lows:

18 (A) The Secretary shall calculate the dif-
19 ference between the coverage level threshold se-
20 lected by the participating dairy operation
21 under subsection (b) and the greater of—

22 (i) the average actual dairy production
23 margin for the consecutive 2-month period;

24 or

25 (ii) \$4.00.

1 (B) The amount determined under sub-
2 paragraph (A) shall be multiplied by the per-
3 centage selected by the participating dairy oper-
4 ation under subsection (c) and by the lesser of
5 the following:

6 (i) The annual production history of
7 the participating dairy operation, divided
8 by 6.

9 (ii) The actual amount of milk mar-
10 keted by the participating dairy operation
11 during the consecutive 2-month period.

12 **SEC. 1416. EFFECT OF FAILURE TO PAY ADMINISTRATION**
13 **FEES OR PREMIUMS.**

14 (a) LOSS OF BENEFITS.—A participating dairy oper-
15 ation that fails to pay the required administration fee
16 under section 1412 or is in arrears on premium payments
17 for supplemental production margin protection under sec-
18 tion 1415—

19 (1) remains legally obligated to pay the admin-
20 istration fee or premiums, as the case may be; and

21 (2) may not receive basic production margin
22 protection payments or supplemental production
23 margin protection payments until the fees or pre-
24 miums are fully paid.

1 (b) ENFORCEMENT.—The Secretary may take such
2 action as necessary to collect administration fees and pre-
3 mium payments for supplemental production margin pro-
4 tection.

5 **Subpart B—Dairy Market Stabilization Program**

6 **SEC. 1431. ESTABLISHMENT OF DAIRY MARKET STABILIZA-**
7 **TION PROGRAM.**

8 (a) PROGRAM REQUIRED; PURPOSE.—Effective not
9 later than 120 days after the effective date of this subtitle,
10 the Secretary shall establish and administer a dairy mar-
11 ket stabilization program applicable to participating dairy
12 operations for the purpose of assisting in balancing the
13 supply of milk with demand when participating dairy oper-
14 ations are experiencing low or negative operating margins.

15 (b) ELECTION OF STABILIZATION PROGRAM BASE
16 CALCULATION METHOD.—

17 (1) ELECTION.—When a dairy operation signs
18 up under section 1412 to participate in the produc-
19 tion margin protection program, the dairy operation
20 shall inform the Secretary of the method by which
21 the stabilization program base for the participating
22 dairy operation will be calculated under paragraph
23 (3).

24 (2) CHANGE IN CALCULATION METHOD.—A
25 participating dairy operation may change the sta-

1 bilization program base calculation method to be
2 used for a calendar year by notifying the Secretary
3 of the change not later than a date determined by
4 the Secretary.

5 (3) CALCULATION METHODS.—A participating
6 dairy operation may elect either of the following
7 methods for calculation of the stabilization program
8 base for the participating dairy operation:

9 (A) The volume of the average monthly
10 milk marketings of the participating dairy oper-
11 ation for the 3 months immediately preceding
12 the announcement by the Secretary that the
13 stabilization program will become effective.

14 (B) The volume of the monthly milk mar-
15 ketings of the participating dairy operation for
16 the same month in the preceding year as the
17 month for which the Secretary has announced
18 the stabilization program will become effective.

19 **SEC. 1432. THRESHOLD FOR IMPLEMENTATION AND RE-**
20 **DUCTION IN DAIRY PAYMENTS.**

21 (a) WHEN STABILIZATION PROGRAM REQUIRED.—
22 Except as provided in subsection (b), the Secretary shall
23 announce that the stabilization program is in effect and
24 order reduced payments by handlers to participating dairy
25 operations that exceed the applicable percentage of the

1 participating dairy operation's stabilization program base
2 whenever—

3 (1) the actual dairy production margin has been
4 \$6.00 or less per hundredweight of milk for each of
5 the immediately preceding 2 months; or

6 (2) the actual dairy production margin has been
7 \$4.00 or less per hundredweight of milk for the im-
8 mediately preceding month.

9 (b) EXCEPTION.—If any of the conditions described
10 in section 1436(b) have been met during the 2-month pe-
11 riod immediately preceding the month in which the an-
12 nouncement under subsection (a) would otherwise be made
13 by the Secretary in the absence of this exception, the Sec-
14 retary shall—

15 (1) suspend the stabilization program;

16 (2) refrain from making the announcement
17 under subsection (a) to implement order the sta-
18 bilization payment; or

19 (3) order reduced payments.

20 (c) EFFECTIVE DATE FOR IMPLEMENTATION OF
21 PAYMENT REDUCTIONS.—Reductions in dairy payments
22 shall commence beginning on the first day of the month
23 immediately following the date of the announcement by
24 the Secretary under subsection (a).

1 **SEC. 1433. MILK MARKETINGS INFORMATION.**

2 (a) **COLLECTION OF MILK MARKETING DATA.**—The
3 Secretary shall establish, by regulation, a process to collect
4 from participating dairy operations and handlers such in-
5 formation that the Secretary considers necessary for each
6 month during which the stabilization program is in effect.

7 (b) **REDUCE REGULATORY BURDEN.**—When imple-
8 menting the process under subsection (a), the Secretary
9 shall minimize the regulatory burden on participating
10 dairy operations and handlers.

11 **SEC. 1434. CALCULATION AND COLLECTION OF REDUCED**
12 **DAIRY OPERATION PAYMENTS.**

13 (a) **REDUCED PARTICIPATING DAIRY OPERATION**
14 **PAYMENTS REQUIRED.**—During any month in which pay-
15 ment reductions are in effect under the stabilization pro-
16 gram, each handler shall reduce payments to each partici-
17 pating dairy operation from whom the handler receives
18 milk.

19 (b) **REDUCTIONS BASED ON ACTUAL DAIRY PRO-**
20 **DUCTION MARGIN.**—

21 (1) **REDUCTION REQUIREMENT 1.**—If the Sec-
22 retary determines that the average actual dairy pro-
23 duction margin has been less than \$6.00 but greater
24 than \$5.00 per hundredweight of milk for 2 consecu-
25 tive months, the handler shall make payments to a

1 participating dairy operation for a month based on
2 the greater of the following:

3 (A) 98 percent of the stabilization program
4 base of the participating dairy operation.

5 (B) 94 percent of the marketings of milk
6 for the month by the participating dairy oper-
7 ation.

8 (2) REDUCTION REQUIREMENT 2.—If the Sec-
9 retary determines that the average actual dairy pro-
10 duction margin has been less than \$5.00 but greater
11 than \$4.00 for 2 consecutive months, the handler
12 shall make payments to a participating dairy oper-
13 ation for a month based on the greater of the fol-
14 lowing:

15 (A) 97 percent of the stabilization program
16 base of the participating dairy operation.

17 (B) 93 percent of the marketings of milk
18 for the month by the participating dairy oper-
19 ation.

20 (3) REDUCTION REQUIREMENT 3.—If the Sec-
21 retary determines that the average actual dairy pro-
22 duction margin has been \$4.00 or less for any 1
23 month, the handler shall make payments to a par-
24 ticipating dairy operation for a month based on the
25 greater of the following:

1 (A) 96 percent of the stabilization program
2 base of the participating dairy operation.

3 (B) 92 percent of the marketings of milk
4 for the month by the participating dairy oper-
5 ation.

6 (c) CONTINUATION OF REDUCTIONS.—The largest
7 level of payment reduction required under paragraph (1),
8 (2), or (3) of subsection (b) shall be continued for each
9 month until the Secretary suspends the stabilization pro-
10 gram and terminates payment reductions in accordance
11 with section 1436.

12 (d) PAYMENT REDUCTION EXCEPTION.—Notwith-
13 standing any preceding subsection of this section, a han-
14 dler shall make no payment reductions for a participating
15 dairy operation for a month if the participating dairy oper-
16 ation's milk marketings for the month are equal to or less
17 than the percentage of the stabilization program base ap-
18 plicable to the participating dairy operation under para-
19 graph (1), (2), or (3) of subsection (b).

20 **SEC. 1435. REMITTING FUNDS TO THE SECRETARY AND USE**
21 **OF FUNDS.**

22 (a) REMITTING FUNDS.—As soon as practicable after
23 the end of each month during which payment reductions
24 are in effect under the stabilization program, each handler
25 shall remit to the Secretary an amount equal to the

1 amount by which payments to participating dairy oper-
2 ations are reduced by the handler under section 1434.

3 (b) DEPOSIT OF REMITTED FUNDS.—All funds re-
4 ceived under subsection (a) shall be available to the Sec-
5 retary, without further appropriation and until expended,
6 for use or transfer as provided in subsection (c).

7 (c) USE OF FUNDS.—

8 (1) AVAILABILITY FOR CERTAIN COMMODITY
9 DONATIONS.—Not later than 90 days after the
10 funds described in subsection (a) are due as deter-
11 mined by the Secretary, the Secretary shall obligate
12 the funds for the purpose of—

13 (A) purchasing dairy products for donation
14 to food banks and other programs that the Sec-
15 retary determines appropriate; and

16 (B) expanding consumption and building
17 demand for dairy products.

18 (2) NO DUPLICATION OF EFFORT.—The Sec-
19 retary shall ensure that expenditures under para-
20 graph (1) are compatible with, and do not duplicate,
21 programs supported by the dairy research and pro-
22 motion activities conducted under the Dairy Produc-
23 tion Stabilization Act of 1983 (7 U.S.C. 4501 et
24 seq.).

1 (3) ACCOUNTING.—The Secretary shall keep an
2 accurate account of all funds expended under para-
3 graph (1).

4 (d) ANNUAL REPORT.—Not later than December 31
5 of each year that the stabilization program is in effect,
6 the Secretary shall submit to the Committee on Agri-
7 culture of the House of Representatives and the Com-
8 mittee on Agriculture, Nutrition, and Forestry of the Sen-
9 ate a report that provides an accurate accounting of—

10 (1) the funds received by the Secretary during
11 the preceding fiscal year under subsection (a);

12 (2) all expenditures made by the Secretary
13 under subsection (b) during the preceding fiscal
14 year; and

15 (3) the impact of the stabilization program on
16 dairy markets.

17 (e) ENFORCEMENT.—If a participating dairy oper-
18 ation or handler fails to remit or collect the amounts by
19 which payments to participating dairy operations are re-
20 duced under section 1434, the participating dairy oper-
21 ation or handler responsible for the failure shall be liable
22 to the Secretary for the amount that should have been
23 remitted or collected, plus interest. In addition to the en-
24 forcement authorities available under section 1437, the

1 Secretary may enforce this subsection in the courts of the
2 United States.

3 **SEC. 1436. SUSPENSION OF REDUCED PAYMENT REQUIRE-**
4 **MENT.**

5 (a) DETERMINATION OF PRICES.—For purposes of
6 this section:

7 (1) The price in the United States for cheddar
8 cheese and nonfat dry milk shall be determined by
9 the Secretary.

10 (2) The world price of cheddar cheese and skim
11 milk powder shall be determined by the Secretary.

12 (b) SUSPENSION THRESHOLDS.—The stabilization
13 program shall be suspended or the Secretary shall refrain
14 from making the announcement under section 1432(a) if
15 the Secretary determines that—

16 (1) the actual dairy production margin is great-
17 er than \$6.00 per hundredweight of milk for 2 con-
18 secutive months;

19 (2) the actual dairy production margin is equal
20 to or less than \$6.00 (but greater than \$5.00) for
21 2 consecutive months, and during the same 2 con-
22 secutive months—

23 (A) the price in the United States for
24 cheddar cheese is equal to or greater than the
25 world price of cheddar cheese; or

1 (B) the price in the United States for non-
2 fat dry milk is equal to or greater than the
3 world price of skim milk powder;

4 (3) the actual dairy production margin is equal
5 to or less than \$5.00 (but greater than \$4.00) for
6 2 consecutive months, and during the same 2 con-
7 secutive months—

8 (A) the price in the United States for
9 cheddar cheese is more than 5 percent above
10 the world price of cheddar cheese; or

11 (B) the price in the United States for non-
12 fat dry milk is more than 5 percent above the
13 world price of skim milk powder; or

14 (4) the actual dairy production margin is equal
15 to or less than \$4.00 for 2 consecutive months, and
16 during the same 2 consecutive months—

17 (A) the price in the United States for
18 cheddar cheese is more than 7 percent above
19 the world price of cheddar cheese; or

20 (B) the price in the United States for non-
21 fat dry milk is more than 7 percent above the
22 world price of skim milk powder.

23 (c) IMPLEMENTATION BY HANDLERS.—Effective on
24 the day after the date of the announcement by the Sec-
25 retary under subsection (b) of the suspension of the sta-

1 bilization program, the handler shall cease reducing pay-
2 ments to participating dairy operations under the sta-
3 bilization program.

4 (d) **CONDITION ON RESUMPTION OF STABILIZATION**
5 **PROGRAM.**—Upon the announcement by the Secretary
6 under subsection (b) that the stabilization program has
7 been suspended, the stabilization program may not be im-
8 plemented again until, at the earliest—

9 (1) 2 months have passed, beginning on the
10 first day of the month immediately following the an-
11 nouncement by the Secretary; and

12 (2) the conditions of section 1432(a) are again
13 met.

14 **SEC. 1437. ENFORCEMENT.**

15 (a) **UNLAWFUL ACT.**—It shall be unlawful and a vio-
16 lation of the this subpart for any person subject to the
17 stabilization program to willfully fail or refuse to provide,
18 or delay the timely reporting of, accurate information and
19 remittance of funds to the Secretary in accordance with
20 this subpart.

21 (b) **ORDER.**—After providing notice and opportunity
22 for a hearing to an affected person, the Secretary may
23 issue an order against any person to cease and desist from
24 continuing any violation of this subpart.

1 (c) APPEAL.—An order of the Secretary under sub-
2 section (b) shall be final and conclusive unless an affected
3 person files an appeal of the order of the Secretary in
4 United States district court not later than 30 days after
5 the date of the issuance of the order. A finding of the
6 Secretary in the order shall be set aside only if the finding
7 is not supported by substantial evidence.

8 (d) NONCOMPLIANCE WITH ORDER.—If a person
9 subject to this subpart fails to obey an order issued under
10 subsection (b) after the order has become final and
11 unappealable, or after the appropriate United States dis-
12 trict court has entered a final judgment in favor of the
13 Secretary, the United States may apply to the appropriate
14 United States district court for enforcement of the order.
15 If the court determines that the order was lawfully made
16 and duly served and that the person violated the order,
17 the court shall enforce the order.

18 **SEC. 1438. AUDIT REQUIREMENTS.**

19 (a) AUDITS OF DAIRY OPERATION AND HANDLER
20 COMPLIANCE.—

21 (1) AUDITS AUTHORIZED.—If determined by
22 the Secretary to be necessary to ensure compliance
23 by participating dairy operations and handlers with
24 the stabilization program, the Secretary may con-

1 duct periodic audits of participating dairy operations
2 and handlers.

3 (2) SAMPLE OF DAIRY OPERATIONS.—Any
4 audit conducted under this subsection shall include,
5 at a minimum, investigation of a statistically valid
6 and random sample of participating dairy oper-
7 ations.

8 (b) SUBMISSION OF RESULTS.—The Secretary shall
9 submit the results of any audit conducted under sub-
10 section (a) to the Committee on Agriculture of the House
11 of Representatives and the Committee on Agriculture, Nu-
12 trition, and Forestry of the Senate and include such rec-
13 ommendations as the Secretary considers appropriate re-
14 garding the stabilization program.

15 **SEC. 1439. STUDY; REPORT.**

16 (a) IN GENERAL.—The Secretary shall direct the Of-
17 fice of the Chief Economist to conduct a study of the im-
18 pacts of the program established under section 1431(a).

19 (b) CONSIDERATIONS.—The study conducted under
20 subsection (a) shall consider—

21 (1) the economic impact of the program
22 throughout the dairy product value chain, including
23 the impact on producers, processors, domestic cus-
24 tomers, export customers, actual market growth and

1 potential market growth, farms of different sizes,
2 and different regions and States; and

3 (2) the impact of the program on the competi-
4 tiveness of the United States dairy industry in inter-
5 national markets.

6 (c) REPORT.—Not later than December 1, 2016, the
7 Office of the Chief Economist shall submit to the Com-
8 mittee on Agriculture of the House of Representatives and
9 the Committee on Agriculture, Nutrition, and Forestry of
10 the Senate a report that describes the results of the study
11 conducted under subsection (a).

12 **Subpart C—Duration**

13 **SEC. 1451. DURATION.**

14 The production margin protection program and the
15 stabilization program shall end on December 31, 2017.

16 **PART II—DAIRY MARKET TRANSPARENCY**

17 **SEC. 1461. DAIRY PRODUCT MANDATORY REPORTING.**

18 (a) DEFINITIONS.—Section 272(1)(A) of the Agricul-
19 tural Marketing Act of 1946 (7 U.S.C. 1637a(1)(A)) is
20 amended by inserting “, or any other products that may
21 significantly aid price discovery in the dairy markets, as
22 determined by the Secretary” after “of 1937”.

23 (b) MANDATORY REPORTING FOR DAIRY PROD-
24 UCTS.—Section 273(b) of the Agricultural Marketing Act
25 of 1946 (7 U.S.C. 1637b(b)) is amended—

1 (1) by striking paragraph (1) and inserting the
2 following new paragraph:

3 “(1) IN GENERAL.—In establishing the pro-
4 gram, the Secretary shall only—

5 “(A)(i) subject to the conditions described
6 in paragraph (2), require each manufacturer to
7 report to the Secretary, no less frequently than
8 once per month, information concerning the
9 price, quantity, and moisture content of dairy
10 products sold by the manufacturer and any
11 other product characteristics that may signifi-
12 cantly aid price discovery in the dairy markets,
13 as determined by the Secretary; and

14 “(ii) modify the format used to provide the
15 information on the day before the date of enact-
16 ment of this subtitle to ensure that the infor-
17 mation can be readily understood by market
18 participants; and

19 “(B) require each manufacturer and other
20 person storing dairy products (including dairy
21 products in cold storage) to report to the Sec-
22 retary, no less frequently than once per month,
23 information on the quantity of dairy products
24 stored.”; and

1 (B) if applicable, information on the man-
2 ner by which producers may cast an individual
3 ballot;

4 (C) if applicable, instructions on the man-
5 ner in which to vote online;

6 (D) due dates for each specific referendum;

7 (E) the text of each referendum question
8 under consideration;

9 (F) a description in plain language of the
10 question;

11 (G) any relevant background information
12 to the question; and

13 (H) any other information that increases
14 Federal milk marketing order transparency.

15 (b) NOTIFICATION LIST FOR UPCOMING REF-
16 ERENDUM.—Each Federal milk marketing order shall—

17 (1) make available the information described in
18 subsection (b) through an Internet site; and

19 (2) publicize the information in major agri-
20 culture and dairy-specific publications on upcoming
21 referenda.

1 **PART III—REPEAL OR REAUTHORIZATION OF**
2 **OTHER DAIRY-RELATED PROVISIONS**
3 **SEC. 1471. REPEAL OF DAIRY PRODUCT PRICE SUPPORT**
4 **AND MILK INCOME LOSS CONTRACT PRO-**
5 **GRAMS.**

6 (a) REPEAL OF DAIRY PRODUCT PRICE SUPPORT
7 PROGRAM.—Section 1501 of the Food, Conservation, and
8 Energy Act of 2008 (7 U.S.C. 8771) is repealed.

9 (b) REPEAL OF MILK INCOME LOSS CONTRACT PRO-
10 GRAM.—

11 (1) PAYMENTS UNDER MILK INCOME LOSS CON-
12 TRACT PROGRAM.—Section 1506(c)(3) of the Food,
13 Conservation, and Energy Act of 2008 (7 U.S.C.
14 8773(e)(3)) is amended—

15 (A) in subparagraph (A), by inserting
16 “and” after the semicolon;

17 (B) in subparagraph (B), by striking “Au-
18 gust 31, 2012, 45 percent; and” and inserting
19 “June 30, 2013, 45 percent.”; and

20 (C) by striking subparagraph (C).

21 (2) EXTENSION.—Section 1506(h)(1) of the
22 Food, Conservation, and Energy Act of 2008 (7
23 U.S.C. 8773(h)(1)) is amended by striking “Sep-
24 tember 30, 2012” and inserting “June 30, 2013”.

1 (3) REPEAL.—Effective July 1, 2013, section
2 1506 of the Food, Conservation, and Energy Act of
3 2008 (7 U.S.C. 8773) is repealed.

4 **SEC. 1472. REPEAL OF DAIRY EXPORT INCENTIVE PRO-**
5 **GRAM.**

6 (a) REPEAL.—Section 153 of the Food Security Act
7 of 1985 (15 U.S.C. 713a–14) is repealed.

8 (b) CONFORMING AMENDMENTS.—Section 902(2) of
9 the Trade Sanctions Reform and Export Enhancement
10 Act of 2000 (22 U.S.C. 7201(2)) is amended—

11 (1) by striking subparagraph (D); and

12 (2) by redesignating subparagraphs (E) and
13 (F) as subparagraphs (D) and (E), respectively.

14 **SEC. 1473. EXTENSION OF DAIRY FORWARD PRICING PRO-**
15 **GRAM.**

16 Section 1502(e) of the Food, Conservation, and En-
17 ergy Act of 2008 (7 U.S.C. 8772(e)) is amended—

18 (1) in paragraph (1), by striking “2012” and
19 inserting “2017”; and

20 (2) in paragraph (2), by striking “2015” and
21 inserting “2020”.

22 **SEC. 1474. EXTENSION OF DAIRY INDEMNITY PROGRAM.**

23 Section 3 of Public Law 90–484 (7 U.S.C. 450l) is
24 amended by striking “2012” and inserting “2017”.

1 **SEC. 1475. EXTENSION OF DAIRY PROMOTION AND RE-**
 2 **SEARCH PROGRAM.**

3 Section 113(e)(2) of the Dairy Production Stabiliza-
 4 tion Act of 1983 (7 U.S.C. 4504(e)(2)) is amended by
 5 striking “2012” and inserting “2017”.

6 **SEC. 1476. EXTENSION OF FEDERAL MILK MARKETING**
 7 **ORDER REVIEW COMMISSION.**

8 Section 1509(a) of the Food, Conservation, and En-
 9 ergy Act of 2008 (Public Law 110–246; 122 Stat. 1726)
 10 is amended by inserting “or other funds” after “Subject
 11 to the availability of appropriations”.

12 **PART IV—EFFECTIVE DATE**

13 **SEC. 1481. EFFECTIVE DATE.**

14 Except as otherwise provided in this subtitle, this
 15 subtitle and the amendments made by this subtitle take
 16 effect on October 1, 2012.

17 **Subtitle E—Supplemental Agricultural**
 18 **Disaster Assistance Pro-**
 19 **grams**

20 **SEC. 1501. SUPPLEMENTAL AGRICULTURAL DISASTER AS-**
 21 **SISTANCE PROGRAMS.**

22 (a) DEFINITIONS.—In this section:

23 (1) ELIGIBLE PRODUCER ON A FARM.—

24 (A) IN GENERAL.—The term “eligible pro-
 25 ducer on a farm” means an individual or entity
 26 described in subparagraph (B) that, as deter-

1 mined by the Secretary, assumes the production
2 and market risks associated with the agricul-
3 tural production of crops or livestock.

4 (B) DESCRIPTION.—An individual or enti-
5 ty referred to in subparagraph (A) is—

6 (i) a citizen of the United States;

7 (ii) a resident alien;

8 (iii) a partnership of citizens of the
9 United States; or

10 (iv) a corporation, limited liability cor-
11 poration, or other farm organizational
12 structure organized under State law.

13 (2) FARM.—

14 (A) IN GENERAL.—The term “farm”
15 means, in relation to an eligible producer on a
16 farm, the total of all crop acreage in all coun-
17 ties that is planted or intended to be planted
18 for harvest, for sale, or on-farm livestock feed-
19 ing (including native grassland intended for
20 hay) by the eligible producer.

21 (B) AQUACULTURE.—In the case of aqua-
22 culture, the term “farm” means, in relation to
23 an eligible producer on a farm, all fish being
24 produced in all counties that are intended to be
25 harvested for sale by the eligible producer.

1 (C) HONEY.—In the case of honey, the
2 term “farm” means, in relation to an eligible
3 producer on a farm, all bees and beehives in all
4 counties that are intended to be harvested for
5 a honey crop for sale by the eligible producer.

6 (3) FARM-RAISED FISH.—The term “farm-
7 raised fish” means any aquatic species that is propa-
8 gated and reared in a controlled environment.

9 (4) LIVESTOCK.—The term “livestock” in-
10 cludes—

11 (A) cattle (including dairy cattle);

12 (B) bison;

13 (C) poultry;

14 (D) sheep;

15 (E) swine;

16 (F) horses; and

17 (G) other livestock, as determined by the
18 Secretary.

19 (b) LIVESTOCK INDEMNITY PAYMENTS.—

20 (1) PAYMENTS.—For each of fiscal years 2012
21 through 2017, the Secretary shall use such sums as
22 are necessary of the funds of the Commodity Credit
23 Corporation to make livestock indemnity payments
24 to eligible producers on farms that have incurred

1 livestock death losses in excess of the normal mor-
2 tality, as determined by the Secretary, due to—

3 (A) attacks by animals reintroduced into
4 the wild by the Federal Government or pro-
5 tected by Federal law, including wolves; or

6 (B) adverse weather, as determined by the
7 Secretary, during the calendar year, including
8 losses due to hurricanes, floods, blizzards, dis-
9 ease, wildfires, extreme heat, and extreme cold.

10 (2) PAYMENT RATES.—Indemnity payments to
11 an eligible producer on a farm under paragraph (1)
12 shall be made at a rate of 65 percent of the market
13 value of the applicable livestock on the day before
14 the date of death of the livestock, as determined by
15 the Secretary.

16 (3) SPECIAL RULE FOR PAYMENTS MADE DUE
17 TO DISEASE.—The Secretary shall ensure that pay-
18 ments made to an eligible producer under paragraph
19 (1) are not made for the same livestock losses for
20 which compensation is provided pursuant to section
21 10407(d) of the Animal Health Protection Act (7
22 U.S.C. 8306(d)).

23 (c) LIVESTOCK FORAGE DISASTER PROGRAM.—

24 (1) DEFINITIONS.—In this subsection:

25 (A) COVERED LIVESTOCK.—

1 (i) IN GENERAL.—Except as provided
2 in clause (ii), the term “covered livestock”
3 means livestock of an eligible livestock pro-
4 ducer that, during the 60 days prior to the
5 beginning date of a qualifying drought or
6 fire condition, as determined by the Sec-
7 retary, the eligible livestock producer—

8 (I) owned;

9 (II) leased;

10 (III) purchased;

11 (IV) entered into a contract to
12 purchase;

13 (V) is a contract grower; or

14 (VI) sold or otherwise disposed of
15 due to qualifying drought conditions
16 during—

17 (aa) the current production
18 year; or

19 (bb) subject to paragraph
20 (3)(B)(ii), 1 or both of the 2 pro-
21 duction years immediately pre-
22 ceding the current production
23 year.

24 (ii) EXCLUSION.—The term “covered
25 livestock” does not include livestock that

1 were or would have been in a feedlot, on
2 the beginning date of the qualifying
3 drought or fire condition, as a part of the
4 normal business operation of the eligible
5 livestock producer, as determined by the
6 Secretary.

7 (B) DROUGHT MONITOR.—The term
8 “drought monitor” means a system for
9 classifying drought severity according to a
10 range of abnormally dry to exceptional drought,
11 as defined by the Secretary.

12 (C) ELIGIBLE LIVESTOCK PRODUCER.—

13 (i) IN GENERAL.—The term “eligible
14 livestock producer” means an eligible pro-
15 ducer on a farm that—

16 (I) is an owner, cash or share
17 lessee, or contract grower of covered
18 livestock that provides the pastureland
19 or grazing land, including cash-leased
20 pastureland or grazing land, for the
21 livestock;

22 (II) provides the pastureland or
23 grazing land for covered livestock, in-
24 cluding cash-leased pastureland or

1 grazing land that is physically located
2 in a county affected by drought;

3 (III) certifies grazing loss; and

4 (IV) meets all other eligibility re-
5 quirements established under this sub-
6 section.

7 (ii) EXCLUSION.—The term “eligible
8 livestock producer” does not include an
9 owner, cash or share lessee, or contract
10 grower of livestock that rents or leases
11 pastureland or grazing land owned by an-
12 other person on a rate-of-gain basis.

13 (D) NORMAL CARRYING CAPACITY.—The
14 term “normal carrying capacity”, with respect
15 to each type of grazing land or pastureland in
16 a county, means the normal carrying capacity,
17 as determined under paragraph (3)(D)(i), that
18 would be expected from the grazing land or
19 pastureland for livestock during the normal
20 grazing period, in the absence of a drought or
21 fire that diminishes the production of the graz-
22 ing land or pastureland.

23 (E) NORMAL GRAZING PERIOD.—The term
24 “normal grazing period”, with respect to a
25 county, means the normal grazing period during

1 the calendar year for the county, as determined
2 under paragraph (3)(D)(i).

3 (2) PROGRAM.—For each of fiscal years 2012
4 through 2017, the Secretary shall use such sums as
5 are necessary of the funds of the Commodity Credit
6 Corporation to provide compensation for losses to el-
7 igible livestock producers due to grazing losses for
8 covered livestock due to—

9 (A) a drought condition, as described in
10 paragraph (3); or

11 (B) fire, as described in paragraph (4).

12 (3) ASSISTANCE FOR LOSSES DUE TO DROUGHT
13 CONDITIONS.—

14 (A) ELIGIBLE LOSSES.—

15 (i) IN GENERAL.—An eligible livestock
16 producer may receive assistance under this
17 subsection only for grazing losses for cov-
18 ered livestock that occur on land that—

19 (I) is native or improved
20 pastureland with permanent vegeta-
21 tive cover; or

22 (II) is planted to a crop planted
23 specifically for the purpose of pro-
24 viding grazing for covered livestock.

1 (ii) EXCLUSIONS.—An eligible live-
2 stock producer may not receive assistance
3 under this subsection for grazing losses
4 that occur on land used for haying or graz-
5 ing under the conservation reserve pro-
6 gram established under subchapter B of
7 chapter 1 of subtitle D of title XII of the
8 Food Security Act of 1985 (16 U.S.C.
9 3831 et seq.), unless the land is grassland
10 eligible for the conservation reserve pro-
11 gram under section 1231(d)(2) of the Food
12 Security Act of 1985 (16 U.S.C. 3831), as
13 amended by section 2001 of this Act.

14 (B) MONTHLY PAYMENT RATE.—

15 (i) IN GENERAL.—Except as provided
16 in clause (ii), the payment rate for assist-
17 ance under this paragraph for 1 month
18 shall, in the case of drought, be equal to
19 60 percent of the lesser of—

20 (I) the monthly feed cost for all
21 covered livestock owned or leased by
22 the eligible livestock producer, as de-
23 termined under subparagraph (C); or

24 (II) the monthly feed cost cal-
25 culated by using the normal carrying

1 capacity of the eligible grazing land of
2 the eligible livestock producer.

3 (ii) PARTIAL COMPENSATION.—In the
4 case of an eligible livestock producer that
5 sold or otherwise disposed of covered live-
6 stock due to drought conditions in 1 or
7 both of the 2 production years immediately
8 preceding the current production year, as
9 determined by the Secretary, the payment
10 rate shall be 80 percent of the payment
11 rate otherwise calculated in accordance
12 with clause (i).

13 (C) MONTHLY FEED COST.—

14 (i) IN GENERAL.—The monthly feed
15 cost shall equal the product obtained by
16 multiplying—

17 (I) 30 days;

18 (II) a payment quantity that is
19 equal to the feed grain equivalent, as
20 determined under clause (ii); and

21 (III) a payment rate that is equal
22 to the corn price per pound, as deter-
23 mined under clause (iii).

1 (ii) FEED GRAIN EQUIVALENT.—For
2 purposes of clause (i)(II), the feed grain
3 equivalent shall equal—

4 (I) in the case of an adult beef
5 cow, 15.7 pounds of corn per day; or

6 (II) in the case of any other type
7 of weight of livestock, an amount de-
8 termined by the Secretary that rep-
9 resents the average number of pounds
10 of corn per day necessary to feed the
11 livestock.

12 (iii) CORN PRICE PER POUND.—For
13 purposes of clause (i)(III), the corn price
14 per pound shall equal the quotient ob-
15 tained by dividing—

16 (I) the higher of—

17 (aa) the national average
18 corn price per bushel for the 12-
19 month period immediately pre-
20 ceeding March 1 of the year for
21 which the disaster assistance is
22 calculated; or

23 (bb) the national average
24 corn price per bushel for the 24-

1 month period immediately pre-
2 ceding that March 1; by

3 (II) 56.

4 (D) NORMAL GRAZING PERIOD AND
5 DROUGHT MONITOR INTENSITY.—

6 (i) FSA COUNTY COMMITTEE DETER-
7 MINATIONS.—

8 (I) IN GENERAL.—The Secretary
9 shall determine the normal carrying
10 capacity and normal grazing period
11 for each type of grazing land or
12 pastureland in the county served by
13 the applicable committee.

14 (II) CHANGES.—No change to
15 the normal carrying capacity or nor-
16 mal grazing period established for a
17 county under subclause (I) shall be
18 made unless the change is requested
19 by the appropriate State and county
20 Farm Service Agency committees.

21 (ii) DROUGHT INTENSITY.—

22 (I) D2.—An eligible livestock
23 producer that owns or leases grazing
24 land or pastureland that is physically
25 located in a county that is rated by

1 the U.S. Drought Monitor as having a
2 D2 (severe drought) intensity in any
3 area of the county for at least 8 con-
4 secutive weeks during the normal
5 grazing period for the county, as de-
6 termined by the Secretary, shall be el-
7 igible to receive assistance under this
8 paragraph in an amount equal to 1
9 monthly payment using the monthly
10 payment rate determined under sub-
11 paragraph (B).

12 (II) D3.—An eligible livestock
13 producer that owns or leases grazing
14 land or pastureland that is physically
15 located in a county that is rated by
16 the U.S. Drought Monitor as having
17 at least a D3 (extreme drought) in-
18 tensity in any area of the county at
19 any time during the normal grazing
20 period for the county, as determined
21 by the Secretary, shall be eligible to
22 receive assistance under this para-
23 graph—

24 (aa) in an amount equal to
25 2 monthly payments using the

1 monthly payment rate deter-
2 mined under subparagraph (B);
3 or

4 (bb) if the county is rated as
5 having a D3 (extreme drought)
6 intensity in any area of the coun-
7 ty for at least 4 weeks during the
8 normal grazing period for the
9 county, or is rated as having a
10 D4 (exceptional drought) inten-
11 sity in any area of the county at
12 any time during the normal graz-
13 ing period, in an amount equal to
14 3 monthly payments using the
15 monthly payment rate deter-
16 mined under subparagraph (B).

17 (4) ASSISTANCE FOR LOSSES DUE TO FIRE ON
18 PUBLIC MANAGED LAND.—

19 (A) IN GENERAL.—An eligible livestock
20 producer may receive assistance under this
21 paragraph only if—

22 (i) the grazing losses occur on range-
23 land that is managed by a Federal agency;
24 and

1 (ii) the eligible livestock producer is
2 prohibited by the Federal agency from
3 grazing the normal permitted livestock on
4 the managed rangeland due to a fire.

5 (B) PAYMENT RATE.—The payment rate
6 for assistance under this paragraph shall be
7 equal to 50 percent of the monthly feed cost for
8 the total number of livestock covered by the
9 Federal lease of the eligible livestock producer,
10 as determined under paragraph (3)(C).

11 (C) PAYMENT DURATION.—

12 (i) IN GENERAL.—Subject to clause
13 (ii), an eligible livestock producer shall be
14 eligible to receive assistance under this
15 paragraph for the period—

16 (I) beginning on the date on
17 which the Federal agency excludes the
18 eligible livestock producer from using
19 the managed rangeland for grazing;
20 and

21 (II) ending on the last day of the
22 Federal lease of the eligible livestock
23 producer.

24 (ii) LIMITATION.—An eligible livestock
25 producer may only receive assistance under

1 this paragraph for losses that occur on not
2 more than 180 days per year.

3 (5) NO DUPLICATIVE PAYMENTS.—

4 (A) IN GENERAL.—An eligible livestock
5 producer may elect to receive assistance for
6 grazing or pasture feed losses due to drought
7 conditions under paragraph (3) or fire under
8 paragraph (4), but not both for the same loss,
9 as determined by the Secretary.

10 (B) RELATIONSHIP TO OTHER ASSIST-
11 ANCE.—An eligible livestock producer that re-
12 ceives assistance under this subsection may not
13 also receive assistance for losses to crops on the
14 same land with the same intended use.

15 (d) EMERGENCY ASSISTANCE FOR LIVESTOCK,
16 HONEY BEES, AND FARM-RAISED FISH.—

17 (1) IN GENERAL.—For each of fiscal years
18 2012 through 2017, the Secretary shall use not
19 more than \$10,000,000 of the funds of the Com-
20 modity Credit Corporation to provide emergency re-
21 lief to eligible producers of livestock, honey bees, and
22 farm-raised fish to aid in the reduction of losses due
23 to disease, adverse weather, or other conditions, such
24 as blizzards and wildfires, as determined by the Sec-

1 retary, that are not covered under subsection (b) or
2 (c).

3 (2) USE OF FUNDS.—Funds made available
4 under this subsection shall be used to reduce losses
5 caused by feed or water shortages, disease, or other
6 factors as determined by the Secretary.

7 (3) AVAILABILITY OF FUNDS.—Any funds made
8 available under this subsection shall remain available
9 until expended.

10 (e) TREE ASSISTANCE PROGRAM.—

11 (1) DEFINITIONS.—In this subsection:

12 (A) ELIGIBLE ORCHARDIST.—The term
13 “eligible orchardist” means a person that pro-
14 duces annual crops from trees for commercial
15 purposes.

16 (B) NATURAL DISASTER.—The term “nat-
17 ural disaster” means plant disease, insect infes-
18 tation, drought, fire, freeze, flood, earthquake,
19 lightning, or other occurrence, as determined by
20 the Secretary.

21 (C) NURSERY TREE GROWER.—The term
22 “nursery tree grower” means a person who pro-
23 duces nursery, ornamental, fruit, nut, or Christ-
24 mas trees for commercial sale, as determined by
25 the Secretary.

1 (D) TREE.—The term “tree” includes a
2 tree, bush, and vine.

3 (2) ELIGIBILITY.—

4 (A) LOSS.—Subject to subparagraph (B),
5 for each of fiscal years 2012 through 2017, the
6 Secretary shall use such sums as are necessary
7 of the funds of the Commodity Credit Corpora-
8 tion to provide assistance—

9 (i) under paragraph (3) to eligible or-
10 chardists and nursery tree growers that
11 planted trees for commercial purposes but
12 lost the trees as a result of a natural dis-
13 aster, as determined by the Secretary; and

14 (ii) under paragraph (3)(B) to eligible
15 orchardists and nursery tree growers that
16 have a production history for commercial
17 purposes on planted or existing trees but
18 lost the trees as a result of a natural dis-
19 aster, as determined by the Secretary.

20 (B) LIMITATION.—An eligible orchardist
21 or nursery tree grower shall qualify for assist-
22 ance under subparagraph (A) only if the tree
23 mortality of the eligible orchardist or nursery
24 tree grower, as a result of damaging weather or

1 related condition, exceeds 15 percent (adjusted
2 for normal mortality).

3 (3) ASSISTANCE.—Subject to paragraph (4),
4 the assistance provided by the Secretary to eligible
5 orchardists and nursery tree growers for losses de-
6 scribed in paragraph (2) shall consist of—

7 (A)(i) reimbursement of 65 percent of the
8 cost of replanting trees lost due to a natural
9 disaster, as determined by the Secretary, in ex-
10 cess of 15 percent mortality (adjusted for nor-
11 mal mortality); or

12 (ii) at the option of the Secretary, suffi-
13 cient seedlings to reestablish a stand; and

14 (B) reimbursement of 50 percent of the
15 cost of pruning, removal, and other costs in-
16 curred by an eligible orchardist or nursery tree
17 grower to salvage existing trees or, in the case
18 of tree mortality, to prepare the land to replant
19 trees as a result of damage or tree mortality
20 due to a natural disaster, as determined by the
21 Secretary, in excess of 15 percent damage or
22 mortality (adjusted for normal tree damage and
23 mortality).

24 (4) LIMITATIONS ON ASSISTANCE.—

1 (A) DEFINITIONS OF LEGAL ENTITY AND
2 PERSON.—In this paragraph, the terms “legal
3 entity” and “person” have the meaning given
4 those terms in section 1001(a) of the Food Se-
5 curity Act of 1985 (7 U.S.C. 1308(a)).

6 (B) AMOUNT.—The total amount of pay-
7 ments received, directly or indirectly, by a per-
8 son or legal entity (excluding a joint venture or
9 general partnership) under this subsection may
10 not exceed \$100,000 for any crop year, or an
11 equivalent value in tree seedlings.

12 (C) ACRES.—The total quantity of acres
13 planted to trees or tree seedlings for which a
14 person or legal entity shall be entitled to receive
15 payments under this subsection may not exceed
16 500 acres.

17 (f) PAYMENT LIMITATIONS.—

18 (1) DEFINITIONS OF LEGAL ENTITY AND PER-
19 SON.—In this subsection, the terms “legal entity”
20 and “person” have the meaning given those terms in
21 section 1001(a) of the Food Security Act of 1985 (7
22 U.S.C. 1308(a)).

23 (2) AMOUNT.—The total amount of disaster as-
24 sistance payments received, directly or indirectly, by
25 a person or legal entity (excluding a joint venture or

1 general partnership) under this section (excluding
2 payments received under subsection (e)) may not ex-
3 ceed \$100,000 for any crop year.

4 (3) DIRECT CONTRIBUTION.—Subsections (d)
5 and (e) of section 1001 of the Food Security Act of
6 1985 (7 U.S.C. 1308) or any successor provisions
7 relating to direct attribution shall apply with respect
8 to assistance provided under this section.

9 **Subtitle F—Administration**

10 **SEC. 1601. ADMINISTRATION GENERALLY.**

11 (a) USE OF COMMODITY CREDIT CORPORATION.—
12 The Secretary shall use the funds, facilities, and authori-
13 ties of the Commodity Credit Corporation to carry out this
14 title.

15 (b) DETERMINATIONS BY SECRETARY.—A deter-
16 mination made by the Secretary under this title shall be
17 final and conclusive.

18 (c) REGULATIONS.—

19 (1) IN GENERAL.—Except as otherwise pro-
20 vided in this subsection, not later than 90 days after
21 the date of enactment of this Act, the Secretary and
22 the Commodity Credit Corporation, as appropriate,
23 shall promulgate such regulations as are necessary
24 to implement this title and the amendments made by
25 this title.

1 (2) PROCEDURE.—The promulgation of the reg-
2 ulations and administration of this title and the
3 amendments made by this title and sections 11001
4 and 11011 of this Act shall be made without regard
5 to—

6 (A) the notice and comment provisions of
7 section 553 of title 5, United States Code;

8 (B) chapter 35 of title 44, United States
9 Code (commonly known as the “Paperwork Re-
10 duction Act”); and

11 (C) the Statement of Policy of the Sec-
12 retary of Agriculture effective July 24, 1971
13 (36 Fed. Reg. 13804), relating to notices of
14 proposed rulemaking and public participation in
15 rulemaking.

16 (3) CONGRESSIONAL REVIEW OF AGENCY RULE-
17 MAKING.—In carrying out this subsection, the Sec-
18 retary shall use the authority provided under section
19 808 of title 5, United States Code.

20 (d) ADJUSTMENT AUTHORITY RELATED TO TRADE
21 AGREEMENTS COMPLIANCE.—

22 (1) REQUIRED DETERMINATION; ADJUST-
23 MENT.—If the Secretary determines that expendi-
24 tures under this title that are subject to the total al-
25 lowable domestic support levels under the Uruguay

1 Round Agreements (as defined in section 2 of the
2 Uruguay Round Agreements Act (19 U.S.C. 3501))
3 will exceed the allowable levels for any applicable re-
4 porting period, the Secretary shall, to the maximum
5 extent practicable, make adjustments in the amount
6 of the expenditures during that period to ensure that
7 the expenditures do not exceed the allowable levels.

8 (2) CONGRESSIONAL NOTIFICATION.—Before
9 making any adjustment under paragraph (1), the
10 Secretary shall submit to the Committee on Agri-
11 culture of the House of Representatives and the
12 Committee on Agriculture, Nutrition, and Forestry
13 of the Senate a report describing the determination
14 made under that paragraph and the extent of the
15 adjustment to be made.

16 **SEC. 1602. SUSPENSION OF PERMANENT PRICE SUPPORT**
17 **AUTHORITY.**

18 (a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—
19 The following provisions of the Agricultural Adjustment
20 Act of 1938 shall not be applicable to the 2013 through
21 2017 crops of covered commodities (as defined in section
22 1104), cotton, and sugar and shall not be applicable to
23 milk during the period beginning on the date of enactment
24 of this Act through December 31, 2017:

1 (1) Parts II through V of subtitle B of title III
2 (7 U.S.C. 1326 et seq.).

3 (2) In the case of upland cotton, section 377 (7
4 U.S.C. 1377).

5 (3) Subtitle D of title III (7 U.S.C. 1379a et
6 seq.).

7 (4) Title IV (7 U.S.C. 1401 et seq.).

8 (b) AGRICULTURAL ACT OF 1949.—The following
9 provisions of the Agricultural Act of 1949 shall not be ap-
10 plicable to the 2013 through 2017 crops of covered com-
11 modities (as defined in section 1104), cotton, and sugar
12 and shall not be applicable to milk during the period be-
13 ginning on the date of enactment of this Act and through
14 December 31, 2017:

15 (1) Section 101 (7 U.S.C. 1441).

16 (2) Section 103(a) (7 U.S.C. 1444(a)).

17 (3) Section 105 (7 U.S.C. 1444b).

18 (4) Section 107 (7 U.S.C. 1445a).

19 (5) Section 110 (7 U.S.C. 1445e).

20 (6) Section 112 (7 U.S.C. 1445g).

21 (7) Section 115 (7 U.S.C. 1445k).

22 (8) Section 201 (7 U.S.C. 1446).

23 (9) Title III (7 U.S.C. 1447 et seq.).

1 (10) Title IV (7 U.S.C. 1421 et seq.), other
2 than sections 404, 412, and 416 (7 U.S.C. 1424,
3 1429, and 1431).

4 (11) Title V (7 U.S.C. 1461 et seq.).

5 (12) Title VI (7 U.S.C. 1471 et seq.).

6 (c) **SUSPENSION OF CERTAIN QUOTA PROVISIONS.**—
7 The joint resolution entitled “A joint resolution relating
8 to corn and wheat marketing quotas under the Agricul-
9 tural Adjustment Act of 1938, as amended”, approved
10 May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be
11 applicable to the crops of wheat planted for harvest in the
12 calendar years 2013 through 2017.

13 **SEC. 1603. PAYMENT LIMITATIONS.**

14 (a) **IN GENERAL.**—Section 1001 of the Food Security
15 Act of 1985 (7 U.S.C. 1308) is amended by striking sub-
16 sections (b) and (c) and inserting the following:

17 “(b) **LIMITATION ON PAYMENTS FOR PEANUTS AND**
18 **OTHER COVERED COMMODITIES.**—The total amount of
19 payments received, directly or indirectly, by a person or
20 legal entity (except a joint venture or general partnership)
21 for any crop year under subtitle A of the Agriculture Re-
22 form, Food, and Jobs Act of 2012 for—

23 “(1) peanuts may not exceed \$50,000; and

24 “(2) 1 or more other covered commodities may
25 not exceed \$50,000.”.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Section 1001 of the Food Security Act of
3 1985 (7 U.S.C. 1308) is amended—

4 (A) in subsection (a)(1), by striking “sec-
5 tion 1001 of the Food, Conservation, and En-
6 ergy Act of 2008” and inserting “section 1104
7 of the Agriculture Reform, Food, and Jobs Act
8 of 2012”;

9 (B) in subsection (d), by inserting “or title
10 I of the Agriculture Reform, Food, and Jobs
11 Act of 2012” before the period at the end;

12 (C) in subsection (e)—

13 (i) in paragraph (1), by striking “sub-
14 sections (b) and (c) and a program de-
15 scribed in paragraphs (1)(C)” and insert-
16 ing “subsection (b) and a program de-
17 scribed in paragraph (1)(B)”;

18 (ii) in paragraph (3)(B), by striking
19 “subsections (b) and (c)” each place it ap-
20 pears and inserting “subsection (b)”;

21 (D) in subsection (f)—

22 (i) by striking “or title XII” each
23 place it appears in paragraphs (5)(A) and
24 (6)(A) and inserting “, title I of the Agri-

1 culture Reform, Food, and Jobs Act of
2 2012, or title XII”;

3 (ii) in paragraph (2), by striking
4 “Subsections (b) and (c)” and inserting
5 “Subsection (b)”;

6 (iii) in paragraph (4)(B), by striking
7 “subsection (b) or (c)” and inserting “sub-
8 section (b)”;

9 (iv) in paragraph (5)—

10 (I) in subparagraph (A), by strik-
11 ing “subsection (d)” and inserting
12 “subsection (c)”;

13 (II) in subparagraph (B), by
14 striking “subsection (b), (c), or (d)”
15 and inserting “subsection (b) or (c)”;
16 and

17 (v) in paragraph (6)—

18 (I) in subparagraph (A), by strik-
19 ing “subsection (d), except as pro-
20 vided in subsection (g)” and inserting
21 “subsection (c), except as provided in
22 subsection (f)”;

23 (II) in subparagraph (B), by
24 striking “subsections (b), (c), and

1 (d)” and inserting “subsections (b)
2 and (c)”;

3 (E) in subsection (g)—

4 (i) in paragraph (1)—

5 (I) by striking “subsection
6 (f)(6)(A)” and inserting “subsection
7 (e)(6)(A)” and

8 (II) by striking “subsection (b)
9 or (c)” and inserting “subsection (b)”;
10 and

11 (ii) in paragraph (2)(A), by striking
12 “subsections (b) and (c)” and inserting
13 “subsection (b)”;

14 (F) by redesignating subsections (d)
15 through (h) as subsections (e) through (g), re-
16 spectively.

17 (2) Section 1001A of the Food Security Act of
18 1985 (7 U.S.C. 1308–1) is amended—

19 (A) in subsection (a), by striking “sub-
20 sections (b) and (c)” and inserting “subsection
21 (b)”;

22 (B) in subsection (b)(1), by striking “sub-
23 section (b) or (c)” and inserting “subsection
24 (b)”.

1 (3) Section 1001B(a) of the Food Security Act
2 of 1985 (7 U.S.C. 1308–2(a)) is amended in the
3 matter preceding paragraph (1) by striking “sub-
4 sections (b) and (c)” and inserting “subsection (b)”.

5 (4) Section 1001C(a) of the Food Security Act
6 of 1985 (7 U.S.C. 1308–3(a)) is amended by insert-
7 ing “title I of the Agriculture Reform, Food, and
8 Jobs Act of 2012,” after “2008,”.

9 (c) APPLICATION.—The amendments made by this
10 section shall apply beginning with the 2013 crop year.

11 **SEC. 1604. PAYMENTS LIMITED TO ACTIVE FARMERS.**

12 Section 1001A of the Food Security Act of 1985 (7
13 U.S.C. 1308–1) is amended—

14 (1) in subsection (b)(2)—

15 (A) by striking “or active personal man-
16 agement” each place it appears in subpara-
17 graphs (A)(i)(II) and (B)(ii); and

18 (B) in subparagraph (C), by striking “, as
19 applied to the legal entity, are met by the legal
20 entity, the partners or members making a sig-
21 nificant contribution of personal labor or active
22 personal management” and inserting “are met
23 by partners or members making a significant
24 contribution of personal labor, those partners or
25 members”; and

1 (2) in subsection (c)—

2 (A) in paragraph (1)—

3 (i) by striking subparagraph (A) and
4 inserting the following:

5 “(A) the landowner share-rents the land at
6 a rate that is usual and customary;”;

7 (ii) in subparagraph (B), by striking
8 the period at the end and inserting “;
9 and”; and

10 (iii) by adding at the end the fol-
11 lowing:

12 “(C) the share of the payments received by
13 the landowner is commensurate with the share
14 of the crop or income received as rent.”;

15 (B) in paragraph (2)(A), by striking “ac-
16 tive personal management or”;

17 (C) in paragraph (5)—

18 (i) by striking “(5)” and all that fol-
19 lows through “(A) IN GENERAL.—A per-
20 son” and inserting the following:

21 “(5) CUSTOM FARMING SERVICES.—A person”;

22 (ii) by inserting “under usual and
23 customary terms” after “services”; and

24 (iii) by striking subparagraph (B);
25 and

1 (D) by adding at the end the following:

2 “(7) FARM MANAGERS.—A person who other-
3 wise meets the requirements of this subsection other
4 than (b)(2)(A)(i)(II) shall be considered to be ac-
5 tively engaged in farming, as determined by the Sec-
6 retary, with respect to the farming operation, includ-
7 ing a farming operation that is a sole proprietorship,
8 a legal entity such as a joint venture or general
9 partnership, or a legal entity such as a corporation
10 or limited partnership, if the person—

11 “(A) makes a significant contribution of
12 management to the farming operation necessary
13 for the farming operation, taking into ac-
14 count—

15 “(i) the size and complexity of the
16 farming operation; and

17 “(ii) the management requirements
18 normally and customarily required by simi-
19 lar farming operations;

20 “(B) is the only person in the farming op-
21 eration qualifying as actively engaged in farm-
22 ing;

23 “(C) does not use the management con-
24 tribution under this paragraph to qualify as ac-

1 tively engaged in more than 1 farming oper-
2 ation; and

3 “(D) manages a farm operation that does
4 not substantially share equipment, labor, or
5 management with persons or legal entities that
6 with the person collectively receive, directly or
7 indirectly, an amount equal to more than the
8 applicable limits under section 1001(b).”.

9 **SEC. 1605. ADJUSTED GROSS INCOME LIMITATION.**

10 (a) IN GENERAL.—Section 1001D(b)) of the Food
11 Security Act of 1985 (7 U.S.C. 1308–3a(b)) is amended
12 by striking paragraph (1) and inserting the following:

13 “(1) COMMODITY PROGRAMS.—

14 “(A) LIMITATION.—Notwithstanding any
15 other provision of law, a person or legal entity
16 shall not be eligible to receive any benefit de-
17 scribed in subparagraph (B) during a crop, fis-
18 cal or program year, as appropriate, if the aver-
19 age adjusted gross income (or comparable
20 measure over the 3 taxable years preceding the
21 most immediately preceding complete taxable
22 year, as determined by the Secretary) of the
23 person or legal entity exceeds \$750,000.

24 “(B) COVERED BENEFITS.—Subparagraph
25 (A) applies with respect to the following:

1 “(i) A payment under section 1105 of
2 the Agriculture Reform, Food, and Jobs
3 Act of 2012.

4 “(ii) A marketing loan gain or loan
5 deficiency payment under subtitle B of title
6 I of the Agriculture Reform, Food, and
7 Jobs Act of 2012.

8 “(iii) A payment under subtitle E of
9 the Agriculture Reform, Food, and Jobs
10 Act of 2012.”.

11 “(iv) A payment under section 196 of
12 the Federal Agriculture Improvement and
13 Reform Act of 1996 (7 U.S.C. 7333).”.

14 (b) APPLICATION.—The amendments made by this
15 section shall apply beginning with the 2013 crop year.

16 **SEC. 1606. GEOGRAPHICALLY DISADVANTAGED FARMERS**
17 **AND RANCHERS.**

18 Section 1621(d) of the Food, Conservation, and En-
19 ergy Act of 2008 (7 U.S.C. 8792(d)) is amended by strik-
20 ing “2012” and inserting “2017”.

21 **SEC. 1607. PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.**
22

23 Section 164 of the Federal Agriculture Improvement
24 and Reform Act of 1996 (7 U.S.C. 7284) is amended by
25 striking “and title I of the Food, Conservation, and En-

1 ergy Act of 2008” each place it appears and inserting
 2 “title I of the Food, Conservation, and Energy Act of
 3 2008 (7 U.S.C. 8702 et seq.), and title I of the Agriculture
 4 Reform, Food, and Jobs Act of 2012”.

5 **SEC. 1608. PREVENTION OF DECEASED INDIVIDUALS RE-**
 6 **CEIVING PAYMENTS UNDER FARM COM-**
 7 **MODITY PROGRAMS.**

8 (a) RECONCILIATION.—At least twice each year, the
 9 Secretary shall reconcile social security numbers of all in-
 10 dividuals who receive payments under this title, whether
 11 directly or indirectly, with the Commissioner of Social Se-
 12 curity to determine if the individuals are alive.

13 (b) PRECLUSION.—The Secretary shall preclude the
 14 issuance of payments to, and on behalf of, deceased indi-
 15 viduals that were not eligible for payments.

16 **SEC. 1609. APPEALS.**

17 (a) DIRECTION, CONTROL, AND SUPPORT.—Section
 18 272 of the Department of Agriculture Reorganization Act
 19 of 1994 (7 U.S.C. 6992) is amended by striking sub-
 20 section (c) and inserting the following:

21 “(c) DIRECTION, CONTROL, AND SUPPORT.—

22 “(1) DIRECTION AND CONTROL.—

23 “(A) IN GENERAL.—Except as provided in
 24 paragraph (2), the Director shall be free from
 25 the direction and control of any person other

1 than the Secretary or the Deputy Secretary of
2 Agriculture.

3 “(B) ADMINISTRATIVE SUPPORT.—The Di-
4 vision shall not receive administrative support
5 (except on a reimbursable basis) from any agen-
6 cy other than the Office of the Secretary.

7 “(C) PROHIBITION ON DELEGATION.—The
8 Secretary may not delegate to any other officer
9 or employee of the Department, other than the
10 Deputy Secretary of Agriculture or the Direc-
11 tor, the authority of the Secretary with respect
12 to the Division.

13 “(2) EXCEPTION.—The Assistant Secretary for
14 Administration is authorized to investigate, enforce,
15 and implement the provisions in law, Executive
16 order, or regulations that relate in general to com-
17 petitive and excepted service positions and employ-
18 ment within the Division, including the position of
19 Director, and such authority may be further dele-
20 gated to subordinate officials.”.

21 (b) DETERMINATION OF APPEALABILITY OF AGENCY
22 DECISIONS.—Section 272 of the Department of Agri-
23 culture Reorganization Act of 1994 (7 U.S.C. 6992) is
24 amended by striking subsection (d) and inserting the fol-
25 lowing:

1 “(d) DETERMINATION OF APPEALABILITY OF AGEN-
2 CY DECISIONS.—

3 “(1) DEFINITION OF A MATTER OF GENERAL
4 APPLICABILITY.—In this subsection, the term ‘a
5 matter of general applicability’ means a matter that
6 challenges the merits or authority of a rule, proce-
7 dure, local or national program practice, or deter-
8 mination of an agency that applies, or can apply, to
9 more than 1 interested party as opposed to the par-
10 ticular application of the rule, procedure, or practice
11 to a specific set of facts or the facts themselves as
12 the facts apply to 1 particular interested party.

13 “(2) MATTERS NOT SUBJECT TO APPEAL.—The
14 Division may not hear appeals—

15 “(A) unless the determination of the agen-
16 cy is adverse to the appellant;

17 “(B) that involve matters of general appli-
18 cability; and

19 “(C) that involve requests for equitable re-
20 lief unless the equitable relief has been denied
21 by the agency.

22 “(3) EQUITABLE RELIEF.—

23 “(A) IN GENERAL.—An appeal requesting
24 equitable relief may not be granted by the Di-
25 rector to an appellant unless, using the rules

1 and practices that the agency applies to itself,
2 the agency could in fact have granted the relief
3 because the appellant acted in good faith, but
4 failed to fully comply with the requirement of
5 the rule or practice of the agency.

6 “(B) REMAND.—If it cannot be deter-
7 mined whether the agency would have granted
8 equitable relief because the appellant acted in
9 good faith, but failed to comply with the rule or
10 practice of the agency, the matter shall be re-
11 manded to the agency for further consideration.

12 “(4) DETERMINATION OF APPEALABILITY.—If
13 an officer, employee, or committee of an agency de-
14 termines that a decision is not appealable and a par-
15 ticipant appeals the decision to the Director, the Di-
16 rector shall determine whether the decision is ad-
17 verse to the individual participant and appealable or
18 is a matter of general applicability and not subject
19 to appeal.

20 “(5) APPEALABILITY OF DETERMINATION.—
21 The determination of the Director as to whether a
22 decision is appealable is final.”

23 (c) EQUITABLE RELIEF.—Section 278 of the Depart-
24 ment of Agriculture Reorganization Act of 1994 (7 U.S.C.
25 6998) is amended by striking subsection (d).

1 (d) CONFORMING AMENDMENT.—Section 296(b) of
2 the Department of Agriculture Reorganization Act of
3 1994 (7 U.S.C. 7014(b)) is amended—

4 (1) in paragraph (6)(C), by striking “or” at the
5 end;

6 (2) in paragraph (7), by striking the period at
7 the end and inserting “; or”; and

8 (3) by adding at the end the following:

9 “(8) the authority of the Secretary to carry out
10 amendments to sections 272 and 278 made by the
11 Agriculture Reform, Food, and Jobs Act of 2012.”.

12 **SEC. 1610. TECHNICAL CORRECTIONS.**

13 (a) Section 359f(e)(1)(B) of the Agricultural Adjust-
14 ment Act of 1938 (7 U.S.C. 1359ff(e)(1)(B)) is amended
15 by adding a period at the end.

16 (b)(1) Section 1603(g) of the Food, Conservation,
17 and Energy Act of 2008 (Public Law 110–246; 122 Stat.
18 1739) is amended in paragraphs (2) through (6) and the
19 amendments made by those paragraphs by striking
20 “1703(a)” each place it appears and inserting “1603(a)”.

21 (2) This subsection and the amendments made by
22 this subsection take effect as if included in the Food, Con-
23 servation, and Energy Act of 2008 (Public Law 110–246;
24 122 Stat. 1651).

1 **SEC. 1611. ASSIGNMENT OF PAYMENTS.**

2 (a) IN GENERAL.—The provisions of section 8(g) of
3 the Soil Conservation and Domestic Allotment Act (16
4 U.S.C. 590h(g)), relating to assignment of payments, shall
5 apply to payments made under this title.

6 (b) NOTICE.—The producer making the assignment,
7 or the assignee, shall provide the Secretary with notice,
8 in such manner as the Secretary may require, of any as-
9 signment made under this section.

10 **SEC. 1612. TRACKING OF BENEFITS.**

11 As soon as practicable after the date of enactment
12 of this Act, the Secretary may track the benefits provided,
13 directly or indirectly, to individuals and entities under ti-
14 tles I and II and the amendments made by those titles.

15 **SEC. 1613. SIGNATURE AUTHORITY.**

16 (a) IN GENERAL.—In carrying out this title and title
17 II and amendments made by those titles, if the Secretary
18 approves a document, the Secretary shall not subsequently
19 determine the document is inadequate or invalid because
20 of the lack of authority of any person signing the docu-
21 ment on behalf of the applicant or any other individual,
22 entity, general partnership, or joint venture, or the docu-
23 ments relied upon were determined inadequate or invalid,
24 unless the person signing the program document know-
25 ingly and willfully falsified the evidence of signature au-
26 thority or a signature.

1 (b) AFFIRMATION.—

2 (1) IN GENERAL.—Nothing in this section pro-
3 hibits the Secretary from asking a proper party to
4 affirm any document that otherwise would be consid-
5 ered approved under subsection (a).

6 (2) NO RETROACTIVE EFFECT.—A denial of
7 benefits based on a lack of affirmation under para-
8 graph (1) shall not be retroactive with respect to
9 third-party producers who were not the subject of
10 the erroneous representation of authority, if the
11 third-party producers—

12 (A) relied on the prior approval by the Sec-
13 retary of the documents in good faith; and

14 (B) substantively complied with all pro-
15 gram requirements.

16 **SEC. 1614. IMPLEMENTATION.**

17 (a) STREAMLINING.—In implementing this title, the
18 Secretary shall, to the maximum extent practicable—

19 (1) seek to reduce administrative burdens and
20 costs to producers by streamlining and reducing pa-
21 perwork, forms, and other administrative require-
22 ments;

23 (2) improve coordination, information sharing,
24 and administrative work with the Risk Management

1 Agency and the Natural Resources Conservation
2 Service; and

3 (3) take advantage of new technologies to en-
4 hance efficiency and effectiveness of program deliv-
5 ery to producers.

6 (b) IMPLEMENTATION.—The Secretary shall make
7 available to the Farm Service Agency to carry out this
8 title \$100,000,000.

9 **TITLE II—CONSERVATION**
10 **Subtitle A—Conservation Reserve**
11 **Program**

12 **SEC. 2001. EXTENSION AND ENROLLMENT REQUIREMENTS**
13 **OF CONSERVATION RESERVE PROGRAM.**

14 (a) EXTENSION.—Section 1231(a) of the Food Secu-
15 rity Act of 1985 (16 U.S.C. 3831(a)) is amended by strik-
16 ing “2012” and inserting “2017”.

17 (b) ELIGIBLE LAND.—Section 1231(b) of the Food
18 Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

19 (1) in paragraph (1)(B), by striking “the date
20 of enactment of the Food, Conservation, and Energy
21 Act of 2008” and inserting “the date of enactment
22 of the Agriculture Reform, Food, and Jobs Act of
23 2012”;

24 (2) by striking paragraph (2) and redesignating
25 paragraph (3) as paragraph (2);

1 (3) by inserting before paragraph (4) the fol-
2 lowing:

3 “(3) grassland that—

4 “(A) contains forbs or shrubland (includ-
5 ing improved rangeland and pastureland) for
6 which grazing is the predominant use;

7 “(B) is located in an area historically
8 dominated by grassland; and

9 “(C) could provide habitat for animal and
10 plant populations of significant ecological value
11 if the land is retained in its current use or re-
12 stored to a natural condition;”;

13 (4) in paragraph (4)(C), by striking
14 “filterstrips devoted to trees or shrubs” and insert-
15 ing “filterstrips and riparian buffers devoted to
16 trees, shrubs, or grasses”; and

17 (5) by striking paragraph (5) and inserting the
18 following:

19 “(5) the portion of land in a field not enrolled
20 in the conservation reserve in a case in which—

21 “(A) more than 50 percent of the land in
22 the field is enrolled as a buffer or filterstrip or
23 more than 75 percent of the land in the field
24 is enrolled in a practice other than as a buffer
25 or filterstrip; and

1 “(B) the remainder of the field is—

2 “(i) infeasible to farm; and

3 “(ii) enrolled at regular rental rates.”.

4 (c) PLANTING STATUS OF CERTAIN LAND.—Section
5 1231(c) of the Food Security Act of 1985 (16 U.S.C.
6 3831(c)) is amended by striking “if” and all that follows
7 through the period at the end and inserting “if, during
8 the crop year, the land was devoted to a conserving use.”.

9 (d) ENROLLMENT.—Section 1231 of the Food Secu-
10 rity Act of 1985 (16 U.S.C. 3831) is amended by striking
11 subsection (d) and inserting the following:

12 “(d) ENROLLMENT.—

13 “(1) MAXIMUM ACREAGE ENROLLED.—The
14 Secretary may maintain in the conservation reserve
15 at any 1 time during—

16 “(A) fiscal year 2012, no more than
17 32,000,000 acres;

18 “(B) fiscal year 2013, no more than
19 30,000,000 acres;

20 “(C) fiscal year 2014, no more than
21 27,500,000 acres;

22 “(D) fiscal year 2015, no more than
23 26,500,000 acres;

24 “(E) fiscal year 2016, no more than
25 25,500,000 acres; and

1 “(F) fiscal year 2017, no more than
2 25,000,000 acres.

3 “(2) GRASSLAND.—

4 “(A) LIMITATION.—For purposes of apply-
5 ing the limitations in paragraph (1), no more
6 than 1,500,000 acres of the land described in
7 subsection (b)(3) may be enrolled in the pro-
8 gram at any 1 time during the 2013 through
9 2017 fiscal years.

10 “(B) PRIORITY.—In enrolling acres under
11 subparagraph (A), the Secretary may give pri-
12 ority to land with expiring conservation reserve
13 program contracts.

14 “(C) METHOD OF ENROLLMENT.—In en-
15 rolling acres under subparagraph (A), the Sec-
16 retary shall make the program available to own-
17 ers or operators of eligible land at least once
18 during each fiscal year.”.

19 (e) DURATION OF CONTRACT.—Section 1231(e) of
20 the Food Security Act of 1985 (16 U.S.C. 3831(e)) is
21 amended by striking paragraphs (2) and (3) and inserting
22 the following:

23 “(2) SPECIAL RULE FOR CERTAIN LAND.—In
24 the case of land devoted to hardwood trees,
25 shelterbelts, windbreaks, or wildlife corridors under

1 a contract entered into under this subchapter, the
 2 owner or operator of the land may, within the limita-
 3 tions prescribed under this section, specify the dura-
 4 tion of the contract.”.

5 (f) CONSERVATION PRIORITY AREAS.—Section
 6 1231(f) of the Food Security Act of 1985 (16 U.S.C.
 7 3831(f)) is amended—

8 (1) in paragraph (1), by striking “watershed
 9 areas of the Chesapeake Bay Region, the Great
 10 Lakes Region, the Long Island Sound Region, and
 11 other”;

12 (2) in paragraph (2), by striking “WATER-
 13 SHEDS.—Watersheds” and inserting “AREAS.—
 14 Areas”; and

15 (3) in paragraph (3), by striking “a watershed’s
 16 designation—” and all that follows through the pe-
 17 riod at the end and inserting “an area’s designation
 18 if the Secretary finds that the area no longer con-
 19 tains actual and significant adverse water quality or
 20 habitat impacts related to agricultural production
 21 activities.”.

22 **SEC. 2002. FARMABLE WETLAND PROGRAM.**

23 (a) EXTENSION.—Section 1231B(a)(1) of the Food
 24 Security Act of 1985 (16 U.S.C. 3831b(a)(1)) is amend-
 25 ed—

1 (1) by striking “2012” and inserting “2017”;
2 and

3 (2) by striking “a program” and inserting “a
4 farmable wetland program”.

5 (b) ELIGIBLE ACREAGE.—Section 1231B(b)(1)(B) of
6 the Food Security Act of 1985 (16 U.S.C.
7 3831b(b)(1)(B)) is amended by striking “flow from a row
8 crop agriculture drainage system” and inserting “surface
9 and subsurface flow from row crop agricultural produc-
10 tion”.

11 (c) CLERICAL AMENDMENTS.—Section 1231B of the
12 Food Security Act of 1985 (16 U.S.C. 3831b) is amend-
13 ed—

14 (1) by striking the heading and inserting the
15 following:

16 **“SEC. 1231B. FARMABLE WETLAND PROGRAM.”;**

17 and

18 (2) in subsection (f)(2), by striking “section
19 1234(e)(2)(B)” and inserting “section
20 1234(e)(2)(A)(ii)”.

21 **SEC. 2003. DUTIES OF OWNERS AND OPERATORS.**

22 (a) LIMITATION ON HARVESTING, GRAZING OR COM-
23 Mercial Use of Forage.—Section 1232(a)(8) of the
24 Food Security Act of 1985 (16 U.S.C. 3832(a)(8)) is
25 amended by striking “except that” and all that follows

1 through the semicolon at the end of the paragraph and
2 inserting “except as provided in section 1233(b);”.

3 (b) CONSERVATION PLAN REQUIREMENTS.—Section
4 1232 of the Food Security Act of 1985 (16 U.S.C. 3832)
5 is amended by striking subsection (b) and inserting the
6 following:

7 “(b) CONSERVATION PLANS.—The plan referred to
8 in subsection (a)(1) shall set forth—

9 “(1) the conservation measures and practices to
10 be carried out by the owner or operator during the
11 term of the contract; and

12 “(2) the commercial use, if any, to be permitted
13 on the land during the term.”.

14 (c) RENTAL PAYMENT REDUCTION.—Section 1232
15 of the Food Security Act of 1985 (16 U.S.C. 3832) is
16 amended by striking subsection (d).

17 **SEC. 2004. DUTIES OF THE SECRETARY.**

18 Section 1233 of the Food Security Act of 1985 (16
19 U.S.C. 3833) is amended to read as follows:

20 **“SEC. 1233. DUTIES OF THE SECRETARY.**

21 “(a) COST-SHARE AND RENTAL PAYMENTS.—In re-
22 turn for a contract entered into by an owner or operator,
23 the Secretary shall—

24 “(1) share the cost of carrying out the con-
25 servation measures and practices set forth in the

1 contract for which the Secretary determines that
2 cost sharing is appropriate and in the public inter-
3 est; and

4 “(2) for a period of years not in excess of the
5 term of the contract, pay an annual rental payment
6 in an amount necessary to compensate for—

7 “(A) the conversion of highly erodible crop-
8 land or other eligible land normally devoted to
9 the production of an agricultural commodity on
10 a farm or ranch to a less intensive use;

11 “(B) the retirement of any cropland base
12 and allotment history that the owner or oper-
13 ator agrees to retire permanently; and

14 “(C) the development and management of
15 grassland for multiple natural resource con-
16 servation benefits, including soil, water, air, and
17 wildlife.

18 “(b) SPECIFIED ACTIVITIES PERMITTED.—The Sec-
19 retary shall permit certain activities or commercial uses
20 of land that is subject to the contract if those activities
21 or uses are consistent with a plan approved by the Sec-
22 retary and include—

23 “(1) harvesting, grazing, or other commercial
24 use of the forage in response to drought, flooding,

1 or other emergency without any reduction in the
2 rental rate;

3 “(2) grazing by livestock of a beginning farmer
4 or rancher without any reduction in the rental rate,
5 if the grazing is—

6 “(A) consistent with the conservation of
7 soil, water quality, and wildlife habitat (includ-
8 ing habitat during the primary nesting season
9 for critical birds in the area); and

10 “(B) described in subparagraph (B) or (C)
11 of paragraph (3);

12 “(3) consistent with the conservation of soil,
13 water quality, and wildlife habitat (including habitat
14 during the primary nesting season for critical birds
15 in the area) and in exchange for a reduction of not
16 less than 25 percent in the annual rental rate for
17 the acres covered by the authorized activity—

18 “(A) managed harvesting and other com-
19 mercial use (including the managed harvesting
20 of biomass), except that in permitting those ac-
21 tivities the Secretary, in coordination with the
22 State technical committee—

23 “(i) shall develop appropriate vegeta-
24 tion management requirements; and

1 “(ii) shall identify periods during
2 which the activities may be conducted,
3 such that the frequency is at least once
4 every 5 years but not more than once every
5 3 years;

6 “(B) prescribed grazing for the control of
7 invasive species, which may be conducted annu-
8 ally;

9 “(C) routine grazing, except that in per-
10 mitting routine grazing, the Secretary, in co-
11 ordination with the State technical committee—

12 “(i) shall develop appropriate vegeta-
13 tion management requirements and stock-
14 ing rates for the land that are suitable for
15 continued routine grazing; and

16 “(ii) shall identify the periods during
17 which routine grazing may be conducted,
18 such that the frequency is not more than
19 once every 2 years, taking into consider-
20 ation regional differences such as—

21 “(I) climate, soil type, and nat-
22 ural resources;

23 “(II) the number of years that
24 should be required between routine
25 grazing activities; and

1 “(III) how often during a year in
2 which routine grazing is permitted
3 that routine grazing should be allowed
4 to occur; and

5 “(D) the installation of wind turbines and
6 associated access, except that in permitting the
7 installation of wind turbines, the Secretary shall
8 determine the number and location of wind tur-
9 bines that may be installed, taking into ac-
10 count—

11 “(i) the location, size, and other phys-
12 ical characteristics of the land;

13 “(ii) the extent to which the land con-
14 tains threatened or endangered wildlife and
15 wildlife habitat; and

16 “(iii) the purposes of the conservation
17 reserve program under this subchapter;
18 and

19 “(4) the intermittent and seasonal use of vege-
20 tative buffer practices incidental to agricultural pro-
21 duction on land adjacent to the buffer such that the
22 permitted use does not destroy the permanent vege-
23 tative cover.

24 “(c) AUTHORIZED ACTIVITIES ON GRASSLAND.—

25 Notwithstanding section 1232(a)(8), for eligible land de-

1 scribed in section 1231(b)(3), the Secretary shall permit
2 the following activities:

3 “(1) Common grazing practices, including
4 maintenance and necessary cultural practices, on the
5 land in a manner that is consistent with maintaining
6 the viability of grassland, forb, and shrub species ap-
7 propriate to that locality.

8 “(2) Haying, mowing, or harvesting for seed
9 production, subject to appropriate restrictions dur-
10 ing the primary nesting season for critical birds in
11 the area.

12 “(3) Fire presuppression, rehabilitation, and
13 construction of fire breaks.

14 “(4) Grazing-related activities, such as fencing
15 and livestock watering.

16 “(d) RESOURCE CONSERVING USE.—

17 “(1) IN GENERAL.—Beginning on the date that
18 is 1 year before the date of termination of a contract
19 under the program, the Secretary shall allow an
20 owner or operator to make conservation and land
21 improvements that facilitate maintaining protection
22 of highly erodible land after expiration of the con-
23 tract.

24 “(2) CONSERVATION PLAN.—The Secretary
25 shall require an owner or operator carrying out the

1 activities described in paragraph (1) to develop and
2 implement a conservation plan.

3 “(3) REENROLLMENT PROHIBITED.—Land al-
4 tered under paragraph (1) may not be reenrolled in
5 the conservation reserve program for 5 years.

6 “(4) PAYMENT.—The Secretary shall provide
7 an annual payment that is reduced in an amount
8 commensurate with any income or other compensa-
9 tion received as a result of the activities carried out
10 under paragraph (1).”.

11 **SEC. 2005. PAYMENTS.**

12 (a) TREES, WINDBREAKS, SHELTERBELTS, AND
13 WILDLIFE CORRIDORS.—Section 1234(b)(3)(A) of the
14 Food Security Act of 1985 (16 U.S.C. 3834(b)(3)(A)) is
15 amended—

16 (1) in clause (i), by inserting “and” after the
17 semicolon;

18 (2) by striking clause (ii); and

19 (3) by redesignating clause (iii) as clause (ii).

20 (b) INCENTIVES.—Section 1234(b)(3)(B) of the Food
21 Security Act of 1985 (16 U.S.C. 3834(b)(3)(B)) is amend-
22 ed—

23 (1) in clause (i), by inserting “, practices to im-
24 prove the condition of resources on the land,” after
25 “operator”); and

1 (2) by adding at the end the following:

2 “(iii) INCENTIVES.—In making rental
3 payments to an owner or operator of land
4 described in subparagraph (A), the Sec-
5 retary may provide incentive payments suf-
6 ficient to encourage proper thinning and
7 practices to improve the condition of re-
8 sources on the land.”.

9 (c) ANNUAL RENTAL PAYMENTS.—Section 1234(c)
10 of the Food Security Act of 1985 (16 U.S.C. 3834(c)) is
11 amended—

12 (1) in paragraph (1), by inserting “and other
13 eligible land” after “highly erodible cropland” both
14 places it appears;

15 (2) by striking paragraph (2) and inserting the
16 following:

17 “(2) METHODS OF DETERMINATION.—

18 “(A) IN GENERAL.—The amounts payable
19 to owners or operators in the form of rental
20 payments under contracts entered into under
21 this subchapter may be determined through—

22 “(i) the submission of bids for such
23 contracts by owners and operators in such
24 manner as the Secretary may prescribe; or

1 “(ii) such other means as the Sec-
2 retary determines are appropriate.

3 “(B) GRASSLAND.—In the case of eligible
4 land described in section 1231(b)(3), the Sec-
5 retary shall make annual payments in an
6 amount that is not more than 75 percent of the
7 grazing value of the land covered by the con-
8 tract.”; and

9 (3) in paragraph (5)(A)—

10 (A) by striking “The Secretary” and in-
11 serting the following:

12 “(i) SURVEY.—The Secretary”; and

13 (B) by adding at the end the following:

14 “(ii) USE.—The Secretary may use
15 the survey of dryland cash rental rates de-
16 scribed in clause (i) as a factor in deter-
17 mining rental rates under this section as
18 the Secretary determines appropriate.”.

19 (d) PAYMENT SCHEDULE.—Section 1234 of the Food
20 Security Act of 1985 (16 U.S.C. 3834) is amended by
21 striking subsection (d) and inserting the following:

22 “(d) PAYMENT SCHEDULE.—

23 “(1) IN GENERAL.—Except as otherwise pro-
24 vided in this section, payments under this sub-
25 chapter shall be made in cash in such amount and

1 on such time schedule as is agreed on and specified
2 in the contract.

3 “(2) SOURCE.—Payments under this sub-
4 chapter shall be made using the funds of the Com-
5 modity Credit Corporation.

6 “(3) ADVANCE PAYMENT.—Payments under
7 this subchapter may be made in advance of deter-
8 mination of performance.”.

9 (e) PAYMENT LIMITATION.—Section 1234(f) of the
10 Food Security Act of 1985 (16 U.S.C. 3834(f)) is amend-
11 ed—

12 (1) in paragraph (1), by striking “, including
13 rental payments made in the form of in-kind com-
14 modities,”;

15 (2) by striking paragraph (3); and

16 (3) by redesignating paragraph (4) as para-
17 graph (2).

18 **SEC. 2006. CONTRACT REQUIREMENTS.**

19 Section 1235(f) of the Food Security Act of 1985 (16
20 U.S.C. 3835(f)) is amended—

21 (1) in paragraph (1)—

22 (A) in the matter preceding subparagraph

23 (A), by striking “DUTIES” and all that follows
24 through “a beginning farmer” and inserting

25 “TRANSITION TO COVERED FARMER OR RANCH-

1 ER.—In the case of a contract modification ap-
2 proved in order to facilitate the transfer of land
3 subject to a contract from a retired farmer or
4 rancher to a beginning farmer”;

5 (B) in subparagraph (D), by striking “the
6 farmer or rancher” and inserting “the covered
7 farmer or rancher”; and

8 (C) in subparagraph (E), by striking “sec-
9 tion 1001A(b)(3)(B)” and inserting “section
10 1001”; and

11 (2) in paragraph (2), by striking “requirement
12 of section 1231(h)(4)(B)” and inserting “option pro-
13 vided under section 1234(c)(2)(A)(ii)”.

14 **SEC. 2007. CONVERSION OF LAND SUBJECT TO CONTRACT**
15 **TO OTHER CONSERVING USES.**

16 Section 1235A of the Food Security Act of 1985 (16
17 U.S.C. 3835a) is repealed.

18 **SEC. 2008. EFFECTIVE DATE.**

19 (a) IN GENERAL.—The amendments made by this
20 title shall take effect on October 1, 2012, except, the
21 amendment made by section 2001(d), which shall take ef-
22 fect on the date of enactment of this Act.

23 (b) EFFECT ON EXISTING CONTRACTS.—

24 (1) IN GENERAL.—Except as provided in para-
25 graph (2), the amendments made by this title shall

1 not affect the validity or terms of any contract en-
2 tered into by the Secretary of Agriculture under sub-
3 chapter B of chapter 1 of subtitle D of title XII of
4 the Food Security Act of 1985 (16 U.S.C. 3831 et
5 seq.) before October 1, 2012, or any payments re-
6 quired to be made in connection with the contract.

7 (2) UPDATING OF EXISTING CONTRACTS.—The
8 Secretary shall permit an owner or operator with a
9 contract entered into under subchapter B of chapter
10 1 of subtitle D of title XII of the Food Security Act
11 of 1985 (16 U.S.C. 3831 et seq.) before October 1,
12 2012, to update the contract to reflect the activities
13 and uses of land under contract permitted under the
14 terms and conditions of paragraphs (1) and (2) of
15 section 1233(b) of that Act (as amended by section
16 2004).

17 **Subtitle B—Conservation** 18 **Stewardship Program**

19 **SEC. 2101. CONSERVATION STEWARDSHIP PROGRAM.**

20 (a) REVISION OF CURRENT PROGRAM.—Subchapter
21 B of chapter 2 of subtitle D of title XII of the Food Secu-
22 rity Act of 1985 (16 U.S.C. 3838d et seq.) is amended
23 to read as follows:

1 **“Subchapter B—Conservation Stewardship**
2 **Program**

3 **“SEC. 1238D. DEFINITIONS.**

4 “In this subchapter:

5 “(1) AGRICULTURAL OPERATION.—The term
6 ‘agricultural operation’ means all eligible land,
7 whether or not contiguous, that is—

8 “(A) under the effective control of a pro-
9 ducer at the time the producer enters into a
10 contract under the program; and

11 “(B) operated with equipment, labor, man-
12 agement, and production or cultivation prac-
13 tices that are substantially separate from other
14 agricultural operations, as determined by the
15 Secretary.

16 “(2) CONSERVATION ACTIVITIES.—

17 “(A) IN GENERAL.—The term ‘conserva-
18 tion activities’ means conservation systems,
19 practices, or management measures.

20 “(B) INCLUSIONS.—The term ‘conserva-
21 tion activities’ includes—

22 “(i) structural measures, vegetative
23 measures, and land management measures,
24 including agriculture drainage manage-

1 ment systems, as determined by the Sec-
2 retary; and

3 “(ii) planning needed to address a pri-
4 ority resource concern.

5 “(3) CONSERVATION STEWARDSHIP PLAN.—

6 The term ‘conservation stewardship plan’ means a
7 plan that—

8 “(A) identifies and inventories priority re-
9 source concerns;

10 “(B) establishes benchmark data and con-
11 servation objectives;

12 “(C) describes conservation activities to be
13 implemented, managed, or improved; and

14 “(D) includes a schedule and evaluation
15 plan for the planning, installation, and manage-
16 ment of the new and existing conservation ac-
17 tivities.

18 “(4) ELIGIBLE LAND.—

19 “(A) IN GENERAL.—The term ‘eligible
20 land’ means—

21 “(i) private and tribal land on which
22 agricultural commodities, livestock, or for-
23 est-related products are produced; and

24 “(ii) land associated with the land de-
25 scribed in clause (i) on which priority re-

1 source concerns could be addressed
2 through a contract under the program.

3 “(B) INCLUSIONS.—The term ‘eligible
4 land’ includes—

5 “(i) cropland;

6 “(ii) grassland;

7 “(iii) rangeland;

8 “(iv) pastureland;

9 “(v) nonindustrial private forest land;

10 and

11 “(vi) other agricultural land (includ-
12 ing cropped woodland, marshes, and agri-
13 cultural land used for the production of
14 livestock), as determined by the Secretary.

15 “(5) PRIORITY RESOURCE CONCERN.—The
16 term ‘priority resource concern’ means a natural re-
17 source concern or problem, as determined by the
18 Secretary, that—

19 “(A) is identified at the national, State or
20 local level, as a priority for a particular area of
21 the State;

22 “(B) represents a significant concern in a
23 State or region; and

1 “(C) is likely to be addressed successfully
2 through the implementation of conservation ac-
3 tivities under this program.

4 “(6) PROGRAM.—The term ‘program’ means
5 the conservation stewardship program established by
6 this subchapter.

7 “(7) STEWARDSHIP THRESHOLD.—The term
8 ‘stewardship threshold’ means the level of manage-
9 ment required, as determined by the Secretary, to
10 conserve and improve the quality and condition of a
11 natural resource.

12 **“SEC. 1238E. CONSERVATION STEWARDSHIP PROGRAM.**

13 “(a) ESTABLISHMENT AND PURPOSE.—During each
14 of fiscal years 2013 through 2017, the Secretary shall
15 carry out a conservation stewardship program to encour-
16 age producers to address priority resource concerns and
17 improve and conserve the quality and condition of natural
18 resources in a comprehensive manner—

19 “(1) by undertaking additional conservation ac-
20 tivities; and

21 “(2) by improving, maintaining, and managing
22 existing conservation activities.

23 “(b) EXCLUSIONS.—

24 “(1) LAND ENROLLED IN OTHER CONSERVA-
25 TION PROGRAMS.—Subject to paragraph (2), the fol-

1 lowing land (even if covered by the definition of eli-
2 gible land) is not eligible for enrollment in the pro-
3 gram:

4 “(A) Land enrolled in the conservation re-
5 serve program.

6 “(B) Land enrolled in the Agricultural
7 Conservation Easement Program in a wetland
8 easement.

9 “(C) Land enrolled in the conservation se-
10 curity program.

11 “(2) CONVERSION TO CROPLAND.—Eligible
12 land used for crop production after October 1, 2012,
13 that had not been planted, considered to be planted,
14 or devoted to crop production for at least 4 of the
15 6 years preceding that date shall not be the basis for
16 any payment under the program, unless the land
17 does not meet the requirement because—

18 “(A) the land had previously been enrolled
19 in the conservation reserve program;

20 “(B) the land has been maintained using
21 long-term crop rotation practices, as determined
22 by the Secretary; or

23 “(C) the land is incidental land needed for
24 efficient operation of the farm or ranch, as de-
25 termined by the Secretary.

1 **“SEC. 1238F. STEWARDSHIP CONTRACTS.**

2 “(a) SUBMISSION OF CONTRACT OFFERS.—To be eli-
3 gible to participate in the conservation stewardship pro-
4 gram, a producer shall submit a contract offer for the ag-
5 ricultural operation that—

6 “(1) demonstrates to the satisfaction of the
7 Secretary that the producer, at the time of the con-
8 tract offer, is meeting the stewardship threshold for
9 at least 2 priority resource concerns; and

10 “(2) would, at a minimum, meet or exceed the
11 stewardship threshold for at least 1 additional pri-
12 ority resource concern by the end of the stewardship
13 contract by—

14 “(A) installing and adopting additional
15 conservation activities; and

16 “(B) improving, maintaining, and man-
17 aging existing conservation activities on the ag-
18 ricultural operation in a manner that increases
19 or extends the conservation benefits in place at
20 the time the contract offer is accepted by the
21 Secretary.

22 “(b) EVALUATION OF CONTRACT OFFERS.—

23 “(1) RANKING OF APPLICATIONS.—In evalu-
24 ating contract offers the Secretary shall rank appli-
25 cations based on—

1 “(A) the level of conservation treatment on
2 all applicable priority resource concerns at the
3 time of application;

4 “(B) the degree to which the proposed con-
5 servation activities effectively increase conserva-
6 tion performance;

7 “(C) the number of applicable priority re-
8 source concerns proposed to be treated to meet
9 or exceed the stewardship threshold by the end
10 of the contract;

11 “(D) the extent to which other priority re-
12 source concerns will be addressed to meet or ex-
13 ceed the stewardship threshold by the end of
14 the contract period;

15 “(E) the extent to which the actual and
16 anticipated conservation benefits from the con-
17 tract are provided at the least cost relative to
18 other similarly beneficial contract offers; and

19 “(F) the extent to which priority resource
20 concerns will be addressed when transitioning
21 from the conservation reserve program to agri-
22 cultural production.

23 “(2) PROHIBITION.—The Secretary may not as-
24 sign a higher priority to any application because the

1 applicant is willing to accept a lower payment than
2 the applicant would otherwise be eligible to receive.

3 “(3) ADDITIONAL CRITERIA.—The Secretary
4 may develop and use such additional criteria that
5 the Secretary determines are necessary to ensure
6 that national, State, and local priority resource con-
7 cerns are effectively addressed.

8 “(c) ENTERING INTO CONTRACTS.—After a deter-
9 mination that a producer is eligible for the program under
10 subsection (a), and a determination that the contract offer
11 ranks sufficiently high under the evaluation criteria under
12 subsection (b), the Secretary shall enter into a conserva-
13 tion stewardship contract with the producer to enroll the
14 eligible land to be covered by the contract.

15 “(d) CONTRACT PROVISIONS.—

16 “(1) TERM.—A conservation stewardship con-
17 tract shall be for a term of 5 years.

18 “(2) REQUIRED PROVISIONS.—The conservation
19 stewardship contract of a producer shall—

20 “(A) state the amount of the payment the
21 Secretary agrees to make to the producer for
22 each year of the conservation stewardship con-
23 tract under section 1238G(d);

24 “(B) require the producer—

1 “(i) to implement a conservation stew-
2 ards-hip plan that describes the program
3 purposes to be achieved through 1 or more
4 conservation activities;

5 “(ii) to maintain and supply informa-
6 tion as required by the Secretary to deter-
7 mine compliance with the conservation
8 stewardship plan and any other require-
9 ments of the program; and

10 “(iii) not to conduct any activities on
11 the agricultural operation that would tend
12 to defeat the purposes of the program;

13 “(C) permit all economic uses of the eligi-
14 ble land that—

15 “(i) maintain the agricultural nature
16 of the land; and

17 “(ii) are consistent with the conserva-
18 tion purposes of the conservation steward-
19 ship contract;

20 “(D) include a provision to ensure that a
21 producer shall not be considered in violation of
22 the contract for failure to comply with the con-
23 tract due to circumstances beyond the control
24 of the producer, including a disaster or related
25 condition, as determined by the Secretary;

1 “(E) include provisions where upon the
2 violation of a term or condition of the contract
3 at any time the producer has control of the
4 land—

5 “(i) if the Secretary determines that
6 the violation warrants termination of the
7 contract—

8 “(I) to forfeit all rights to receive
9 payments under the contract; and

10 “(II) to refund all or a portion of
11 the payments received by the producer
12 under the contract, including any in-
13 terest on the payments, as determined
14 by the Secretary; or

15 “(ii) if the Secretary determines that
16 the violation does not warrant termination
17 of the contract, to refund or accept adjust-
18 ments to the payments provided to the pro-
19 ducer, as the Secretary determines to be
20 appropriate;

21 “(F) include provisions in accordance with
22 paragraphs (3) and (4) of this section; and

23 “(G) include any additional provisions the
24 Secretary determines are necessary to carry out
25 the program.

1 “(3) CHANGE OF INTEREST IN LAND SUBJECT
2 TO A CONTRACT.—

3 “(A) IN GENERAL.—At the time of appli-
4 cation, a producer shall have control of the eli-
5 gible land to be enrolled in the program. Except
6 as provided in subparagraph (B), a change in
7 the interest of a producer in eligible land cov-
8 ered by a contract under the program shall re-
9 sult in the termination of the contract with re-
10 gard to that land.

11 “(B) TRANSFER OF DUTIES AND
12 RIGHTS.—Subparagraph (A) shall not apply
13 if—

14 “(i) within a reasonable period of time
15 (as determined by the Secretary) after the
16 date of the change in the interest in all or
17 a portion of the land covered by a contract
18 under the program, the transferee of the
19 land provides written notice to the Sec-
20 retary that duties and rights under the
21 contract have been transferred to, and as-
22 sumed by, the transferee for the portion of
23 the land transferred;

24 “(ii) the transferee meets the eligi-
25 bility requirements of the program; and

1 “(iii) the Secretary approves the
2 transfer of all duties and rights under the
3 contract.

4 “(4) MODIFICATION AND TERMINATION OF
5 CONTRACTS.—

6 “(A) VOLUNTARY MODIFICATION OR TER-
7 MINATION.—The Secretary may modify or ter-
8 minate a contract with a producer if—

9 “(i) the producer agrees to the modi-
10 fication or termination; and

11 “(ii) the Secretary determines that
12 the modification or termination is in the
13 public interest.

14 “(B) INVOLUNTARY TERMINATION.—The
15 Secretary may terminate a contract if the Sec-
16 retary determines that the producer violated the
17 contract.

18 “(5) REPAYMENT.—If a contract is terminated,
19 the Secretary may, consistent with the purposes of
20 the program—

21 “(A) allow the producer to retain payments
22 already received under the contract; or

23 “(B) require repayment, in whole or in
24 part, of payments received and assess liquidated
25 damages.

1 “(e) CONTRACT RENEWAL.—At the end of the initial
2 5-year contract period, the Secretary may allow the pro-
3 ducer to renew the contract for 1 additional 5-year period
4 if the producer—

5 “(1) demonstrates compliance with the terms of
6 the existing contract;

7 “(2) agrees to adopt and continue to integrate
8 conservation activities across the entire agricultural
9 operation as determined by the Secretary; and

10 “(3) agrees, at a minimum, to meet or exceed
11 the stewardship threshold for at least 2 additional
12 priority resource concerns on the agricultural oper-
13 ation by the end of the contract period.

14 **“SEC. 1238G. DUTIES OF THE SECRETARY.**

15 “(a) IN GENERAL.—To achieve the conservation
16 goals of a contract under the conservation stewardship
17 program, the Secretary shall—

18 “(1) make the program available to eligible pro-
19 ducers on a continuous enrollment basis with 1 or
20 more ranking periods, 1 of which shall occur in the
21 first quarter of each fiscal year;

22 “(2) identify not less than 5 priority resource
23 concerns in a particular watershed or other appro-
24 priate region or area within a State; and

1 “(3) establish a science-based stewardship
2 threshold for each priority resource concern identi-
3 fied under subparagraph (2).

4 “(b) ALLOCATION TO STATES.—The Secretary shall
5 allocate acres to States for enrollment, based—

6 “(1) primarily on each State’s proportion of eli-
7 gible land to the total acreage of eligible land in all
8 States; and

9 “(2) also on consideration of—

10 “(A) the extent and magnitude of the con-
11 servation needs associated with agricultural
12 production in each State;

13 “(B) the degree to which implementation
14 of the program in the State is, or will be, effec-
15 tive in helping producers address those needs;
16 and

17 “(C) other considerations to achieve equi-
18 table geographic distribution of funds, as deter-
19 mined by the Secretary.

20 “(c) ACREAGE ENROLLMENT LIMITATION.—During
21 the period beginning on October 1, 2012, and ending on
22 September 30, 2021, the Secretary shall, to the maximum
23 extent practicable—

24 “(1) enroll in the program an additional
25 10,348,000 acres for each fiscal year; and

1 “(2) manage the program to achieve a national
2 average rate of \$18 per acre, which shall include the
3 costs of all financial assistance, technical assistance,
4 and any other expenses associated with enrollment
5 or participation in the program.

6 “(d) CONSERVATION STEWARDSHIP PAYMENTS.—

7 “(1) AVAILABILITY OF PAYMENTS.—The Sec-
8 retary shall provide annual payments under the pro-
9 gram to compensate the producer for—

10 “(A) installing and adopting additional
11 conservation activities; and

12 “(B) improving, maintaining, and man-
13 aging conservation activities in place at the op-
14 eration of the producer at the time the contract
15 offer is accepted by the Secretary.

16 “(2) PAYMENT AMOUNT.—The amount of the
17 conservation stewardship annual payment shall be
18 determined by the Secretary and based, to the max-
19 imum extent practicable, on the following factors:

20 “(A) Costs incurred by the producer asso-
21 ciated with planning, design, materials, installa-
22 tion, labor, management, maintenance, or train-
23 ing.

24 “(B) Income forgone by the producer.

25 “(C) Expected conservation benefits.

1 “(D) The extent to which priority resource
2 concerns will be addressed through the installa-
3 tion and adoption of conservation activities on
4 the agricultural operation.

5 “(E) The level of stewardship in place at
6 the time of application and maintained over the
7 term of the contract.

8 “(F) The degree to which the conservation
9 activities will be integrated across the entire ag-
10 ricultural operation for all applicable priority
11 resource concerns over the term of the contract.

12 “(G) Such other factors as determined by
13 the Secretary.

14 “(3) EXCLUSIONS.—A payment to a producer
15 under this subsection shall not be provided for—

16 “(A) the design, construction, or mainte-
17 nance of animal waste storage or treatment fa-
18 cilities or associated waste transport or transfer
19 devices for animal feeding operations; or

20 “(B) conservation activities for which there
21 is no cost incurred or income forgone to the
22 producer.

23 “(4) DELIVERY OF PAYMENTS.—In making
24 stewardship payments, the Secretary shall, to the ex-
25 tent practicable—

1 “(A) prorate conservation performance
2 over the term of the contract so as to accommo-
3 date, to the extent practicable, producers earn-
4 ing equal annual stewardship payments in each
5 fiscal year; and

6 “(B) make stewardship payments as soon
7 as practicable after October 1 of each fiscal
8 year for activities carried out in the previous
9 fiscal year.

10 “(e) SUPPLEMENTAL PAYMENTS FOR RESOURCE-
11 CONSERVING CROP ROTATIONS.—

12 “(1) AVAILABILITY OF PAYMENTS.—The Sec-
13 retary shall provide additional payments to pro-
14 ducers that, in participating in the program, agree
15 to adopt resource-conserving crop rotations to
16 achieve beneficial crop rotations as appropriate for
17 the eligible land of the producers.

18 “(2) BENEFICIAL CROP ROTATIONS.—The Sec-
19 retary shall determine whether a resource-conserving
20 crop rotation is a beneficial crop rotation eligible for
21 additional payments under paragraph (1), based on
22 whether the resource-conserving crop rotation is de-
23 signed to provide natural resource conservation and
24 production benefits.

1 “(3) ELIGIBILITY.—To be eligible to receive a
2 payment described in paragraph (1), a producer
3 shall agree to adopt and maintain the resource-con-
4 serving crop rotations for the term of the contract.

5 “(4) RESOURCE-CONSERVING CROP ROTA-
6 TION.—In this subsection, the term ‘resource-con-
7 serving crop rotation’ means a crop rotation that—

8 “(A) includes at least 1 resource con-
9 serving crop (as defined by the Secretary);

10 “(B) reduces erosion;

11 “(C) improves soil fertility and tilth;

12 “(D) interrupts pest cycles; and

13 “(E) in applicable areas, reduces depletion
14 of soil moisture or otherwise reduces the need
15 for irrigation.

16 “(f) PAYMENT LIMITATIONS.—A person or legal enti-
17 ty may not receive, directly or indirectly, payments under
18 the program that, in the aggregate, exceed \$200,000
19 under all contracts entered into during fiscal years 2013
20 through 2017, excluding funding arrangements with In-
21 dian tribes, regardless of the number of contracts entered
22 into under the program by the person or legal entity.

23 “(g) SPECIALTY CROP AND ORGANIC PRODUCERS.—
24 The Secretary shall ensure that outreach and technical as-
25 sistance are available, and program specifications are ap-

1 appropriate to enable specialty crop and organic producers
2 to participate in the program.

3 “(h) COORDINATION WITH ORGANIC CERTIFI-
4 CATION.—The Secretary shall establish a transparent
5 means by which producers may initiate organic certifi-
6 cation under the Organic Foods Production Act of 1990
7 (7 U.S.C. 6501 et seq.) while participating in a contract
8 under the program.

9 “(i) REGULATIONS.—The Secretary shall promulgate
10 regulations that—

11 “(1) prescribe such other rules as the Secretary
12 determines to be necessary to ensure a fair and rea-
13 sonable application of the limitations established
14 under subsection (f); and

15 “(2) otherwise enable the Secretary to carry out
16 the program.”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall take effect on October 1, 2012.

19 (c) EFFECT ON EXISTING CONTRACTS.—

20 (1) IN GENERAL.—The amendment made by
21 this section shall not affect the validity or terms of
22 any contract entered into by the Secretary of Agri-
23 culture under subchapter B of chapter 2 of subtitle
24 D of title XII of the Food Security Act of 1985 (16
25 U.S.C. 3838d et seq.) before October 1, 2012, or

1 any payments required to be made in connection
2 with the contract.

3 (2) CONSERVATION STEWARDSHIP PROGRAM.—
4 Funds made available under section 1241(a)(4) of
5 the Food Security Act of 1985 (16 U.S.C.
6 3841(a)(4)) (as amended by section 2601(a)) may
7 be used to administer and make payments to pro-
8 gram participants enrolled into contracts during any
9 of fiscal years 2009 through 2012.

10 **Subtitle C—Environmental Quality** 11 **Incentives Program**

12 **SEC. 2201. PURPOSES.**

13 Section 1240 of the Food Security Act of 1985 (16
14 U.S.C. 3839aa) is amended—

15 (1) in paragraph (3)—

16 (A) in subparagraph (A), by striking
17 “and” at the end;

18 (B) by redesignating subparagraph (B) as
19 subparagraph (C) and, in such subparagraph,
20 by inserting “and” after the semicolon; and

21 (C) by inserting after subparagraph (A)
22 the following:

23 “(B) develop and improve wildlife habitat;
24 and”;

1 (2) in paragraph (4), by striking “; and” and
2 inserting a period; and

3 (3) by striking paragraph (5).

4 **SEC. 2202. DEFINITIONS.**

5 Section 1240A of the Food Security Act of 1985 (16
6 U.S.C. 3839aa–1) is amended—

7 (1) by striking paragraph (2) and redesignating
8 paragraphs (3) through (6) as paragraphs (2)
9 through (5), respectively; and

10 (2) in paragraph (2) (as so redesignated), by
11 inserting “established under the Organic Foods Pro-
12 duction Act of 1990 (7 U.S.C. 6501 et seq.)” after
13 “national organic program”.

14 **SEC. 2203. ESTABLISHMENT AND ADMINISTRATION.**

15 Section 1240B of the Food Security Act of 1985 (16
16 U.S.C. 3839aa–2) is amended—

17 (1) in subsection (a), by striking “2014” and
18 inserting “2017”;

19 (2) in subsection (b), by striking paragraph (2)
20 and inserting the following:

21 “(2) TERM.—A contract under the program
22 shall have a term that does not exceed 10 years.”;

23 (3) in subsection (d)—

1 (A) in paragraph (3), by striking subpara-
2 graphs (A) through (G) and inserting the fol-
3 lowing:

4 “(A) soil health;

5 “(B) water quality and quantity improve-
6 ment;

7 “(C) nutrient management;

8 “(D) pest management;

9 “(E) air quality improvement;

10 “(F) wildlife habitat development, includ-
11 ing pollinator habitat;

12 “(G) invasive species management; or

13 “(H) other resource issues of regional or
14 national significance, as determined by the Sec-
15 retary.”; and

16 (B) in paragraph (4)—

17 (i) in subparagraph (A) in the matter
18 preceding clause (i), by inserting “, veteran
19 farmer or rancher (as defined in section
20 2501(e) of the Food, Agriculture, Con-
21 servation, and Trade Act of 1990 (7
22 U.S.C. 2279(e)),” before “or a beginning
23 farmer or rancher”; and

24 (ii) by striking subparagraph (B) and
25 inserting the following:

1 “(B) ADVANCE PAYMENTS.—

2 “(i) IN GENERAL.—Not more than 30
3 percent of the amount determined under
4 subparagraph (A) may be provided in ad-
5 vance for the purpose of purchasing mate-
6 rials or contracting.

7 “(ii) RETURN OF FUNDS.—If funds
8 provided in advance are not expended dur-
9 ing the 90-day period beginning on the
10 date of receipt of the funds, the funds shall
11 be returned within a reasonable time
12 frame, as determined by the Secretary.”;

13 (4) by striking subsection (f) and inserting the
14 following:

15 “(f) ALLOCATION OF FUNDING.—

16 “(1) LIVESTOCK.—For each of fiscal years
17 2013 through 2017, at least 60 percent of the funds
18 made available for payments under the program
19 shall be targeted at practices relating to livestock
20 production.

21 “(2) WILDLIFE HABITAT.—For each of fiscal
22 years 2013 through 2017, at least 5 percent of the
23 funds made available for payments under the pro-
24 gram shall be targeted at practices benefitting wild-
25 life habitat under subsection (g).”; and

1 (5) by striking subsection (g) and inserting the
2 following:

3 “(g) WILDLIFE HABITAT INCENTIVE PRACTICE.—

4 The Secretary shall provide payments under the program
5 for conservation practices that support the restoration, de-
6 velopment, and improvement of wildlife habitat on eligible
7 land, including—

8 “(1) upland wildlife habitat;

9 “(2) wetland wildlife habitat;

10 “(3) habitat for threatened and endangered
11 species;

12 “(4) fish habitat;

13 “(5) habitat on pivot corners and other irreg-
14 ular areas of a field; and

15 “(6) other types of wildlife habitat, as deter-
16 mined by the Secretary.”.

17 **SEC. 2204. EVALUATION OF APPLICATIONS.**

18 Section 1240C(b) of the Food Security Act of 1985
19 (16 U.S.C. 3839aa–3(b)) is amended—

20 (1) in paragraph (1), by striking “environ-
21 mental” and inserting “conservation”; and

22 (2) in paragraph (3), by striking “purpose of
23 the environmental quality incentives program speci-
24 fied in section 1240(1)” and inserting “purposes of
25 the program”.

1 **SEC. 2205. DUTIES OF PRODUCERS.**

2 Section 1240D(2) of the Food Security Act of 1985
3 (16 U.S.C. 3839aa-4(2)) is amended by striking “farm,
4 ranch, or forest” and inserting “enrolled”.

5 **SEC. 2206. LIMITATION ON PAYMENTS.**

6 Section 1240G of the Food Security Act of 1985 (16
7 U.S.C. 3839aa-7) is amended—

8 (1) in subsection (a)—

9 (A) by striking “by the person or entity
10 during any six-year period,” and inserting
11 “during fiscal years 2013 through 2017”; and

12 (B) by striking “federally recognized” and
13 all that follows through the period and inserting
14 “Indian tribes under section 1244(l).”; and

15 (2) in subsection (b)(2), by striking “any six-
16 year period” and inserting “fiscal years 2013
17 through 2017”.

18 **SEC. 2207. CONSERVATION INNOVATION GRANTS AND PAY-**
19 **MENTS.**

20 Section 1240H of the Food Security Act of 1985 (16
21 U.S.C. 3839aa-8) is amended by striking subsection (b)
22 and inserting the following:

23 “(b) **REPORTING.**—Not later than December 31,
24 2013, and every 2 years thereafter, the Secretary shall
25 submit to the Committee on Agriculture, Nutrition, and
26 Forestry of the Senate and the Committee on Agriculture

1 of the House of Representatives a report on the status
2 of projects funded under this section, including—

3 “(1) funding awarded;

4 “(2) project results; and

5 “(3) incorporation of project findings, such as
6 new technology and innovative approaches, into the
7 conservation efforts implemented by the Secretary.”.

8 **SEC. 2208. EFFECTIVE DATE.**

9 (a) IN GENERAL.—The amendments made by this
10 title shall take effect on October 1, 2012.

11 (b) EFFECT ON EXISTING CONTRACTS.—The amend-
12 ments made by this title shall not affect the validity or
13 terms of any contract entered into by the Secretary of Ag-
14 riculture under chapter 4 of subtitle D of title XII of the
15 Food Security Act of 1985 (16 U.S.C. 3839aa et seq.)
16 before October 1, 2012, or any payments required to be
17 made in connection with the contract.

18 **Subtitle D—Agricultural**
19 **Conservation Easement Program**

20 **SEC. 2301. AGRICULTURAL CONSERVATION EASEMENT**
21 **PROGRAM.**

22 (a) ESTABLISHMENT.—Title XII of the Food Secu-
23 rity Act of 1985 is amended by adding at the end the fol-
24 lowing:

1 **“Subtitle H—Agricultural**
2 **Conservation Easement Program**

3 **“SEC. 1265. ESTABLISHMENT AND PURPOSES.**

4 “(a) ESTABLISHMENT.—The Secretary shall estab-
5 lish an Agricultural Conservation Easement Program for
6 the conservation of eligible land and natural resources
7 through easements or other interests in land.

8 “(b) PURPOSES.—The purposes of the program are
9 to—

10 “(1) combine the purposes and coordinate the
11 functions of the wetlands reserve program estab-
12 lished under section 1237, the grassland reserve pro-
13 gram established under section 1238N, and the
14 farmland protection program established under sec-
15 tion 1238I;

16 “(2) restore, protect, and enhance wetland on
17 eligible land;

18 “(3) protect the agricultural use, viability, and
19 related conservation values of eligible land by lim-
20 iting nonagricultural uses of that land; and

21 “(4) protect grazing uses and related conserva-
22 tion values by restoring and conserving eligible land.

23 **“SEC. 1265A. DEFINITIONS.**

24 “‘In this subtitle:

1 “(1) AGRICULTURAL LAND EASEMENT.—The
2 term ‘agricultural land easement’ means an ease-
3 ment or other interest in eligible land that—

4 “(A) is conveyed for the purposes of pro-
5 tecting natural resources and the agricultural
6 nature of the land, and of promoting agricul-
7 tural viability for future generations; and

8 “(B) permits the landowner the right to
9 continue agricultural production and related
10 uses subject to an agricultural land easement
11 plan.

12 “(2) ELIGIBLE ENTITY.—The term ‘eligible en-
13 tity’ means—

14 “(A) an agency of State or local govern-
15 ment or an Indian tribe (including farmland
16 protection board or land resource council estab-
17 lished under State law); or

18 “(B) an organization that is—

19 “(i) organized for, and at all times
20 since the formation of the organization has
21 been operated principally for, 1 or more of
22 the conservation purposes specified in
23 clause (i), (ii), (iii), or (iv) of section
24 170(h)(4)(A) of the Internal Revenue Code
25 of 1986;

1 “(ii) an organization described in sec-
2 tion 501(c)(3) of that Code that is exempt
3 from taxation under section 501(a) of that
4 Code; or

5 “(iii) described in—

6 “(I) paragraph (1) or (2) of sec-
7 tion 509(a) of that Code; or

8 “(II) section 509(a)(3) of that
9 Code and is controlled by an organiza-
10 tion described in section 509(a)(2) of
11 that Code.

12 “(3) ELIGIBLE LAND.—The term ‘eligible land’
13 means private or tribal land that is—

14 “(A) in the case of an agricultural land
15 easement, agricultural land, including land on a
16 farm or ranch—

17 “(i) that is subject to a pending offer
18 for purchase from an eligible entity;

19 “(ii) that—

20 “(I) has prime, unique, or other
21 productive soil;

22 “(II) contains historical or ar-
23 chaeological resources; or

24 “(III) the protection of which will
25 further a State or local policy con-

1 sistent with the purposes of the pro-
2 gram; and
3 “(iii) that is—
4 “(I) cropland;
5 “(II) rangeland;
6 “(III) grassland or land that con-
7 tains forbs, or shrubland for which
8 grazing is the predominant use;
9 “(IV) pastureland; or
10 “(V) nonindustrial private forest
11 land that contributes to the economic
12 viability of an offered parcel or serves
13 as a buffer to protect such land from
14 development;
15 “(B) in the case of a wetland easement, a
16 wetland or related area, including—
17 “(i) farmed or converted wetland, to-
18 gether with the adjacent land that is func-
19 tionally dependent on that land if the Sec-
20 retary determines it—
21 “(I) is likely to be successfully
22 restored in a cost effective manner;
23 and
24 “(II) will maximize the wildlife
25 benefits and wetland functions and

1 values as determined by the Secretary
2 in consultation with the Secretary of
3 the Interior at the local level;

4 “(ii) cropland or grassland that was
5 used for agricultural production prior to
6 flooding from the natural overflow of a
7 closed basin lake or pothole, as determined
8 by the Secretary, together (where prac-
9 ticable) with the adjacent land that is
10 functionally dependent on the cropland or
11 grassland;

12 “(iii) farmed wetland and adjoining
13 land that—

14 “(I) is enrolled in the conserva-
15 tion reserve program;

16 “(II) has the highest wetland
17 functions and values; and

18 “(III) is likely to return to pro-
19 duction after the land leaves the con-
20 servation reserve program;

21 “(iv) riparian areas that link wetland
22 that is protected by easements or some
23 other device that achieves the same pur-
24 pose as an easement; or

1 “(v) other wetland of an owner that
2 would not otherwise be eligible if the Sec-
3 retary determines that the inclusion of
4 such wetland in such easement would sig-
5 nificantly add to the functional value of the
6 easement; and

7 “(C) in the case of both an agricultural
8 land easement or wetland easement, other land
9 that is incidental to eligible land if the Sec-
10 retary determines that it is necessary for the ef-
11 ficient administration of the easements under
12 this program.

13 “(4) PROGRAM.—The term ‘program’ means
14 the Agricultural Conservation Easement Program
15 established by this subtitle.

16 “(5) WETLAND EASEMENT.—The term ‘wetland
17 easement’ means a reserved interest in eligible land
18 that—

19 “(A) is defined and delineated in a deed;
20 and

21 “(B) stipulates—

22 “(i) the rights, title, and interests in
23 land conveyed to the Secretary; and

24 “(ii) the rights, title, and interests in
25 land that are reserved to the landowner.

1 **“SEC. 1265B. AGRICULTURAL LAND EASEMENTS.**

2 “(a) AVAILABILITY OF ASSISTANCE.—The Secretary
3 shall facilitate and provide funding for—

4 “(1) the purchase of agricultural land ease-
5 ments and other interests in eligible land; and

6 “(2) technical assistance to provide for the con-
7 servation of natural resources pursuant to an agri-
8 cultural land easement plan.

9 “(b) COST-SHARE ASSISTANCE.—

10 “(1) IN GENERAL.—The Secretary shall provide
11 cost-share assistance to eligible entities for pur-
12 chasing agricultural land easements to protect the
13 agricultural use, including grazing, and related con-
14 servation values of eligible land.

15 “(2) SCOPE OF ASSISTANCE AVAILABLE.—

16 “(A) FEDERAL SHARE.—Subject to sub-
17 paragraph (C), an agreement described in para-
18 graph (4) shall provide for a Federal share de-
19 termined by the Secretary of an amount not to
20 exceed 50 percent of the fair market value of
21 the agricultural land easement or other interest
22 in land, as determined by the Secretary using—

23 “(i) the Uniform Standards of Profes-
24 sional Appraisal Practices;

25 “(ii) an area-wide market analysis or
26 survey; or

1 “(iii) another industry approved meth-
2 od.

3 “(B) NON-FEDERAL SHARE.—

4 “(i) IN GENERAL.—Subject to sub-
5 paragraph (C), under the agreement, the
6 eligible entity shall provide a share that is
7 at least equivalent to that provided by the
8 Secretary.

9 “(ii) SOURCE OF CONTRIBUTION.—An
10 eligible entity may include as part of its
11 share a charitable donation or qualified
12 conservation contribution (as defined by
13 section 170(h) of the Internal Revenue
14 Code of 1986) from the private landowner
15 if the eligible entity contributes its own
16 cash resources in an amount that is at
17 least 50 percent of the amount contributed
18 by the Secretary.

19 “(C) WAIVER AUTHORITY.—In the case of
20 grassland of special environmental significance,
21 as determined by the Secretary, the Secretary
22 may provide up to 75 percent of the fair market
23 value of the agricultural land easement.

24 “(3) EVALUATION AND RANKING OF APPLICA-
25 TIONS.—

1 “(A) CRITERIA.—The Secretary shall es-
2 tablish evaluation and ranking criteria to maxi-
3 mize the benefit of Federal investment under
4 the program.

5 “(B) CONSIDERATIONS.—In establishing
6 the criteria, the Secretary shall emphasize sup-
7 port for—

8 “(i) protecting agricultural uses and
9 related conservation values of the land; and

10 “(ii) maximizing the protection of con-
11 tiguous acres devoted to agricultural use.

12 “(C) BIDDING DOWN.—If the Secretary
13 determines that 2 or more applications for cost-
14 share assistance are comparable in achieving
15 the purpose of the program, the Secretary shall
16 not assign a higher priority to any of those ap-
17 plications solely on the basis of lesser cost to
18 the program.

19 “(4) AGREEMENTS WITH ELIGIBLE ENTITIES.—

20 “(A) IN GENERAL.—The Secretary shall
21 enter into agreements with eligible entities to
22 stipulate the terms and conditions under which
23 the eligible entity is permitted to use cost-share
24 assistance provided under this section.

1 “(B) LENGTH OF AGREEMENTS.—An
2 agreement shall be for a term that is—

3 “(i) in the case of an eligible entity
4 certified under the process described in
5 paragraph (5), a minimum of 5 years; and

6 “(ii) for all other eligible entities, at
7 least 3, but not more than 5 years.

8 “(C) MINIMUM TERMS AND CONDITIONS.—
9 An eligible entity shall be authorized to use its
10 own terms and conditions for agricultural land
11 easements so long as the Secretary determines
12 such terms and conditions—

13 “(i) are consistent with the purposes
14 of the program;

15 “(ii) are permanent or for the max-
16 imum duration allowed under applicable
17 State law;

18 “(iii) permit effective enforcement of
19 the conservation purposes of such ease-
20 ments, including appropriate restrictions
21 depending on the purposes for which the
22 easement is acquired;

23 “(iv) include a right of enforcement
24 for the Secretary;

1 “(v) subject the land purchased to an
2 agricultural land easement plan that—

3 “(I) describes the activities which
4 promote the long-term viability of the
5 land to meet the purposes for which
6 the easement was acquired;

7 “(II) requires the management of
8 grassland according to a grassland
9 management plan; and

10 “(III) includes a conservation
11 plan, where appropriate, and requires,
12 at the option of the Secretary, the
13 conversion of highly erodible cropland
14 to less intensive uses; and

15 “(vi) include a limit on the impervious
16 surfaces to be allowed that is consistent
17 with the agricultural activities to be con-
18 ducted.

19 “(D) SUBSTITUTION OF QUALIFIED
20 PROJECTS.—An agreement shall allow, upon
21 mutual agreement of the parties, substitution of
22 qualified projects that are identified at the time
23 of the proposed substitution.

1 “(E) EFFECT OF VIOLATION.—If a viola-
2 tion occurs of a term or condition of an agree-
3 ment under this subsection—

4 “(i) the agreement may be termi-
5 nated; and

6 “(ii) the Secretary may require the el-
7 igible entity to refund all or part of any
8 payments received by the entity under the
9 program, with interest on the payments as
10 determined appropriate by the Secretary.

11 “(5) CERTIFICATION OF ELIGIBLE ENTITIES.—

12 “(A) CERTIFICATION PROCESS.—The Sec-
13 retary shall establish a process under which the
14 Secretary may—

15 “(i) directly certify eligible entities
16 that meet established criteria;

17 “(ii) enter into long-term agreements
18 with certified eligible entities; and

19 “(iii) accept proposals for cost-share
20 assistance for the purchase of agricultural
21 land easements throughout the duration of
22 such agreements.

23 “(B) CERTIFICATION CRITERIA.—In order
24 to be certified, an eligible entity shall dem-
25 onstrate to the Secretary that the entity will

1 maintain, at a minimum, for the duration of the
2 agreement—

3 “(i) a plan for administering ease-
4 ments that is consistent with the purpose
5 of this subtitle;

6 “(ii) the capacity and resources to
7 monitor and enforce agricultural land ease-
8 ments; and

9 “(iii) policies and procedures to en-
10 sure—

11 “(I) the long-term integrity of
12 agricultural land easements on eligible
13 land;

14 “(II) timely completion of acqui-
15 sitions of easements; and

16 “(III) timely and complete eval-
17 uation and reporting to the Secretary
18 on the use of funds provided under
19 the program.

20 “(C) REVIEW AND REVISION.—

21 “(i) REVIEW.—The Secretary shall
22 conduct a review of eligible entities cer-
23 tified under subparagraph (A) every 3
24 years to ensure that such entities are

1 meeting the criteria established under sub-
2 paragraph (B).

3 “(ii) REVOCATION.—If the Secretary
4 finds that the certified entity no longer
5 meets the criteria established under sub-
6 paragraph (B), the Secretary may—

7 “(I) allow the certified entity a
8 specified period of time, at a min-
9 imum 180 days, in which to take such
10 actions as may be necessary to meet
11 the criteria; and

12 “(II) revoke the certification of
13 the entity, if after the specified period
14 of time, the certified entity does not
15 meet such criteria.

16 “(c) TECHNICAL ASSISTANCE.—The Secretary may
17 provide technical assistance, if requested, to assist in—

18 “(1) compliance with the terms and conditions
19 of easements; and

20 “(2) implementation of an agricultural land
21 easement plan.

22 **“SEC. 1265C. WETLAND EASEMENTS.**

23 “(a) AVAILABILITY OF ASSISTANCE.—The Secretary
24 shall provide assistance to owners of eligible land to re-
25 store, protect, and enhance wetland through—

1 “(1) easements and related wetland easement
2 plans; and

3 “(2) technical assistance.

4 “(b) EASEMENTS.—

5 “(1) METHOD OF ENROLLMENT.—The Sec-
6 retary shall enroll eligible land through the use of—

7 “(A) 30-year easements;

8 “(B) permanent easements;

9 “(C) easements for the maximum duration
10 allowed under applicable State laws; or

11 “(D) as an option for Indian tribes only,
12 30-year contracts.

13 “(2) LIMITATIONS.—

14 “(A) INELIGIBLE LAND.—The Secretary
15 may not acquire easements on—

16 “(i) land established to trees under
17 the conservation reserve program, except in
18 cases where the Secretary determines it
19 would further the purposes of the program;
20 and

21 “(ii) farmed wetland or converted wet-
22 land where the conversion was not com-
23 menced prior to December 23, 1985.

24 “(B) CHANGES IN OWNERSHIP.—No ease-
25 ment shall be created on land that has changed

1 ownership during the preceding 24-month pe-
2 riod unless—

3 “(i) the new ownership was acquired
4 by will or succession as a result of the
5 death of the previous owner;

6 “(ii)(I) the ownership change occurred
7 because of foreclosure on the land; and

8 “(II) immediately before the fore-
9 closure, the owner of the land exercises a
10 right of redemption from the mortgage
11 holder in accordance with State law; or

12 “(iii) the Secretary determines that
13 the land was acquired under circumstances
14 that give adequate assurances that such
15 land was not acquired for the purposes of
16 placing it in the program.

17 “(3) EVALUATION AND RANKING OF OFFERS.—

18 “(A) CRITERIA.—The Secretary shall es-
19 tablish evaluation and ranking criteria to maxi-
20 mize the benefit of Federal investment under
21 the program.

22 “(B) CONSIDERATIONS.—When evaluating
23 offers from landowners, the Secretary may con-
24 sider—

1 “(i) the conservation benefits of ob-
2 taining an easement or 30-year contract,
3 including the potential environmental bene-
4 fits if the land was removed from agricul-
5 tural production;

6 “(ii) the cost-effectiveness of each
7 easement or 30-year contract, so as to
8 maximize the environmental benefits per
9 dollar expended;

10 “(iii) whether the landowner or an-
11 other person is offering to contribute fi-
12 nancially to the cost of the easement or
13 30-year contract to leverage Federal funds;
14 and

15 “(iv) such other factors as the Sec-
16 retary determines are necessary to carry
17 out the purposes of the program.

18 “(C) PRIORITY.—The Secretary shall place
19 priority on acquiring easements based on the
20 value of the easement for protecting and en-
21 hancing habitat for migratory birds and other
22 wildlife.

23 “(4) AGREEMENT.—To be eligible to place eligi-
24 ble land into the program through a wetland ease-

1 ment, the owner of such land shall enter into an
2 agreement with the Secretary to—

3 “(A) grant an easement on such land to
4 the Secretary;

5 “(B) authorize the implementation of a
6 wetland easement plan;

7 “(C) create and record an appropriate
8 deed restriction in accordance with applicable
9 State law to reflect the easement agreed to;

10 “(D) provide a written statement of con-
11 sent to such easement signed by those holding
12 a security interest in the land;

13 “(E) comply with the terms and conditions
14 of the easement and any related agreements;
15 and

16 “(F) permanently retire any existing crop-
17 land base and allotment history for the land on
18 which the easement has been obtained.

19 “(5) TERMS AND CONDITIONS OF EASEMENT.—

20 “(A) IN GENERAL.—A wetland easement
21 shall include terms and conditions that—

22 “(i) permit—

23 “(I) repairs, improvements, and
24 inspections on the land that are nec-

1 essary to maintain existing public
2 drainage systems; and

3 “(II) owners to control public ac-
4 cess on the easement areas while iden-
5 tifying access routes to be used for
6 restoration activities and management
7 and easement monitoring;

8 “(ii) prohibit—

9 “(I) the alteration of wildlife
10 habitat and other natural features of
11 such land, unless specifically author-
12 ized by the Secretary;

13 “(II) the spraying of such land
14 with chemicals or the mowing of such
15 land, except where such spraying or
16 mowing is authorized by the Secretary
17 or is necessary—

18 “(aa) to comply with Fed-
19 eral or State noxious weed con-
20 trol laws;

21 “(bb) to comply with a Fed-
22 eral or State emergency pest
23 treatment program; or

24 “(cc) to meet habitat needs
25 of specific wildlife species;

1 “(III) any activities to be carried
2 out on the owner’s or successor’s land
3 that is immediately adjacent to, and
4 functionally related to, the land that
5 is subject to the easement if such ac-
6 tivities will alter, degrade, or other-
7 wise diminish the functional value of
8 the eligible land; and

9 “(IV) the adoption of any other
10 practice that would tend to defeat the
11 purposes of the program, as deter-
12 mined by the Secretary;

13 “(iii) provide for the efficient and ef-
14 fective establishment of wetland functions
15 and values; and

16 “(iv) include such additional provi-
17 sions as the Secretary determines are de-
18 sirable to carry out the program or facili-
19 tate the practical administration thereof.

20 “(B) VIOLATION.—On the violation of the
21 terms or conditions of the easement, the ease-
22 ment shall remain in force and the Secretary
23 may require the owner to refund all or part of
24 any payments received by the owner under the

1 program, together with interest thereon as de-
2 termined appropriate by the Secretary.

3 “(C) COMPATIBLE USES.—Land subject to
4 a wetland easement may be used for compatible
5 economic uses, including such activities as
6 hunting and fishing, managed timber harvest,
7 or periodic haying or grazing, if such use is spe-
8 cifically permitted by the wetland easement plan
9 and is consistent with the long-term protection
10 and enhancement of the wetland resources for
11 which the easement was established.

12 “(D) RESERVATION OF GRAZING
13 RIGHTS.—The Secretary may include in the
14 terms and conditions of an easement a provi-
15 sion under which the owner reserves grazing
16 rights if—

17 “(i) the Secretary determines that the
18 reservation and use of the grazing rights—

19 “(I) is compatible with the land
20 subject to the easement;

21 “(II) is consistent with the his-
22 torical natural uses of the land and
23 long-term protection and enhancement
24 goals for which the easement was es-
25 tablished; and

1 “(III) complies with the wetland
2 easement plan; and

3 “(ii) the agreement provides for a
4 commensurate reduction in the easement
5 payment to account for the grazing value,
6 as determined by the Secretary.

7 “(E) APPLICATION.—The relevant provi-
8 sions of this paragraph shall also apply to a 30-
9 year contract.

10 “(6) COMPENSATION.—

11 “(A) DETERMINATION.—

12 “(i) IN GENERAL.—The Secretary
13 shall pay as compensation for a permanent
14 easement acquired an amount necessary to
15 encourage enrollment in the program based
16 on the lowest of—

17 “(I) the fair market value of the
18 land, as determined by the Secretary,
19 using the Uniform Standards of Pro-
20 fessional Appraisal Practices or an
21 area-wide market analysis or survey;

22 “(II) the amount corresponding
23 to a geographical cap, as determined
24 by the Secretary in regulations; or

1 “(III) the offer made by the
2 landowner.

3 “(ii) OTHER.—Compensation for a
4 30-year contract or 30-year easement shall
5 be not less than 50 percent, but not more
6 than 75 percent, of the compensation that
7 would be paid for a permanent easement.

8 “(B) FORM OF PAYMENT.—Compensation
9 shall be provided by the Secretary in the form
10 of a cash payment, in an amount determined
11 under subparagraph (A).

12 “(C) PAYMENT SCHEDULE.—

13 “(i) EASEMENTS VALUED AT LESS
14 THAN \$500,000.—For easements valued at
15 \$500,000 or less, the Secretary may pro-
16 vide easement payments in not more than
17 10 annual payments.

18 “(ii) EASEMENTS VALUED AT MORE
19 THAN \$500,000.—For easements valued at
20 more than \$500,000, the Secretary may
21 provide easement payments in at least 5,
22 but not more than 10 annual payments,
23 except that, if the Secretary determines it
24 would further the purposes of the program,

1 the Secretary may make a lump sum pay-
2 ment for such an easement.

3 “(c) EASEMENT RESTORATION.—

4 “(1) IN GENERAL.—The Secretary shall provide
5 financial assistance to carry out the establishment of
6 conservation measures and practices and protect
7 wetland functions and values, including necessary
8 maintenance activities, as set forth in a wetland
9 easement plan.

10 “(2) PAYMENTS.—The Secretary shall—

11 “(A) in the case of a permanent easement,
12 pay an amount that is not less than 75 percent,
13 but not more than 100 percent, of the eligible
14 costs; and

15 “(B) in the case of a 30-year contract or
16 30-year easement, pay an amount that is not
17 less than 50 percent, but not more than 75 per-
18 cent, of the eligible costs.

19 “(d) TECHNICAL ASSISTANCE.—

20 “(1) IN GENERAL.—The Secretary shall assist
21 owners in complying with the terms and conditions
22 of easements and 30-year contracts.

23 “(2) CONTRACTS OR AGREEMENTS.—The Sec-
24 retary may enter into 1 or more contracts with pri-
25 vate entities or agreements with a State, non-govern-

1 mental organization, or Indian tribe to carry out
2 necessary restoration, enhancement or maintenance
3 of an easement if the Secretary determines that the
4 contract or agreement will advance the purposes of
5 the program.

6 “(e) WETLAND ENHANCEMENT OPTION.—The Sec-
7 retary may enter into 1 or more agreements with a State
8 (including a political subdivision or agency of a State),
9 nongovernmental organization, or Indian tribe to carry out
10 a special wetland enhancement option that the Secretary
11 determines would advance the purposes of the program.

12 “(f) ADMINISTRATION.—

13 “(1) WETLAND EASEMENT PLAN.—The Sec-
14 retary shall develop a wetland easement plan for eli-
15 gible land subject to a wetland easement, which will
16 include the practices and activities necessary to re-
17 store, protect, enhance, and maintain the enrolled
18 land.

19 “(2) DELEGATION OF EASEMENT ADMINISTRA-
20 TION.—

21 “(A) IN GENERAL.—The Secretary may
22 delegate any of the easement management,
23 monitoring, and enforcement responsibilities of
24 the Secretary to other Federal or State agencies
25 that have the appropriate authority, expertise

1 and resources necessary to carry out such dele-
2 gated responsibilities or to other conservation
3 organizations if the Secretary determines the
4 organization has similar expertise and re-
5 sources.

6 “(B) LIMITATION.—The Secretary shall
7 not delegate any of the monitoring or enforce-
8 ment responsibilities under the program to con-
9 servation organizations.

10 “(3) PAYMENTS.—

11 “(A) TIMING OF PAYMENTS.—The Sec-
12 retary shall provide payment for obligations in-
13 curred by the Secretary under this section—

14 “(i) with respect to any easement res-
15 toration obligation as soon as possible after
16 the obligation is incurred; and

17 “(ii) with respect to any annual ease-
18 ment payment obligation incurred by the
19 Secretary as soon as possible after October
20 1 of each calendar year.

21 “(B) PAYMENTS TO OTHERS.—If an owner
22 who is entitled to a payment dies, becomes in-
23 competent, is otherwise unable to receive such
24 payment, or is succeeded by another person or
25 entity who renders or completes the required

1 performance, the Secretary shall make such
2 payment, in accordance with regulations pre-
3 scribed by the Secretary and without regard to
4 any other provision of law, in such manner as
5 the Secretary determines is fair and reasonable
6 in light of all of the circumstances.

7 **“SEC. 1265D. ADMINISTRATION.**

8 “(a) INELIGIBLE LAND.—The Secretary may not ac-
9 quire an easement under the program on—

10 “(1) land owned by an agency of the United
11 States, other than land held in trust for Indian
12 tribes;

13 “(2) land owned in fee title by a State, includ-
14 ing an agency or a subdivision of a State, or a unit
15 of local government;

16 “(3) land subject to an easement or deed re-
17 striction which, as determined by the Secretary, pro-
18 vides similar protection as would be provided by en-
19 rollment in the program; and

20 “(4) land where the purposes of the program
21 would be undermined due to on-site or off-site condi-
22 tions, such as risk of hazardous substances, pro-
23 posed or existing rights of way, infrastructure devel-
24 opment, or adjacent land uses.

1 “(b) PRIORITY.—In evaluating applications under the
2 program, the Secretary may give priority to land that is
3 currently enrolled in the conservation reserve program in
4 a contract that is set to expire within 1 year and—

5 “(1) in the case of an agricultural land ease-
6 ment, is grassland that would benefit from protec-
7 tion under a long-term easement; and

8 “(2) in the case of a wetland easement, is a
9 wetland or related area with the highest functions
10 and values and is likely to return to production after
11 the land leaves the conservation reserve program.

12 “(c) SUBORDINATION, EXCHANGE, MODIFICATION,
13 AND TERMINATION.—

14 “(1) IN GENERAL.—The Secretary may subor-
15 dinate, exchange, terminate, or modify any interest
16 in land, or portion of such interest, administered by
17 the Secretary, either directly or on behalf of the
18 Commodity Credit Corporation under the program
19 when the Secretary determines that—

20 “(A) it is in the Federal Government’s in-
21 terest to subordinate, exchange, modify or ter-
22 minate the interest in land;

23 “(B) the subordination, exchange, modi-
24 fication, or termination action—

1 “(i) will address a compelling public
2 need for which there is no practicable al-
3 ternative, or

4 “(ii) such action will further the prac-
5 tical administration of the program; and

6 “(C) the subordination, exchange, modi-
7 fication, or termination action will result in
8 comparable conservation value and equivalent
9 or greater economic value to the United States.

10 “(2) CONSULTATION.—The Secretary shall
11 work with the current owner, and eligible entity if
12 applicable, to address any subordination, exchange,
13 termination, or modification of the interest, or por-
14 tion of such interest in land.

15 “(3) NOTICE.—At least 90 days before taking
16 any termination action described in paragraph (1),
17 the Secretary shall provide written notice of such ac-
18 tion to the Committee on Agriculture of the House
19 of Representatives and the Committee on Agri-
20 culture, Nutrition, and Forestry of the Senate.

21 “(d) LAND ENROLLED IN OTHER PROGRAMS.—

22 “(1) CONSERVATION RESERVE PROGRAM.—The
23 Secretary may terminate or modify an existing con-
24 tract entered into under section 1231(a) if eligible

1 land that is subject to such contract is transferred
2 into the program.

3 “(2) OTHER.—Land enrolled in the wetlands
4 reserve program, grassland reserve program, or
5 farmland protection program shall be considered en-
6 rolled in this program.

7 “(e) ALLOCATION OF FUNDS FOR AGRICULTURAL
8 LAND EASEMENTS.—Of the funds made available under
9 section 1241 to carry out the program for a fiscal year,
10 the Secretary shall, to the extent practicable, use no less
11 than 40 percent for agricultural land easements.”.

12 (b) COMPLIANCE WITH CERTAIN REQUIREMENTS.—
13 Before an eligible entity or owner of eligible land may re-
14 ceive assistance under subtitle H of title XII of the Food
15 Security Act of 1985, the eligible entity or person shall
16 agree, during the crop year for which the assistance is pro-
17 vided and in exchange for the assistance—

18 (1) to comply with applicable conservation re-
19 quirements under subtitle B of title XII of that Act
20 (16 U.S.C. 3811 et seq.); and

21 (2) to comply with applicable wetland protection
22 requirements under subtitle C of title XII of that
23 Act (16 U.S.C. 3821 et seq.).

24 (c) CROSS REFERENCE.—Section 1244 of the Food
25 Security Act of 1985 (16 U.S.C. 3844) is amended—

1 (1) in subsection (c)—

2 (A) in paragraph (1)—

3 (i) by inserting “and” at the end of
4 subparagraph (A);

5 (ii) by striking “and” at the end of
6 subparagraph (B); and

7 (iii) by striking subparagraph (C);

8 (B) by redesignating paragraph (2) as
9 paragraph (3); and

10 (C) by inserting after paragraph (1) the
11 following:

12 “(2) the Agricultural Conservation Easement
13 Program established under subtitle H; and”; and

14 (2) in subsection (f)—

15 (A) in paragraph (1)—

16 (i) in subparagraph (A), by striking
17 “programs administered under subchapters
18 B and C of chapter 1 of subtitle D” and
19 inserting “conservation reserve program
20 established under subchapter B of chapter
21 1 of subtitle D and the Agricultural Con-
22 servation Easement Program under sub-
23 title H using wetland easements under sec-
24 tion 1265C”; and

1 (ii) in subparagraph (B), by striking
 2 “subchapter C of chapter 1 of subtitle D”
 3 and inserting “the Agricultural Conserva-
 4 tion Easement Program under subtitle H
 5 using wetland easements under section
 6 1265C”; and

7 (B) in paragraph (4), by striking “sub-
 8 chapter C” and inserting “subchapter B”.

9 (d) EFFECTIVE DATE.—The amendments made by
 10 this section shall take effect on October 1, 2012.

11 **Subtitle E—Regional Conservation**
 12 **Partnership Program**

13 **SEC. 2401. REGIONAL CONSERVATION PARTNERSHIP PRO-**
 14 **GRAM.**

15 (a) IN GENERAL.—Title XII of the Food Security
 16 Act of 1985 is amended by inserting after subtitle H (as
 17 added by section 2301) the following:

18 **“Subtitle I—Regional Conservation**
 19 **Partnership Program**

20 **“SEC. 1271. ESTABLISHMENT AND PURPOSES.**

21 “(a) ESTABLISHMENT.—The Secretary shall estab-
 22 lish a Regional Conservation Partnership Program to im-
 23 plement eligible activities through—

24 “(1) partnership agreements with eligible part-
 25 ners; and

1 “(2) contracts with producers.

2 “(b) PURPOSES.—The purposes of the program
3 are—

4 “(1) to combine the purposes and coordinate
5 the functions of—

6 “(A) the agricultural water enhancement
7 program established under section 1240I;

8 “(B) the Chesapeake Bay watershed pro-
9 gram established under section 1240Q;

10 “(C) the cooperative conservation partner-
11 ship initiative established under section 1243;
12 and

13 “(D) the Great Lakes basin program for
14 soil erosion and sediment control established
15 under section 1240P;.

16 “(2) to further the conservation, restoration,
17 and sustainable use of soil, water, wildlife, and re-
18 lated natural resources on a regional or watershed
19 scale; and

20 “(3) to encourage partners to cooperate with
21 producers in—

22 “(A) meeting or avoiding the need for na-
23 tional, State, and local natural resource regu-
24 latory requirements related to production; and

1 “(B) implementing projects that will result
2 in the installation and maintenance of eligible
3 activities that affect multiple agricultural or
4 nonindustrial private forest operations on a
5 local, regional, State, or multi-State basis.

6 **“SEC. 1271A. DEFINITIONS.**

7 “In this subtitle:

8 “(1) COVERED PROGRAMS.—The term ‘covered
9 programs’ means—

10 “(A) the agricultural conservation ease-
11 ment program;

12 “(B) the environmental quality incentives
13 program; and

14 “(C) the conservation stewardship pro-
15 gram.

16 “(2) ELIGIBLE ACTIVITY.—The term ‘eligible
17 activity’ means any of the following conservation ac-
18 tivities when delivered through a covered program:

19 “(A) Water quality restoration or enhance-
20 ment projects, including nutrient management
21 and sediment reduction.

22 “(B) Water quantity conservation, restora-
23 tion, or enhancement projects relating to sur-
24 face water and groundwater resources, includ-
25 ing—

1 “(i) the conversion of irrigated crop-
2 land to the production of less water-inten-
3 sive agricultural commodities or dryland
4 farming; and

5 “(ii) irrigation system improvement
6 and irrigation efficiency enhancement.

7 “(C) Drought mitigation.

8 “(D) Flood prevention.

9 “(E) Water retention.

10 “(F) Habitat conservation, restoration,
11 and enhancement.

12 “(G) Erosion control.

13 “(H) Other related activities that the Sec-
14 retary determines will help achieve conservation
15 benefits.

16 “(3) ELIGIBLE PARTNER.—The term ‘eligible
17 partner’ means any of the following:

18 “(A) An agricultural or silvicultural pro-
19 ducer association or other group of producers.

20 “(B) A State or unit of local government.

21 “(C) An Indian tribe.

22 “(D) A farmer cooperative.

23 “(E) An institution of higher education.

24 “(F) An organization with an established
25 history of working cooperatively with producers

1 on agricultural land, as determined by the Sec-
2 retary, to address—

3 “(i) local conservation priorities re-
4 lated to agricultural production, wildlife
5 habitat development, and nonindustrial pri-
6 vate forest land management; or

7 “(ii) critical watershed-scale soil ero-
8 sion, water quality, sediment reduction, or
9 other natural resource concerns.

10 “(4) PARTNERSHIP AGREEMENT.—The term
11 ‘partnership agreement’ means an agreement be-
12 tween the Secretary and an eligible partner.

13 “(5) PROGRAM.—The term ‘program’ means
14 the Regional Conservation Partnership Program es-
15 tablished by this subtitle.

16 **“SEC. 1271B. REGIONAL CONSERVATION PARTNERSHIPS.**

17 “(a) PARTNERSHIP AGREEMENTS AUTHORIZED.—
18 The Secretary may enter into a partnership agreement
19 with an eligible partner to implement a project that will
20 assist producers with installing and maintaining an eligi-
21 ble activity.

22 “(b) LENGTH.—A partnership agreement shall be for
23 a period not to exceed 5 years, except that the Secretary
24 may extend the agreement 1 time for up to 12 months

1 when an extension is necessary to meet the objectives of
2 the program.

3 “(c) DUTIES OF PARTNERS.—

4 “(1) IN GENERAL.—Under a partnership agree-
5 ment, the eligible partner shall—

6 “(A) define the scope of a project, includ-
7 ing—

8 “(i) the eligible activities to be imple-
9 mented;

10 “(ii) the potential agricultural or non-
11 industrial private forest operations af-
12 fected;

13 “(iii) the local, State, multi-State or
14 other geographic area covered; and

15 “(iv) the planning, outreach, imple-
16 mentation and assessment to be conducted;

17 “(B) conduct outreach and education to
18 producers for potential participation in the
19 project;

20 “(C) at the request of a producer, act on
21 behalf of a producer participating in the project
22 in applying for assistance under section 1271C;

23 “(D) leverage financial or technical assist-
24 ance provided by the Secretary with additional
25 funds to help achieve the project objectives;

1 “(E) conduct an assessment of the
2 project’s effects; and

3 “(F) at the conclusion of the project, re-
4 port to the Secretary on its results and funds
5 leveraged.

6 “(2) CONTRIBUTION.—A partner shall provide
7 a significant portion of the overall costs of the scope
8 of the project as determined by the Secretary.

9 “(d) APPLICATIONS.—

10 “(1) COMPETITIVE PROCESS.—The Secretary
11 shall conduct a competitive process to select applica-
12 tions for partnership agreements and may assess
13 and rank applications with similar conservation pur-
14 poses as a group.

15 “(2) CRITERIA USED.—In carrying out the
16 process described in paragraph (1), the Secretary
17 shall make public the criteria used in evaluating ap-
18 plications.

19 “(3) CONTENT.—An application to the Sec-
20 retary shall include a description of—

21 “(A) the scope of the project as described
22 in subsection (c)(1)(A);

23 “(B) the plan for monitoring, evaluating,
24 and reporting on progress made towards achiev-
25 ing the project’s objectives;

1 “(C) the program resources requested for
2 the project, including the covered programs to
3 be used and estimated funding needed from the
4 Secretary;

5 “(D) the partners collaborating to achieve
6 project objectives, including their roles, respon-
7 sibilities, capabilities, and financial contribu-
8 tion; and

9 “(E) any other elements the Secretary con-
10 siders necessary to adequately evaluate and
11 competitively select applications for funding
12 under the program.

13 “(4) PRIORITY TO CERTAIN APPLICATIONS.—
14 The Secretary may give a higher priority to applica-
15 tions that—

16 “(A) have a high percentage of producers
17 in the area to be covered by the agreement;

18 “(B) assist producers in meeting or avoid-
19 ing the need for a natural resource regulatory
20 requirement;

21 “(C) significantly leverage non-Federal fi-
22 nancial and technical resources and coordinate
23 with other local, State, regional, or national ef-
24 forts;

1 “(D) deliver high percentages of applied
2 conservation to address conservation priorities
3 or local, State, regional, or national conserva-
4 tion initiatives;

5 “(E) provide innovation in conservation
6 methods and delivery, including outcome-based
7 performance measures and methods; or

8 “(F) meet other factors that are important
9 for achieving the purposes of the program, as
10 determined by the Secretary.

11 **“SEC. 1271C. ASSISTANCE TO PRODUCERS.**

12 “(a) IN GENERAL.—The Secretary shall enter into
13 contracts to provide financial and technical assistance
14 to—

15 “(1) producers participating in a project with
16 an eligible partner as described in section 1271B; or

17 “(2) producers that fit within the scope of a
18 project described in section 1271B or a critical con-
19 servation area designated pursuant to section
20 1271F, but who are seeking to implement an eligible
21 activity independent of a partner.

22 “(b) TERMS AND CONDITIONS.—

23 “(1) CONSISTENCY WITH PROGRAM RULES.—
24 Except as provided in paragraph (2), the Secretary
25 shall ensure that the terms and conditions of a con-

1 tract under this section are consistent with the ap-
2 plicable rules of the covered programs to be used as
3 part of the project, as described in the application
4 under section 1271B(d)(3)(C).

5 “(2) ADJUSTMENTS.—Except for statutory pro-
6 gram requirements governing appeals, payment limi-
7 tations, and conservation compliance, the Secretary
8 may adjust the discretionary program rules of a cov-
9 ered program—

10 “(A) to provide a simplified application
11 and evaluation process; and

12 “(B) to better reflect unique local cir-
13 cumstances and purposes if the Secretary deter-
14 mines such adjustments are necessary to
15 achieve the purposes of the program.

16 “(3) ALTERNATIVE FUNDING ARRANGE-
17 MENTS.—

18 “(A) IN GENERAL.—For the purposes of
19 providing assistance for land described in sub-
20 section (a) and section 1271F, the Secretary
21 may enter into alternative funding arrange-
22 ments with a multistate water resource agency
23 or authority if—

24 “(i) the Secretary determines that the
25 goals and objectives of the program will be

1 met by the alternative funding arrange-
2 ments;

3 “(ii) the agency or authority certifies
4 that the limitations established under this
5 section on agreements with individual pro-
6 ducers will not be exceeded; and

7 “(iii) all participating producers meet
8 applicable payment eligibility provisions.

9 “(B) CONDITIONS.—As a condition on re-
10 ceipt of funding under subparagraph (A), the
11 multistate water resource agency or authority
12 shall agree—

13 “(i) to submit an annual independent
14 audit to the Secretary that describes the
15 use of funds under this paragraph;

16 “(ii) to provide any data necessary for
17 the Secretary to issue a report on the use
18 of funds under this paragraph; and

19 “(iii) not to use any funds for admin-
20 istration or contracting with another enti-
21 ty.

22 “(C) LIMITATION.—The Secretary may
23 enter into not more than 10 alternative funding
24 arrangements under this paragraph.

25 “(c) PAYMENTS.—

1 “(1) IN GENERAL.—In accordance with statu-
2 tory requirements of the covered programs involved,
3 the Secretary may make payments to a producer in
4 an amount determined by the Secretary to be nec-
5 essary to achieve the purposes of the program.

6 “(2) PAYMENTS TO PRODUCERS IN STATES
7 WITH WATER QUANTITY CONCERNS.—The Secretary
8 may provide payments to producers participating in
9 a project that addresses water quantity concerns for
10 a period of 5 years in an amount sufficient to en-
11 courage conversion from irrigated farming to
12 dryland farming.

13 “(3) WAIVER AUTHORITY.—To assist in the im-
14 plementation of the program, the Secretary may
15 waive the applicability of the limitation in section
16 1001D(b)(2) of this Act for participating producers
17 if the Secretary determines that the waiver is nec-
18 essary to fulfill the objectives of the program.

19 **“SEC. 1271D. FUNDING.**

20 “(a) AVAILABILITY OF FUNDS.—The Secretary shall
21 use \$100,000,000 of the funds of the Commodity Credit
22 Corporation for each of fiscal years 2013 through 2017
23 to carry out the program established under this subtitle.

1 “(b) DURATION OF AVAILABILITY.—Funds made
2 available under subsection (a) shall remain available until
3 expended.

4 “(c) ADDITIONAL FUNDING AND ACRES.—

5 “(1) IN GENERAL.—In addition to the funds
6 made available under subsection (a), the Secretary
7 shall reserve 6 percent of the funds and acres made
8 available for a covered program for each of fiscal
9 years 2013 through 2017 in order to ensure addi-
10 tional resources are available to carry out this pro-
11 gram.

12 “(2) UNUSED FUNDS AND ACRES.—Any funds
13 or acres reserved under paragraph (1) for a fiscal
14 year from a covered program that are not obligated
15 under this program by April 1 of that fiscal year
16 shall be returned for use under the covered program.

17 “(d) ALLOCATION OF FUNDING.—Of the funds and
18 acres made available for the program under subsections
19 (a) and (c), the Secretary shall allocate—

20 “(1) 25 percent of the funds and acres to
21 projects based on a State competitive process admin-
22 istered by the State conservationist, with the advice
23 of the State technical committee;

1 “(2) 50 percent of the funds and acres to
2 projects based on a national competitive process to
3 be established by the Secretary; and

4 “(3) 25 percent of the funds and acres to
5 projects for the critical conservation areas des-
6 ignated in section 1271F.

7 “(e) LIMITATION ON ADMINISTRATIVE EXPENSES.—
8 None of the funds made available under the program may
9 be used to pay for the administrative expenses of partners.

10 **“SEC. 1271E. ADMINISTRATION.**

11 “(a) DISCLOSURE.—In addition to the criteria used
12 in evaluating applications as described in section
13 1271B(d)(2), the Secretary shall make publicly available
14 information on projects selected through the competitive
15 process described in section 1271B(d)(1).

16 “(b) REPORTING.—Not later than December 31,
17 2013, and for every 2 years thereafter, the Secretary shall
18 submit to the Committee on Agriculture of the House of
19 Representatives and the Committee on Agriculture, Nutri-
20 tion, and Forestry of the Senate a report on the status
21 of projects funded under the program, including—

22 “(1) the number and types of partners and pro-
23 ducers participating in the partnership agreements
24 selected;

1 “(2) the number of producers receiving assist-
2 ance;

3 “(3) total funding committed to projects, in-
4 cluding Federal and non-Federal resources; and

5 “(4) a description of how the funds under sec-
6 tion 1271C(b)(3) are being administered, includ-
7 ing—

8 “(A) any oversight mechanisms that the
9 Secretary has implemented;

10 “(B) the process through which the Sec-
11 retary is resolving appeals by program partici-
12 pants; and

13 “(C) the means by which the Secretary is
14 tracking adherence to any applicable provisions
15 for payment eligibility.

16 **“SEC. 1271F. CRITICAL CONSERVATION AREAS.**

17 “(a) IN GENERAL.—When administering the funding
18 described in section 1271D(d)(3), the Secretary shall se-
19 lect applications for partnership agreements and producer
20 contracts within designated critical conservation areas.

21 “(b) CRITICAL CONSERVATION AREA DESIGNA-
22 TIONS.—In designating geographical areas as critical con-
23 servation areas under this section, the Secretary may give
24 priority to not more than 8 areas based on the degree to
25 which an area—

1 “(1) includes multiple States with significant
2 agricultural production;

3 “(2) is covered by an existing regional, State,
4 binational, or multistate agreement or plan that has
5 established objectives, goals and work plans and is
6 adopted by a Federal, State, or regional authority;

7 “(3) has water quality concerns, including con-
8 cerns for reducing erosion, promoting sediment con-
9 trol, and addressing nutrient management activities
10 affecting large bodies of water of regional, national,
11 or international significance;

12 “(4) has water quantity concerns, including—

13 “(A) concerns for groundwater, surface
14 water, aquifer, or other water sources; or

15 “(B) a need to promote water retention
16 and flood prevention; or

17 “(5) will be subject to regulatory requirements
18 that could reduce the economic scope of agricultural
19 operations within the area.

20 “(c) ADMINISTRATION.—

21 “(1) IN GENERAL.—Except as provided in para-
22 graph (2), the Secretary shall administer any part-
23 nership agreement or producer contract under this
24 section in a manner that is consistent with the terms
25 of the program.

1 “(2) RELATIONSHIP TO EXISTING ACTIVITY.—
2 The Secretary shall, to the maximum extent prac-
3 ticable, ensure that eligible activities carried out in
4 critical conservation areas designated under this sec-
5 tion complement and are consistent with other Fed-
6 eral and State programs and water quality and
7 quantity strategies.”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall take effect on October 1, 2012.

10 **Subtitle F—Other Conservation** 11 **Programs**

12 **SEC. 2501. CONSERVATION OF PRIVATE GRAZING LAND.**

13 Section 1240M(e) of the Food Security Act of 1985
14 (16 U.S.C. 3839bb(e)) is amended inserting “and
15 \$30,000,000 for each of fiscal years 2013 through 2017”
16 before the period at the end.

17 **SEC. 2502. GRASSROOTS SOURCE WATER PROTECTION** 18 **PROGRAM.**

19 Section 1240O(b) of the Food Security Act of 1985
20 (16 U.S.C. 3839bb–2(b)) is amended by inserting “and
21 \$15,000,000 for each of fiscal years 2013 through 2017”
22 before the period at the end.

1 **SEC. 2503. VOLUNTARY PUBLIC ACCESS AND HABITAT IN-**
2 **CENTIVE PROGRAM.**

3 (a) **FUNDING.**—Section 1240R(f) of the Food Secu-
4 rity Act of 1985 (16 U.S.C. 3839bb–5(f)) is amended by
5 inserting “and \$40,000,000 for the period of fiscal years
6 2013 through 2017” before the period at the end .

7 (b) **REPORT ON PROGRAM EFFECTIVENESS.**—Not
8 later than 2 years after the date of enactment of this Act,
9 the Secretary of Agriculture shall submit to the Com-
10 mittee on Agriculture of the House of Representatives and
11 the Committee on Agriculture, Nutrition, and Forestry of
12 the Senate a report evaluating the effectiveness of the vol-
13 untary public access and habitat incentive program estab-
14 lished by section 1240R of the Food Security Act of 1985
15 (16 U.S.C. 3839bb–5), including—

16 (1) identifying cooperating agencies;

17 (2) identifying the number of land holdings and
18 total acres enrolled by State;

19 (3) evaluating the extent of improved access on
20 eligible land, improved wildlife habitat, and related
21 economic benefits; and

22 (4) any other relevant information and data re-
23 lating to the program that would be helpful to such
24 Committees.

25 (c) **EFFECTIVE DATE.**—The amendment made by
26 this section shall take effect on October 1, 2012.

1 **SEC. 2504. AGRICULTURE CONSERVATION EXPERIENCED**
2 **SERVICES PROGRAM.**

3 (a) FUNDING.—Section 1252 of the Food Security
4 Act of 1985 (16 U.S.C. 3851) is amended by striking sub-
5 section (c) and inserting the following:

6 “(c) FUNDING.—

7 “(1) IN GENERAL.—The Secretary may carry
8 out the ACES program using funds made available
9 to carry out each program under this title.

10 “(2) EXCLUSION.—Funds made available to
11 carry out the conservation reserve program may not
12 be used to carry out the ACES program.”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall take effect on October 1, 2012.

15 **SEC. 2505. SMALL WATERSHED REHABILITATION PRO-**
16 **GRAM.**

17 Section 14(h)(2)(E) of the Watershed Protection and
18 Flood Prevention Act (16 U.S.C. 1012(h)(2)(E)) is
19 amended by striking “2012” and inserting “2017”.

20 **SEC. 2506. TERMINAL LAKES ASSISTANCE.**

21 Section 2507 of the Food, Security, and Rural Invest-
22 ment Act of 2002 (43 U.S.C. 2211 note; Public Law 107–
23 171) is amended to read as follows:

24 **“SEC. 2507. TERMINAL LAKES ASSISTANCE.**

25 “(a) DEFINITIONS.—In this section:

1 “(1) ELIGIBLE LAND.—The term ‘eligible land’
2 means privately owned agricultural land (including
3 land in which a State has a property interest as a
4 result of state water law)—

5 “(A) that a landowner voluntarily agrees to
6 sell to a State; and

7 “(B) which—

8 “(i)(I) is ineligible for enrollment as a
9 wetland easement established under the
10 Agricultural Conservation Easement Pro-
11 gram under subtitle H of the Food Secu-
12 rity Act of 1985;

13 “(II) is flooded to—

14 “(aa) an average depth of at
15 least 6.5 feet; or

16 “(bb) a level below which the
17 State determines the management of
18 the water level is beyond the control
19 of the State or landowner; or

20 “(III) is inaccessible for agricultural
21 use due to the flooding of adjoining prop-
22 erty (such as islands of agricultural land
23 created by flooding);

1 “(ii) is located within a watershed
2 with water rights available for lease or
3 purchase; and

4 “(iii) has been used during at least 5
5 of the immediately preceding 30 years—

6 “(I) to produce crops or hay; or

7 “(II) as livestock pasture or
8 grazing.

9 “(2) PROGRAM.—The term ‘program’ means
10 the voluntary land purchase program established
11 under this section.

12 “(3) TERMINAL LAKE.—The term ‘terminal
13 lake’ means a lake and its associated riparian and
14 watershed resources that is—

15 “(A) considered flooded because there is no
16 natural outlet for water accumulating in the
17 lake or the associated riparian area such that
18 the watershed and surrounding land is consist-
19 ently flooded; or

20 “(B) considered terminal because it has no
21 natural outlet and is at risk due to a history of
22 consistent Federal assistance to address critical
23 resource conditions, including insufficient water
24 available to meet the needs of the lake, general
25 uses, and water rights.

1 “(b) ASSISTANCE.—The Secretary shall—

2 “(1) provide grants under subsection (c) for the
3 purchase of eligible land impacted by a terminal lake
4 described in subsection (a)(3)(A); and

5 “(2) provide funds to the Secretary of the Inte-
6 rior pursuant to subsection (e)(2) with assistance in
7 accordance with subsection (d) for terminal lakes de-
8 scribed in subsection (a)(3)(B).

9 “(c) LAND PURCHASE GRANTS.—

10 “(1) IN GENERAL.—Using funds provided
11 under subsection (e)(1), the Secretary shall make
12 available land purchase grants to States for the pur-
13 chase of eligible land in accordance with this sub-
14 section.

15 “(2) IMPLEMENTATION.—

16 “(A) AMOUNT.—A land purchase grant
17 shall be in an amount not to exceed the lesser
18 of—

19 “(i) 50 percent of the total purchase
20 price per acre of the eligible land; or

21 “(ii)(I) in the case of eligible land
22 that was used to produce crops or hay,
23 \$400 per acre; and

1 “(II) in the case of eligible land that
2 was pasture or grazing land, \$200 per
3 acre.

4 “(B) DETERMINATION OF PURCHASE
5 PRICE.—A State purchasing eligible land with a
6 land purchase grant shall ensure, to the max-
7 imum extent practicable, that the purchase
8 price of such land reflects the value, if any, of
9 other encumbrances on the eligible land to be
10 purchased, including easements and mineral
11 rights.

12 “(C) COST-SHARE REQUIRED.—To be eligi-
13 ble to receive a land purchase grant, a State
14 shall provide matching non-Federal funds in an
15 amount equal to 50 percent of the amount de-
16 scribed in subparagraph (A), including addi-
17 tional non-Federal funds.

18 “(D) CONDITIONS.—To receive a land pur-
19 chase grant, a State shall agree—

20 “(i) to ensure that any eligible land
21 purchased is—

22 “(I) conveyed in fee simple to the
23 State; and

1 “(II) free from mortgages or
2 other liens at the time title is trans-
3 ferred;

4 “(ii) to maintain ownership of the eli-
5 gible land in perpetuity;

6 “(iii) to pay (from funds other than
7 grant dollars awarded) any costs associ-
8 ated with the purchase of eligible land
9 under this section, including surveys and
10 legal fees; and

11 “(iv) to keep eligible land in a con-
12 serving use, as defined by the Secretary.

13 “(E) LOSS OF FEDERAL BENEFITS.—Eligi-
14 ble land purchased with a grant under this sec-
15 tion shall lose eligibility for any benefits under
16 other Federal programs, including—

17 “(i) benefits under title XII of the
18 Food Security Act of 1985 (16 U.S.C.
19 3801 et seq.);

20 “(ii) benefits under the Federal Crop
21 Insurance Act (7 U.S.C. 1501 et seq.); and

22 “(iii) covered benefits described in
23 section 1001D(b) of the Food Security Act
24 of 1985 (7 U.S.C. 1308–3a).

1 “(F) PROHIBITION.—Any Federal rights
2 or benefits associated with eligible land prior to
3 purchase by a State may not be transferred to
4 any other land or person in anticipation of or
5 as a result of such purchase.

6 “(d) WATER ASSISTANCE.—

7 “(1) IN GENERAL.—The Secretary of the Inte-
8 rior, acting through the Commissioner of Reclama-
9 tion, may use the funds described in subsection
10 (e)(2) to administer and provide financial assistance
11 to carry out this subsection to provide water and as-
12 sistance to a terminal lake described in subsection
13 (a)(3)(B) through willing sellers or willing partici-
14 pants only—

15 “(A) to lease water;

16 “(B) to purchase land, water appurtenant
17 to the land, and related interests; and

18 “(C) to carry out research, support and
19 conservation activities for associated fish, wild-
20 life, plant, and habitat resources.”

21 “(2) EXCLUSIONS.—The Secretary of the Inte-
22 rior may not use this subsection to deliver assistance
23 to the Great Salt Lake in Utah, lakes that are con-
24 sidered dry lakes, or other lakes that do not meet

1 the purposes of this section, as determined by the
2 Secretary of the Interior.

3 “(3) TRANSITIONAL PROVISION.—

4 “(A) IN GENERAL.—Notwithstanding any
5 other provision of this section, any funds made
6 available before the date of enactment of the
7 Agriculture Reform, Food, and Jobs Act of
8 2012 under a provision of law described in sub-
9 paragraph (B) shall remain available using the
10 provisions of law (including regulations) in ef-
11 fect on the day before the date of enactment of
12 that Act.

13 “(B) DESCRIBED LAWS.—The provisions
14 of law described in this section are—

15 “(i) section 2507 of the Farm Secu-
16 rity and Rural Investment Act of 2002 (43
17 U.S.C. 2211 note; Public Law 107–171)
18 (as in effect on the day before the date of
19 enactment of the Agriculture Reform,
20 Food, and Jobs Act of 2012);

21 “(ii) section 207 of the Energy and
22 Water Development Appropriations Act,
23 2003 (Public Law 108–7; 117 Stat. 146);

24 “(iii) section 208 of the Energy and
25 Water Development Appropriations Act,

1 2006 (Public Law 109–103; 119 Stat.
2 2268, 123 Stat. 2856); and

3 “(iv) section 208 of the Energy and
4 Water Development and Related Agencies
5 Appropriations Act, 2010 (Public Law
6 111–85; 123 Stat. 2858, 123 Stat. 2967,
7 125 Stat. 867).

8 “(e) FUNDING.—

9 “(1) AUTHORIZATION OF APPROPRIATIONS.—

10 There is authorized to be appropriated to the Sec-
11 retary to carry out subsection (c) \$25,000,000, to
12 remain available until expended.

13 “(2) COMMODITY CREDIT CORPORATION.—As
14 soon as practicable after the date of enactment of
15 the Agriculture Reform, Food, and Jobs Act of
16 2012, the Secretary shall transfer to the Bureau of
17 Reclamation Water and Related Resources Account
18 \$150,000,000 from the funds of the Commodity
19 Credit Corporation to carry out subsection (d), to re-
20 main available until expended.”.

1 **Subtitle G—Funding and** 2 **Administration**

3 **SEC. 2601. FUNDING.**

4 (a) IN GENERAL.—Section 1241 of the Food Security
5 Act of 1985 (16 U.S.C. 3841) is amended by striking sub-
6 section (a) and inserting the following:

7 “(a) ANNUAL FUNDING.—For each of fiscal years
8 2013 through 2017, the Secretary shall use the funds, fa-
9 cilities, and authorities of the Commodity Credit Corpora-
10 tion to carry out the following programs under this title
11 (including the provision of technical assistance):

12 “(1) The conservation reserve program under
13 subchapter B of chapter 1 of subtitle D, including,
14 to the maximum extent practicable—

15 “(A) \$10,000,000 for the period of fiscal
16 years 2013 through 2017 to provide payments
17 under paragraph (3) of section 1234(b) in con-
18 nection with thinning activities conducted on
19 land described in subparagraph (B)(iii) of that
20 paragraph; and

21 “(B) \$50,000,000 for the period of fiscal
22 years 2013 through 2017 to carry out section
23 1235(f) to facilitate the transfer of land subject
24 to contracts from retired or retiring owners and

1 operators to beginning farmers or ranchers and
2 socially disadvantaged farmers or ranchers.

3 “(2) The Agricultural Conservation Easement
4 Program under subtitle H using to the maximum ex-
5 tent practicable—

6 “(A) \$450,000,000 for fiscal year 2013;

7 “(B) \$475,000,000 for fiscal year 2014;

8 “(C) \$500,000,000 for fiscal year 2015;

9 “(D) \$525,000,000 for fiscal year 2016;

10 and

11 “(E) \$250,000,000 for fiscal year 2017.

12 “(3) The conservation security program under
13 subchapter A of chapter 2 of subtitle D, using such
14 sums as are necessary to administer contracts en-
15 tered into before September 30, 2008.

16 “(4) The conservation stewardship program
17 under subchapter B of chapter 2 of subtitle D.

18 “(5) The environmental quality incentives pro-
19 gram under chapter 4 of subtitle D, using, to the
20 maximum extent practicable—

21 “(A) \$1,500,000,000 for fiscal year 2013;

22 “(B) \$1,600,000,000 for fiscal year 2014;

23 and

24 “(C) \$1,650,000,000 for each of fiscal
25 years 2015 through 2017.”.

1 (b) GUARANTEED AVAILABILITY OF FUNDS.—Sec-
2 tion 1241 of the Food Security Act of 1985 (16 U.S.C.
3 3841) is amended—

4 (1) by redesignating subsections (b) through (h)
5 as subsections (c) through (i), respectively; and

6 (2) by inserting after subsection (a) the fol-
7 lowing:

8 “(b) AVAILABILITY OF FUNDS.—Amounts made
9 available by subsection (a) shall be used by the Secretary
10 to carry out the programs specified in such subsection for
11 fiscal years 2013 through 2017 and shall remain available
12 until expended. Amounts made available for the programs
13 specified in such subsection during a fiscal year through
14 modifications, cancellations, terminations, and other re-
15 lated administrative actions and not obligated in that fis-
16 cal year shall remain available for obligation during subse-
17 quent fiscal years, but shall reduce the amount of addi-
18 tional funds made available in the subsequent fiscal year
19 by an amount equal to the amount remaining unobli-
20 gated.”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall take effect on October 1, 2012.

23 **SEC. 2602. TECHNICAL ASSISTANCE.**

24 Section 1241 of the Food Security Act of 1985 (16
25 U.S.C. 3841) is amended by striking subsection (c) (as

1 redesignated by section 2601(b)(1)) and inserting the fol-
2 lowing:

3 “(c) TECHNICAL ASSISTANCE.—

4 “(1) AVAILABILITY OF FUNDS.—Commodity
5 Credit Corporation funds made available for a fiscal
6 year for each of the programs specified in subsection
7 (a)—

8 “(A) shall be available for the provision of
9 technical assistance for the programs for which
10 funds are made available as necessary to imple-
11 ment the programs effectively; and

12 “(B) shall not be available for the provi-
13 sion of technical assistance for conservation
14 programs specified in subsection (a) other than
15 the program for which the funds were made
16 available.

17 “(2) REPORT.—Not later than December 31,
18 2012, the Secretary shall submit (and update as
19 necessary in subsequent years) to the Committee on
20 Agriculture of the House of Representatives and the
21 Committee on Agriculture, Nutrition, and Forestry
22 of the Senate a report—

23 “(A) detailing the amount of technical as-
24 sistance funds requested and apportioned in

1 each program specified in subsection (a) during
2 the preceding fiscal year; and

3 “(B) any other data relating to this provi-
4 sion that would be helpful to such Commit-
5 tees.”.

6 **SEC. 2603. REGIONAL EQUITY.**

7 Section 1241 of the Food Security Act of 1985 (16
8 U.S.C. 3841) is amended by striking subsection (e) (as
9 redesignated by section 2601(b)(1)) and inserting the fol-
10 lowing:

11 “(e) REGIONAL EQUITY.—

12 “(1) EQUITABLE DISTRIBUTION.—When deter-
13 mining funding allocations each fiscal year, the Sec-
14 retary shall, after considering available funding and
15 program demand in each State, provide a distribu-
16 tion of funds for conservation programs under sub-
17 title D (excluding the conservation reserve program
18 under subchapter B of chapter 1), subtitle H (ex-
19 cluding wetland easements under section 1265C),
20 and subtitle I to ensure equitable program participa-
21 tion proportional to historical funding allocations
22 and usage by all States.

23 “(2) MINIMUM PERCENTAGE.—In determining
24 the specific funding allocations under paragraph (1),
25 the Secretary shall—

1 “(A) ensure that during the first quarter
2 of each fiscal year each State has the oppor-
3 tunity to establish that the State can use an ag-
4 gregate allocation amount of at least 0.6 per-
5 cent of the funds made available for those con-
6 servation programs; and

7 “(B) for each State that can so establish,
8 provide an aggregate amount of at least 0.6
9 percent of the funds made available for those
10 conservation programs.”.

11 **SEC. 2604. RESERVATION OF FUNDS TO PROVIDE ASSIST-**
12 **ANCE TO CERTAIN FARMERS OR RANCHERS**
13 **FOR CONSERVATION ACCESS.**

14 Subsection (h) of section 1241 of the Food Security
15 Act of 1985 (16 U.S.C. 3841) (as redesignated by section
16 2601(b)(1)) is amended—

17 (1) in paragraph (1) by striking “2012” and in-
18 serting “2017”; and

19 (2) by adding at the end the following:

20 “(4) PREFERENCE.—In providing assistance
21 under paragraph (1), the Secretary shall give pref-
22 erence to a veteran farmer or rancher (as defined in
23 section 2501(e) of the Food, Agriculture, Conserva-
24 tion, and Trade Act of 1990 (7 U.S.C. 2279(e)))

1 that qualifies under subparagraph (A) or (B) of
2 paragraph (1).”.

3 **SEC. 2605. ANNUAL REPORT ON PROGRAM ENROLLMENTS**
4 **AND ASSISTANCE.**

5 Subsection (i) of section 1241 of the Food Security
6 Act of 1985 (16 U.S.C. 3841) (as redesignated by section
7 2601(b)(1)) is amended—

8 (1) in paragraph (1), by striking “wetlands re-
9 serve program” and inserting “agricultural conserva-
10 tion easement program”;

11 (2) by striking paragraphs (2) and (3) and re-
12 designating paragraphs (4), (5), and (6) as para-
13 graphs (2), (3), and (4), respectively;

14 (3) in paragraph (3) (as so redesignated)—

15 (A) by striking “agricultural water en-
16 hancement program” and inserting “regional
17 conservation partnership program”; and

18 (B) by striking “section 1240I(g)” and in-
19 serting “section 1271C(e)(3)”; and

20 (4) by adding at the end the following:

21 “(5) Payments made under the conservation
22 stewardship program.

23 “(6) Waivers granted by the Secretary under
24 section 1265B(b)(2)(C).”.

1 **SEC. 2606. ADMINISTRATIVE REQUIREMENTS FOR CON-**
2 **SERVATION PROGRAMS.**

3 Section 1244 of the Food Security Act of 1985 (16
4 U.S.C. 3844) is amended—

5 (1) in subsection (a)(2), by adding at the end
6 the following:

7 “(E) Veteran farmers or ranchers (as de-
8 fined in section 2501(e) of the Food, Agri-
9 culture, Conservation, and Trade Act of 1990
10 (7 U.S.C. 2279(e)).”;

11 (2) in subsection (d), by inserting “, H, and I”
12 before the period at the end;

13 (3) in subsection (f)—

14 (A) in paragraph (1)(B), by striking
15 “country” and inserting “county”; and

16 (B) in paragraph (3), by striking “sub-
17 section (c)(2)(B) or (f)(4)” and inserting “sub-
18 section (c)(2)(A)(ii) or (f)(2)”;

19 (4) by striking subsection (i) and inserting the
20 following:

21 “(i) CONSERVATION APPLICATION PROCESS.—

22 “(1) INITIAL APPLICATION.—

23 “(A) IN GENERAL.—Not later than 1 year
24 after the date of enactment of this subsection,
25 the Secretary shall establish a single, simplified
26 application for eligible entities to use in initially

1 requesting assistance under any conservation
2 program administered by the Secretary (re-
3 ferred to in this subsection as the ‘initial appli-
4 cation’).

5 “(B) REQUIREMENTS.—To the maximum
6 extent practicable, the Secretary shall ensure
7 that—

8 “(i) a conservation program applicant
9 is not required to provide information that
10 is duplicative of information or resources
11 already available to the Secretary for that
12 applicant and the specific operation of the
13 applicant; and

14 “(ii) the initial application process is
15 streamlined to minimize complexity and re-
16 dundancy.

17 “(2) REVIEW OF APPLICATION PROCESS.—

18 “(A) IN GENERAL.—Not later than 1 year
19 after the date of enactment of this subsection,
20 the Secretary shall review the application proc-
21 ess for each conservation program administered
22 by the Secretary, including the forms and proc-
23 esses used to receive assistance requests from
24 eligible program participants.

1 “(B) REQUIREMENTS.—In carrying out
2 the review, the Secretary shall determine what
3 information the participant is required to sub-
4 mit during the application process, including—

5 “(i) identification information for the
6 applicant;

7 “(ii) identification and location infor-
8 mation for the land parcel or tract of con-
9 cern;

10 “(iii) a general statement of the need
11 or resource concern of the applicant for the
12 land parcel or tract; and

13 “(iv) the minimum amount of other
14 information the Secretary considers to be
15 essential for the applicant to provide per-
16 sonally.

17 “(3) REVISION AND STREAMLINE.—

18 “(A) IN GENERAL.—Not later than 1 year
19 after the date of enactment of this subsection,
20 the Secretary shall carry out a revision of the
21 application forms and processes for each con-
22 servation program administered by the Sec-
23 retary to enable use of information technology
24 to incorporate appropriate data and information
25 concerning the conservation needs and solutions

1 appropriate for the land area identified by the
2 applicant.

3 “(B) GOAL.—The goal of the revision shall
4 be to streamline the application process to mini-
5 mize the burden placed on applicants.

6 “(4) CONSERVATION PROGRAM APPLICATION.—

7 “(A) IN GENERAL.—Once the needs of an
8 applicant have been adequately assessed by the
9 Secretary, or a third party provider under sec-
10 tion 1242, based on the initial application, in
11 order to determine the 1 or more programs
12 under this title that best match the needs of the
13 applicant, with the approval of the applicant,
14 the Secretary may convert the initial application
15 into the specific application for assistance for
16 the relevant conservation program.

17 “(B) SECRETARIAL BURDEN.—To the
18 maximum extent practicable, the Secretary
19 shall—

20 “(i) complete the specific application
21 for conservation program assistance for
22 each applicant; and

23 “(ii) request only that specific further
24 information from the applicant that is not
25 already available to the Secretary.

1 “(5) IMPLEMENTATION AND NOTIFICATION.—
2 Not later than 1 year after the date of enactment
3 of this subsection, the Secretary shall submit to the
4 Committee on Agriculture of the House of Rep-
5 resentatives and the Committee on Agriculture, Nu-
6 trition, and Forestry of the Senate written notifica-
7 tion that the Secretary has fulfilled the requirements
8 of this subsection.”; and

9 (5) by adding at the end the following:

10 “(j) IMPROVED ADMINISTRATIVE EFFICIENCY AND
11 EFFECTIVENESS.—In administering a conservation pro-
12 gram under this title, the Secretary shall, to the maximum
13 extent practicable—

14 “(1) seek to reduce administrative burdens and
15 costs to producers by streamlining conservation
16 planning and program resources; and

17 “(2) take advantage of new technologies to en-
18 hance efficiency and effectiveness.

19 “(k) RELATION TO OTHER PAYMENTS.—Any pay-
20 ment received by an owner or operator under this title,
21 including an easement payment or rental payment, shall
22 be in addition to, and not affect, the total amount of pay-
23 ments that the owner or operator is otherwise eligible to
24 receive under any of the following:

25 “(1) This Act.

1 “(2) The Agricultural Act of 1949 (7 U.S.C.
2 1421 et seq.).

3 “(3) The Agriculture Reform, Food, and Jobs
4 Act of 2012.

5 “(4) Any law that succeeds a law specified in
6 paragraph (1), (2), or (3).

7 “(1) FUNDING FOR INDIAN TRIBES.—In carrying out
8 the conservation stewardship program under subchapter
9 B of chapter 2 of subtitle D and the environmental quality
10 incentives program under chapter 4 of subtitle D, the Sec-
11 retary may enter into alternative funding arrangements
12 with Indian tribes if the Secretary determines that the
13 goals and objectives of the programs will be met by such
14 arrangements, and that statutory limitations regarding
15 contracts with individual producers will not be exceeded
16 by any Tribal member.”.

17 **SEC. 2607. RULEMAKING AUTHORITY.**

18 Subtitle E of title XII of the Food Security Act of
19 1985 (16 U.S.C. 3841 et seq.) is amended by adding at
20 the end the following:

21 **“SEC. 1246. REGULATIONS.**

22 “(a) IN GENERAL.—The Secretary shall promulgate
23 such regulations as are necessary to implement programs
24 under this title, including such regulations as the Sec-
25 retary determines to be necessary to ensure a fair and rea-

1 sonable application of the limitations established under
2 section 1244(f).

3 “(b) RULEMAKING PROCEDURE.—The promulgation
4 of regulations and administration of programs under this
5 title—

6 “(1) shall be carried out without regard to—

7 “(A) the Statement of Policy of the Sec-
8 retary effective July 24, 1971 (36 Fed. Reg.
9 13804), relating to notices of proposed rule-
10 making and public participation in rulemaking;
11 and

12 “(B) chapter 35 of title 44, United States
13 Code (commonly known as the Paperwork Re-
14 duction Act); and

15 “(2) shall be made as an interim rule effective
16 on publication with an opportunity for notice and
17 comment.

18 “(c) CONGRESSIONAL REVIEW OF AGENCY RULE-
19 MAKING.—In promulgating regulations under this section,
20 the Secretary shall use the authority provided under sec-
21 tion 808 of title 5, United States Code.”.

22 **SEC. 2608. STANDARDS FOR STATE TECHNICAL COMMIT-**
23 **TEES.**

24 Section 1261(b) of the Food Security Act of 1985
25 (16 U.S.C. 3861(b)) is amended by striking “Not later

1 than 180 days after the date of enactment of the Food,
2 Conservation, and Energy Act of 2008, the Secretary shall
3 develop” and inserting “The Secretary shall review and
4 update as necessary”.

5 **Subtitle H—Repeal of Superseded**
6 **Program Authorities and Tran-**
7 **sitional Provisions**

8 **SEC. 2701. COMPREHENSIVE CONSERVATION ENHANCE-**
9 **MENT PROGRAM.**

10 Section 1230 of the Food Security Act of 1985 (16
11 U.S.C. 3830) is repealed.

12 **SEC. 2702. EMERGENCY FORESTRY CONSERVATION RE-**
13 **SERVE PROGRAM.**

14 (a) **REPEAL.**—Section 1231A of the Food Security
15 Act of 1985 (16 U.S.C. 3831a) is repealed.

16 (b) **TRANSITIONAL PROVISIONS.**—

17 (1) **EFFECT ON EXISTING CONTRACTS.**—The
18 amendment made by this section shall not affect the
19 validity or terms of any contract entered into by the
20 Secretary of Agriculture under section 1231A of the
21 Food Security Act of 1985 (16 U.S.C. 3831a) before
22 October 1, 2012, or any payments required to be
23 made in connection with the contract.

24 (2) **FUNDING.**—The Secretary may use funds
25 made available to carry out the conservation reserve

1 program under subchapter B of chapter 1 of subtitle
2 D of title XII of the Food Security Act of 1985 (16
3 U.S.C. 3831 et seq.) to continue to carry out con-
4 tracts referred to in paragraph (1) using the provi-
5 sions of law and regulation applicable to such con-
6 tracts as in existence on September 30, 2012.

7 (c) EFFECTIVE DATE.—The amendment made by
8 this section shall take effect on October 1, 2012.

9 **SEC. 2703. WETLANDS RESERVE PROGRAM.**

10 (a) REPEAL.—Subchapter C of chapter 1 of subtitle
11 D of title XII of the Food Security Act of 1985 (16 U.S.C.
12 3837 et seq.) is repealed.

13 (b) TRANSITIONAL PROVISIONS.—

14 (1) EFFECT ON EXISTING CONTRACTS AND
15 EASEMENTS.—The amendment made by this section
16 shall not affect the validity or terms of any contract
17 or easement entered into by the Secretary of Agri-
18 culture under subchapter C of chapter 1 of subtitle
19 D of title XII of the Food Security Act of 1985 (16
20 U.S.C. 3837 et seq.) before October 1, 2012, or any
21 payments required to be made in connection with the
22 contract or easement.

23 (2) FUNDING.—

24 (A) USE OF PRIOR YEAR FUNDS.—Not-
25 withstanding the repeal of subchapter C of

1 chapter 1 of subtitle D of title XII of the Food
2 Security Act of 1985 (16 U.S.C. 3837 et seq.),
3 any funds made available from the Commodity
4 Credit Corporation to carry out the wetlands
5 reserve program under that subchapter for fis-
6 cal years 2009 through 2012 shall be made
7 available to carry out contracts or easements
8 referred to in paragraph (1) that were entered
9 into prior to October 1, 2012 (including the
10 provision of technical assistance), provided that
11 no such contract or easement is modified so as
12 to increase the amount of the payment received.

13 (B) OTHER.—The Secretary may use
14 funds made available to carry out the agricul-
15 tural conservation easement program under
16 subtitle H of title XII of the Food Security Act
17 of 1985, as added by section 2301 of this Act,
18 to continue to carry out contracts and ease-
19 ments referred to in paragraph (1) using the
20 provisions of law and regulation applicable to
21 such contracts and easements as in existence on
22 September 30, 2012.

23 (c) EFFECTIVE DATE.—The amendment made by
24 this section shall take effect on October 1, 2012.

1 **SEC. 2704. FARMLAND PROTECTION PROGRAM AND FARM**
2 **VIABILITY PROGRAM.**

3 (a) REPEAL.—Subchapter C of chapter 2 of subtitle
4 D of title XII of the Food Security Act of 1985 (16 U.S.C.
5 3838h et seq.) is repealed.

6 (b) TRANSITIONAL PROVISIONS.—

7 (1) EFFECT ON EXISTING AGREEMENTS AND
8 EASEMENTS.—The amendment made by this section
9 shall not affect the validity or terms of any agree-
10 ment or easement entered into by the Secretary of
11 Agriculture under subchapter C of chapter 2 of sub-
12 title D of title XII of the Food Security Act of 1985
13 (16 U.S.C. 3838h et seq.) before October 1, 2012,
14 or any payments required to be made in connection
15 with the agreement or easement.

16 (2) FUNDING.—

17 (A) USE OF PRIOR YEAR FUNDS.—Not-
18 withstanding the repeal of subchapter C of
19 chapter 2 of subtitle D of title XII of the Food
20 Security Act of 1985 (16 U.S.C. 3838h et seq.),
21 any funds made available from the Commodity
22 Credit Corporation to carry out the farmland
23 protection program under that subchapter for
24 fiscal years 2009 through 2012 shall be made
25 available to carry out agreements and ease-
26 ments referred to in paragraph (1) that were

1 entered into prior to October 1, 2012 (including
2 the provision of technical assistance).

3 (B) OTHER.—On exhaustion of funds
4 made available under subparagraph (A), the
5 Secretary may use funds made available to
6 carry out the agricultural conservation ease-
7 ment program under subtitle H of title XII of
8 the Food Security Act of 1985, as added by
9 section 2301 of this Act, to continue to carry
10 out agreements and easements referred to in
11 paragraph (1) using the provisions of law and
12 regulation applicable to such agreements and
13 easement as in existence on September 30,
14 2012.

15 (c) EFFECTIVE DATE.—The amendment made by
16 this section shall take effect on October 1, 2012.

17 **SEC. 2705. GRASSLAND RESERVE PROGRAM.**

18 (a) REPEAL.—Subchapter D of chapter 2 of subtitle
19 D of title XII of the Food Security Act of 1985 (16 U.S.C.
20 3838n et seq.) is repealed.

21 (b) TRANSITIONAL PROVISIONS.—

22 (1) EFFECT ON EXISTING CONTRACTS, AGREE-
23 MENTS, AND EASEMENTS.—The amendment made
24 by this section shall not affect the validity or terms
25 of any contract, agreement, or easement entered into

1 by the Secretary of Agriculture under subchapter D
2 of chapter 2 of subtitle D of title XII of the Food
3 Security Act of 1985 (16 U.S.C. 3838n et seq.) be-
4 fore October 1, 2012, or any payments required to
5 be made in connection with the contract, agreement,
6 or easement.

7 (2) FUNDING.—

8 (A) USE OF PRIOR YEAR FUNDS.—Not-
9 withstanding the repeal of subchapter D of
10 chapter 2 of subtitle D of title XII of the Food
11 Security Act of 1985 (16 U.S.C. 3838n et seq.),
12 any funds made available from the Commodity
13 Credit Corporation to carry out the grassland
14 reserve program under that subchapter for fis-
15 cal years 2009 through 2012 shall be made
16 available to carry out contracts, agreements, or
17 easements referred to in paragraph (1) that
18 were entered into prior to October 1, 2012 (in-
19 cluding the provision of technical assistance),
20 provided that no such contract, agreement, or
21 easement is modified so as to increase the
22 amount of the payment received.

23 (B) OTHER.—The Secretary may use
24 funds made available to carry out the agricul-
25 tural conservation easement program under

1 subtitle H of title XII of the Food Security Act
2 of 1985, as added by section 2301 of this Act,
3 to continue to carry out contracts, agreements,
4 and easements referred to in paragraph (1)
5 using the provisions of law and regulation appli-
6 cable to such contracts, agreements, and ease-
7 ments as in existence on September 30, 2012.

8 (c) EFFECTIVE DATE.—The amendment made by
9 this section shall take effect on October 1, 2012.

10 **SEC. 2706. AGRICULTURAL WATER ENHANCEMENT PRO-**
11 **GRAM.**

12 (a) REPEAL.—Section 1240I of the Food Security
13 Act of 1985 (16 U.S.C. 3839aa–9) is repealed.

14 (b) TRANSITIONAL PROVISIONS.—

15 (1) EFFECT ON EXISTING CONTRACTS AND
16 AGREEMENTS.—The amendment made by this sec-
17 tion shall not affect the validity or terms of any con-
18 tract or agreement entered into by the Secretary of
19 Agriculture under section 1240I of the Food Secu-
20 rity Act of 1985 (16 U.S.C. 3839aa–9) before Octo-
21 ber 1, 2012, or any payments required to be made
22 in connection with the contract or agreement.

23 (2) FUNDING.—

24 (A) USE OF PRIOR YEAR FUNDS.—Not-
25 withstanding the repeal of section 1240I of the

1 Food Security Act of 1985 (16 U.S.C. 3839aa–
2 9), any funds made available from the Com-
3 modity Credit Corporation to carry out the ag-
4 ricultural water enhancement program under
5 that section for fiscal years 2009 through 2012
6 shall be made available to carry out contracts
7 and agreements referred to in paragraph (1)
8 that were entered into prior to October 1, 2012
9 (including the provision of technical assistance).

10 (B) OTHER.—On exhaustion of funds
11 made available under subparagraph (A), the
12 Secretary may use funds made available to
13 carry out the regional conservation partnerships
14 program under subtitle I of title XII of the
15 Food Security Act of 1985, as added by section
16 2401 of this Act, to continue to carry out con-
17 tracts and agreements referred to in paragraph
18 (1) using the provisions of law and regulation
19 applicable to such contracts and agreements as
20 in existence on September 30, 2012.

21 (c) EFFECTIVE DATE.—The amendment made by
22 this section shall take effect on October 1, 2012.

23 **SEC. 2707. WILDLIFE HABITAT INCENTIVE PROGRAM.**

24 (a) REPEAL.—Section 1240N of the Food Security
25 Act of 1985 (16 U.S.C. 3839bb–1) is repealed.

1 (b) TRANSITIONAL PROVISIONS.—

2 (1) EFFECT ON EXISTING CONTRACTS.—The
3 amendment made by this section shall not affect the
4 validity or terms of any contract entered into by the
5 Secretary of Agriculture under section 1240N of the
6 Food Security Act of 1985 (16 U.S.C. 3839bb-1)
7 before October 1, 2012, or any payments required to
8 be made in connection with the contract.

9 (2) FUNDING.—

10 (A) USE OF PRIOR YEAR FUNDS.—Not-
11 withstanding the repeal of section 1240N of the
12 Food Security Act of 1985 (16 U.S.C. 3839bb-
13 1), any funds made available from the Com-
14 modity Credit Corporation to carry out the
15 wildlife habitat incentive program under that
16 section for fiscal years 2009 through 2012 shall
17 be made available to carry out contracts re-
18 ferred to in paragraph (1) which were entered
19 into prior to October 1, 2012 (including the
20 provision of technical assistance).

21 (B) OTHER.—On exhaustion of funds
22 made available under subparagraph (A), the
23 Secretary may use funds made available to
24 carry out the environmental quality incentives
25 program under chapter 4 of subtitle D of title

1 XII of the Food Security Act of 1985 (16
2 U.S.C. 3839aa et seq.) to continue to carry out
3 contracts referred to in paragraph (1) using the
4 provisions of law and regulation applicable to
5 such contracts as in existence on September 30,
6 2012.

7 (c) EFFECTIVE DATE.—The amendment made by
8 this section shall take effect on October 1, 2012.

9 **SEC. 2708. GREAT LAKES BASIN PROGRAM.**

10 (a) REPEAL.—Section 1240P of the Food Security
11 Act of 1985 (16 U.S.C. 3839bb–3) is repealed.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall take effect on October 1, 2012.

14 **SEC. 2709. CHESAPEAKE BAY WATERSHED PROGRAM.**

15 (a) REPEAL.—Section 1240Q of the Food Security
16 Act of 1985 (16 U.S.C. 3839bb–4) is repealed.

17 (b) TRANSITIONAL PROVISIONS.—

18 (1) EFFECT ON EXISTING CONTRACTS, AGREE-
19 MENTS, AND EASEMENTS.—The amendment made
20 by this section shall not affect the validity or terms
21 of any contract, agreement, or easement entered into
22 by the Secretary of Agriculture under section 1240Q
23 of the Food Security Act of 1985 (16 U.S.C.
24 3839bb–4) before October 1, 2012, or any payments

1 required to be made in connection with the contract,
2 agreement, or easement.

3 (2) FUNDING.—

4 (A) USE OF PRIOR YEAR FUNDS.—Not-
5 withstanding the repeal of section 1240Q of the
6 Food Security Act of 1985 (16 U.S.C. 3839bb-
7 4), any funds made available from the Com-
8 modity Credit Corporation to carry out the
9 Chesapeake Bay watershed program under that
10 section for fiscal years 2009 through 2012 shall
11 be made available to carry out contracts, agree-
12 ments, and easements referred to in paragraph
13 (1) that were entered into prior to October 1,
14 2012 (including the provision of technical as-
15 sistance).

16 (B) OTHER.—The Secretary may use
17 funds made available to carry out the regional
18 conservation partnerships program under sub-
19 title I of title XII of the Food Security Act of
20 1985, as added by section 2401 of this Act, to
21 continue to carry out contracts, agreements,
22 and easements referred to in paragraph (1)
23 using the provisions of law and regulation appli-
24 cable to such contracts, agreements, and ease-
25 ments as in existence on September 30, 2012.

1 (c) EFFECTIVE DATE.—The amendment made by
2 this section shall take effect on October 1, 2012.

3 **SEC. 2710. COOPERATIVE CONSERVATION PARTNERSHIP**
4 **INITIATIVE.**

5 (a) REPEAL.—Section 1243 of the Food Security Act
6 of 1985 (16 U.S.C. 3843) is repealed.

7 (b) TRANSITIONAL PROVISIONS.—

8 (1) EFFECT ON EXISTING CONTRACTS AND
9 AGREEMENTS.—The amendment made by this sec-
10 tion shall not affect the validity or terms of any con-
11 tract or agreement entered into by the Secretary of
12 Agriculture under section 1243 of the Food Security
13 Act of 1985 (16 U.S.C. 3843) before October 1,
14 2012, or any payments required to be made in con-
15 nection with the contract or agreement.

16 (2) FUNDING.—

17 (A) USE OF PRIOR YEAR FUNDS.—Not-
18 withstanding the repeal of section 1243 of the
19 Food Security Act of 1985 (16 U.S.C. 3843),
20 any funds made available from the Commodity
21 Credit Corporation to carry out the cooperative
22 conservation partnership initiative under that
23 section for fiscal years 2009 through 2012 shall
24 be made available to carry out contracts and
25 agreements referred to in paragraph (1) that

1 were entered into prior to October 1, 2012 (in-
2 cluding the provision of technical assistance).

3 (B) OTHER.—On exhaustion of funds
4 made available under subparagraph (A), the
5 Secretary may use funds made available to
6 carry out the regional conservation partnerships
7 program under subtitle I of title XII of the
8 Food Security Act of 1985, as added by section
9 2401 of this Act, to continue to carry out con-
10 tracts and agreements referred to in paragraph
11 (1) using the provisions of law and regulation
12 applicable to such contracts and agreements as
13 in existence on September 30, 2012.

14 (c) EFFECTIVE DATE.—The amendment made by
15 this section shall take effect on October 1, 2012.

16 **SEC. 2711. ENVIRONMENTAL EASEMENT PROGRAM.**

17 Chapter 3 of subtitle D of title XII of the Food Secu-
18 rity Act of 1985 (16 U.S.C. 3839 et seq.) is repealed.

19 **SEC. 2712. TECHNICAL AMENDMENTS.**

20 (a) Section 1201(a) of the Food Security Act of 1985
21 (16 U.S.C. 3801(a)) is amended in the matter preceding
22 paragraph (1) by striking “E” and inserting “I”.

23 (b) Section 1211(a) of the Food Security Act of 1985
24 (16 U.S.C. 3811(a)) is amended by striking “predomi-
25 nate” each place it appears and inserting “predominant”.

1 (c) Section 1242(i) of the Food Security Act of
2 1985(16 U.S.C. 3842(i)) is amended in the subsection
3 heading by striking “SPECIALITY” and inserting “SPE-
4 CIALTY”.

5 **TITLE III—TRADE**

6 **Subtitle A—Food for Peace Act**

7 **SEC. 3001. SET-ASIDE FOR SUPPORT FOR ORGANIZATIONS**
8 **THROUGH WHICH NONEMERGENCY ASSIST-**
9 **ANCE IS PROVIDED.**

10 Effective October 1, 2012, section 202(e)(1) of the
11 Food for Peace Act (7 U.S.C. 1722(e)(1)) is amended—

12 (1) in the matter preceding subparagraph (A),
13 by striking “13 percent” and inserting “15 per-
14 cent”; and

15 (2) in subparagraph (A), by striking “new” and
16 inserting “and enhancing”.

17 **SEC. 3002. FOOD AID QUALITY.**

18 Section 202(h) of the Food for Peace Act (7 U.S.C.
19 1722(h)) is amended—

20 (1) by striking paragraph (1) and inserting the
21 following:

22 “(1) IN GENERAL.—The Administrator shall
23 use funds made available for fiscal year 2013 and
24 subsequent fiscal years to carry out this title—

1 “(A) to assess the types and quality of ag-
2 ricultural commodities and products donated for
3 food aid;

4 “(B) to adjust products and formulations,
5 including potential introduction of new
6 fortificants and products, as necessary to cost-
7 effectively meet nutrient needs of target popu-
8 lations;

9 “(C) to test prototypes;

10 “(D) to adopt new specifications or im-
11 prove existing specifications for micronutrient
12 fortified food aid products, based on the latest
13 developments in food and nutrition science, and
14 in coordination with other international part-
15 ners;

16 “(E) to develop new program guidance to
17 facilitate improved matching of products to pur-
18 poses having nutritional intent, in coordination
19 with other international partners;

20 “(F) to develop improved guidance for im-
21 plementing partners on how to address nutri-
22 tional deficiencies that emerge among recipients
23 for whom food assistance is the sole source of
24 diet in emergency programs that extend beyond

1 1 year, in coordination with other international
2 partners; and

3 “(G) to evaluate, in appropriate settings
4 and as necessary, the performance and cost-ef-
5 fectiveness of new or modified specialized food
6 products and program approaches designed to
7 meet the nutritional needs of the most vulner-
8 able groups, such as pregnant and lactating
9 mothers, and children under the age of 5.”; and

10 (2) in paragraph (3), by striking “2011” and
11 inserting “2017”.

12 **SEC. 3003. MINIMUM LEVELS OF ASSISTANCE.**

13 Section 204(a) of the Food for Peace Act (7 U.S.C.
14 1724(a)) is amended—

15 (1) in paragraph (1), by striking “2012” and
16 inserting “2017”; and

17 (2) in paragraph (2), by striking “2012” and
18 inserting “2017”.

19 **SEC. 3004. REAUTHORIZATION OF FOOD AID CONSULT-**
20 **ATIVE GROUP.**

21 Section 205(f) of the Food for Peace Act (7 U.S.C.
22 1725(f)) is amended by striking “2012” and inserting
23 “2017”.

1 **SEC. 3005. OVERSIGHT, MONITORING, AND EVALUATION OF**
2 **FOOD FOR PEACE ACT PROGRAMS.**

3 Section 207(f) of the Food for Peace Act (7 U.S.C.
4 1726a(f)) is amended—

5 (1) by striking paragraph (4) and redesignating
6 paragraphs (5) and (6) as paragraphs (4) and (5),
7 respectively; and

8 (2) in subparagraph (A) of paragraph (5) (as
9 so redesignated)—

10 (A) by striking “2012” and inserting
11 “2017”; and

12 (B) by striking “during fiscal year 2009”
13 and inserting “during the period of fiscal years
14 2013 through 2017”.

15 **SEC. 3006. ASSISTANCE FOR STOCKPILING AND RAPID**
16 **TRANSPORTATION, DELIVERY, AND DIS-**
17 **TRIBUTION OF SHELF-STABLE PRE-**
18 **PACKAGED FOODS.**

19 Section 208(f) of the Food for Peace Act (7 U.S.C.
20 1726b(f)) is amended by striking “2012” and inserting
21 “2017”.

22 **SEC. 3007. LIMITATION ON TOTAL VOLUME OF COMMOD-**
23 **ITIES MONETIZED.**

24 Section 403 of the Food for Peace Act (7 U.S.C.
25 1733) is amended by adding at the end the following:

1 “(m) LIMITATION ON MONETIZATION OF COMMOD-
2 ITIES.—

3 “(1) LIMITATION.—

4 “(A) IN GENERAL.—Unless the Adminis-
5 trator grants a waiver under paragraph (2), no
6 commodity may be made available under this
7 Act unless the rate of return for the commodity
8 (as determined under subparagraph (B)) is at
9 least 70 percent.

10 “(B) RATE OF RETURN.—For purposes of
11 subparagraph (A), the rate of return shall be
12 equal to the proportion that—

13 “(i) the proceeds the implementing
14 partners generate through monetization;
15 bears to

16 “(ii) the cost to the Federal Govern-
17 ment to procure and ship the commodities
18 to a recipient country for monetization.

19 “(2) WAIVER AUTHORITY.—The Administrator
20 may waive the application of the limitation in para-
21 graph (1) with regard to a commodity for a recipient
22 country if the Administrator determines that it is
23 necessary to achieve the purposes of this Act in the
24 recipient country.

1 “(3) REPORT.—Not later than 90 days after a
2 waiver is granted under paragraph (2), the Adminis-
3 trator shall prepare, publish in the Federal Register,
4 and submit to the Committees on Foreign Affairs,
5 Agriculture, and Appropriations of the House of
6 Representatives, and the Committees on Appropria-
7 tions, Foreign Relations, and Agriculture, Nutrition,
8 and Forestry of the Senate a report that—

9 “(A) contains the reasons for granting the
10 waiver and the actual rate of return for the
11 commodity; and

12 “(B) includes for the commodity the costs
13 of bagging or further processing, ocean trans-
14 portation, inland transportation in the recipient
15 country, storage costs, and any other informa-
16 tion that the Administrator determines to be
17 necessary.”.

18 **SEC. 3008. FLEXIBILITY.**

19 Section 406 of the Food for Peace Act (7 U.S.C.
20 1736) is amended—

21 (1) by redesignating subsections (c) and (d) as
22 subsection (d) and (e), respectively; and

23 (2) by inserting after subsection (b) the fol-
24 lowing:

1 acquired under this Act and section 3107 of the Farm
2 Security and Rural Investment Act of 2002 (7 U.S.C.
3 1736 o-1) may be used to pay for the testing of those
4 agricultural products.”.

5 **SEC. 3010. DEADLINE FOR AGREEMENTS TO FINANCE**
6 **SALES OR TO PROVIDE OTHER ASSISTANCE.**

7 Section 408 of the Food for Peace Act (7 U.S.C.
8 1736b) is amended by striking “2012” and inserting
9 “2017”.

10 **SEC. 3011. MINIMUM LEVEL OF NONEMERGENCY FOOD AS-**
11 **SISTANCE.**

12 Section 412 of the Food for Peace Act (7 U.S.C.
13 1736f) is amended by striking subsection (e) and inserting
14 the following:

15 “(e) **MINIMUM LEVEL OF NONEMERGENCY FOOD AS-**
16 **SISTANCE.**—

17 “(1) **IN GENERAL.**—Subject to paragraph (2),
18 of the amounts made available to carry out emer-
19 gency and nonemergency food assistance programs
20 under title II, not less than 15 percent nor more
21 than 30 percent for each of fiscal years 2013
22 through 2017 shall be expended for nonemergency
23 food assistance programs under title II.

24 “(2) **MINIMUM LEVEL.**—The amount made
25 available to carry out nonemergency food assistance

1 programs under title II shall not be less than
2 \$275,000,000 for any fiscal year.”.

3 **SEC. 3012. COORDINATION OF FOREIGN ASSISTANCE PRO-**
4 **GRAMS REPORT.**

5 Section 413 of the Food for Peace Act (7 U.S.C.
6 1736(g)) is amended—

- 7 (1) by striking “(a) IN GENERAL.—To the
8 maximum” and inserting “To the maximum”; and
9 (2) by striking subsection (b).

10 **SEC. 3013. MICRONUTRIENT FORTIFICATION PROGRAMS.**

11 (a) ELIMINATION OF OBSOLETE REFERENCE TO
12 STUDY.—Section 415(a)(2)(B) of the Food for Peace Act
13 (7 U.S.C. 1736g–2(a)(2)(B)) is amended by striking “,
14 using recommendations” and all that follows through
15 “quality enhancements”.

16 (b) EXTENSION.—Section 415(c) of the Food for
17 Peace Act (7 U.S.C. 1736g–2(c)) is amended by striking
18 “2012” and inserting “2017”.

19 **SEC. 3014. JOHN OGWONSKI AND DOUG BEREUTER FARM-**
20 **ER-TO-FARMER PROGRAM.**

21 Section 501 of the Food for Peace Act (7 U.S.C.
22 1737) is amended—

- 23 (1) in subsection (d)—
24 (A) by striking “0.5 percent” and inserting
25 “0.6 percent”; and

1 (B) by striking “2012” and inserting
2 “2017”; and
3 (2) in subsection (e)(1), by striking “2012” and
4 inserting “2017”.

5 **Subtitle B—Agricultural Trade Act** 6 **of 1978**

7 **SEC. 3101. EXPORT CREDIT GUARANTEE PROGRAMS.**

8 Section 211 of the Agricultural Trade Act of 1978
9 (7 U.S.C. 5641) is amended by striking subsection (b) and
10 inserting the following:

11 “(b) EXPORT CREDIT GUARANTEE PROGRAMS.—The
12 Commodity Credit Corporation shall make available for
13 each of fiscal years 2013 through 2017 credit guarantees
14 under section 202(a) in an amount equal to not more than
15 \$4,500,000,000 in credit guarantees.”

16 **SEC. 3102. FUNDING FOR MARKET ACCESS PROGRAM.**

17 Section 211(c)(1)(A) of the Agricultural Trade Act
18 of 1978 (7 U.S.C. 5641(c)(1)(A)) is amended by striking
19 “2012” and inserting “2017”.

20 **SEC. 3103. FOREIGN MARKET DEVELOPMENT COOPERATOR** 21 **PROGRAM.**

22 Section 703(a) of the Agricultural Trade Act of 1978
23 (7 U.S.C. 5723(a)) is amended by striking “2012” and
24 inserting “2017”.

1 **Subtitle C—Other Agricultural**
2 **Trade Laws**

3 **SEC. 3201. FOOD FOR PROGRESS ACT OF 1985.**

4 (a) **EXTENSION.**—The Food for Progress Act of 1985
5 (7 U.S.C. 1736o) is amended—

6 (1) in subsection (f)(3), by striking “2012” and
7 inserting “2017”;

8 (2) in subsection (g), by striking “2012” and
9 inserting “2017”;

10 (3) in subsection (k), by striking “2012” and
11 inserting “2017”; and

12 (4) in subsection (l)(1), by striking “2012” and
13 inserting “2017”.

14 (b) **REPEAL OF COMPLETED PROJECT.**—Subsection
15 (f) of the Food for Progress Act of 1985 (7 U.S.C. 1736o)
16 is amended by striking paragraph (6).

17 (c) **FLEXIBILITY.**—The Food for Progress Act of
18 1985 (7 U.S.C. 1736o) is amended in subsection (l) by
19 adding at the end the following:

20 “(5) **FLEXIBILITY.**—Notwithstanding any other
21 provision of law and as necessary to achieve the pur-
22 poses of this Act, funds available under this Act may
23 be used to pay the costs of up to 20 percent of ac-
24 tivities conducted in recipient countries by nonprofit

1 voluntary organizations, cooperatives, or intergovern-
2 mental agencies or organizations.”.

3 (d) LIMITATION ON TOTAL VOLUME OF COMMOD-
4 ITIES MONETIZED.—The Food for Progress Act of 1985
5 (7 U.S.C. 1736o) is amended by adding at the end the
6 following:

7 “(p) LIMITATION ON MONETIZATION OF COMMOD-
8 ITIES.—

9 “(1) LIMITATION.—

10 “(A) IN GENERAL.—Unless the Secretary
11 grants a waiver under paragraph (2), no eligible
12 commodity may be made available under this
13 section unless the rate of return for the eligible
14 commodity (as determined under subparagraph
15 (B)) is at least 70 percent.

16 “(B) RATE OF RETURN.—For purposes of
17 subparagraph (A), the rate of return shall be
18 equal to the proportion that—

19 “(i) the proceeds the implementing
20 partners generate through monetization;
21 bears to

22 “(ii) the cost to the Federal Govern-
23 ment to procure and ship the eligible com-
24 modities to a recipient country for mone-
25 tization.

1 “(2) WAIVER AUTHORITY.—The Secretary may
2 waive the application of the limitation in paragraph
3 (1) with regard to an eligible commodity for a recipi-
4 ent country if the Secretary determines that it is
5 necessary to achieve the purposes of this Act in the
6 recipient country.

7 “(3) REPORT.—Not later than 90 days after a
8 waiver is granted under paragraph (2), the Sec-
9 retary shall prepare, publish in the Federal Register,
10 and submit to the Committees on Foreign Affairs,
11 Agriculture, and Appropriations of the House of
12 Representatives, and the Committees on Appropria-
13 tions, Foreign Relations, and Agriculture, Nutrition,
14 and Forestry of the Senate a report that—

15 “(A) contains the reasons for granting the
16 waiver and the actual rate of return for the eli-
17 gible commodity; and

18 “(B) includes for the commodity the costs
19 of bagging or further processing, ocean trans-
20 portation, inland transportation in the recipient
21 country, storage costs, and any other informa-
22 tion that the Secretary determines to be nec-
23 essary.”.

1 **SEC. 3202. BILL EMERSON HUMANITARIAN TRUST.**

2 Section 302 of the Bill Emerson Humanitarian Trust
3 Act (7 U.S.C. 1736f–1) is amended—

4 (1) in subsection (b)(2)(B)(i), by striking
5 “2012” both places it appears and inserting “2017”;
6 and

7 (2) in subsection (h), by striking “2012” both
8 places it appears and inserting “2017”.

9 **SEC. 3203. PROMOTION OF AGRICULTURAL EXPORTS TO**
10 **EMERGING MARKETS.**

11 (a) DIRECT CREDITS OR EXPORT CREDIT GUARAN-
12 TEES.—Section 1542(a) of the Food, Agriculture, Con-
13 servation, and Trade Act of 1990 (Public Law 101–624;
14 7 U.S.C. 5622 note) is amended by striking “2012” and
15 inserting “2017”.

16 (b) DEVELOPMENT OF AGRICULTURAL SYSTEMS.—
17 Section 1542(d)(1)(A)(i) of the Food, Agriculture, Con-
18 servation, and Trade Act of 1990 (Public Law 101–624;
19 7 U.S.C. 5622 note) is amended by striking “2012” and
20 inserting “2017”.

21 **SEC. 3204. MCGOVERN-DOLE INTERNATIONAL FOOD FOR**
22 **EDUCATION AND CHILD NUTRITION PRO-**
23 **GRAM.**

24 (a) REAUTHORIZATION.—Section 3107(l)(2) of the
25 Farm Security and Rural Investment Act of 2002 (7

1 U.S.C. 1736o–1(l)(2)) is amended by striking “2012” and
2 inserting “2017”.

3 (b) TECHNICAL CORRECTION.—Section 3107(d) of
4 the Farm Security and Rural Investment Act of 2002 (7
5 U.S.C. 1736o–1(d)) is amended by striking “to” in the
6 matter preceding paragraph (1).

7 **SEC. 3205. TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.**

8 (a) PURPOSE.—Section 3205(b) of the Farm Secu-
9 rity and Rural Investment Act of 2002 (7 U.S.C. 5680(b))
10 is amended by striking “related barriers to trade” and in-
11 serting “technical barriers to trade”.

12 (b) FUNDING.—Section 3205(e)(2) of the Farm Se-
13 curity and Rural Investment Act of 2002 (7 U.S.C.
14 5680(e)(2)) is amended—

15 (1) by inserting “and” at the end of subpara-
16 graph (C); and

17 (2) by striking subparagraphs (D) and (E) and
18 inserting the following new subparagraph:

19 “(D) \$9,000,000 for each of fiscal years
20 2011 through 2017.”.

21 **SEC. 3206. GLOBAL CROP DIVERSITY TRUST.**

22 Section 3202(c) of the Food, Conservation, and En-
23 ergy Act of 2008 (Public Law 110–246; 22 U.S.C. 2220a
24 note) is amended by striking “2008 through 2012” and
25 inserting “2013 through 2017”.

1 **SEC. 3207. LOCAL AND REGIONAL FOOD AID PROCURE-**
2 **MENT PROJECTS.**

3 Section 3206 of the Food, Conservation, and Energy
4 Act of 2008 (7 U.S.C. 1726e) is amended—

5 (1) in subsection (b)—

6 (A) by striking “(b) STUDY; FIELD-BASED
7 PROJECTS.—” and all that follows through “(2)
8 FIELD-BASED PROJECTS.—” and inserting the
9 following:

10 “(b) FIELD-BASED PROJECTS.—”;

11 (B) by redesignating subparagraphs (A)
12 and (B) as paragraphs (1) and (2), respectively,
13 and indenting appropriately;

14 (C) in paragraph (1) (as so redesignated),
15 by striking “subparagraph (B)” and inserting
16 “paragraph (2)”; and

17 (D) in paragraph (2) (as so redesignated),
18 by striking “subparagraph (A)” and inserting
19 “paragraph (1)”;

20 (2) in subsection (c)(1), by striking “subsection
21 (b)(2)” and inserting “subsection (b)”;

22 (3) by striking subsections (d), (f), and (g);

23 (4) by redesignating subsection (e) as sub-
24 section (d);

25 (5) in subsection (d) (as so redesignated)—

26 (A) in paragraph (2)—

1 (i) by striking subparagraph (B); and
2 (ii) in subparagraph (A)—

3 (I) by striking “(A) APPLICA-
4 TION.—” and all that follows through
5 “To be eligible” in clause (i) and in-
6 serting the following:

7 “(A) IN GENERAL.—To be eligible”;

8 (II) by redesignating clause (ii)
9 as subparagraph (B) and indenting
10 appropriately; and

11 (III) in subparagraph (B) (as so
12 redesignated), by striking “clause (i)”
13 and inserting “subparagraph (A)”;
14 and

15 (B) by striking paragraph (4); and

16 (6) by adding at the end the following:

17 “(e) FUNDING.—

18 “(1) AUTHORIZATION OF APPROPRIATIONS.—

19 There is authorized to be appropriated to carry out
20 this section \$40,000,000 for each of fiscal years
21 2013 through 2017.

22 “(2) PREFERENCE.—In carrying out this sec-
23 tion, the Secretary may give a preference to eligible
24 organizations that have, or are working toward,
25 projects under the McGovern-Dole International

1 Food for Education and Child Nutrition Program
2 established under section 3107 of the Farm Security
3 and Rural Investment Act of 2002 (7 U.S.C. 1736o-
4 1).

5 “(3) REPORTING.—Each year, the Secretary
6 shall submit to the appropriate committees of Con-
7 gress a report that describes the use of funds under
8 this section, including—

9 “(A) the impact of procurements and
10 projects on—

11 “(i) local and regional agricultural
12 producers; and

13 “(ii) markets and consumers, includ-
14 ing low-income consumers; and

15 “(B) implementation time frames and
16 costs.”.

17 **SEC. 3208. DONALD PAYNE HORN OF AFRICA FOOD RESIL-**
18 **IENCE PROGRAM.**

19 (a) DEFINITIONS.—In this section:

20 (1) ADMINISTRATOR.—The term “Adminis-
21 trator” means the Administrator of the Agency for
22 International Development.

23 (2) APPROPRIATE COMMITTEES OF CON-
24 GRESS.—The term “appropriate committees of Con-
25 gress” means—

1 (A) the Committee on Agriculture, Nutri-
2 tion, and Forestry of the Senate;

3 (B) the Committee on Agriculture of the
4 House of Representatives;

5 (C) the Committee on Foreign Relations of
6 the Senate; and

7 (D) the Committee on Foreign Affairs of
8 the House of Representatives.

9 (3) ELIGIBLE ORGANIZATION.—The term “eligi-
10 ble organization” means an organization that is—

11 (A) a private voluntary organization or co-
12 operative that is, to the extent practicable, reg-
13 istered with the Administrator; or

14 (B) an intergovernmental organization,
15 such as the World Food Program.

16 (4) HORN OF AFRICA.—The term “Horn of Af-
17 rica” means the countries of—

18 (A) Ethiopia;

19 (B) Somalia;

20 (C) Kenya;

21 (D) Djibouti;

22 (E) Eritrea;

23 (F) South Sudan;

24 (G) Uganda; and

1 (H) such other countries as the Adminis-
2 trator determines to be appropriate after pro-
3 viding notification to the appropriate commit-
4 tees of Congress.

5 (5) RESILIENCE.—The term “resilience”
6 means—

7 (A) the capacity to mitigate the negative
8 impacts of crises (including natural disasters,
9 conflicts, and economic shocks) in order to re-
10 duce loss of life and depletion of productive as-
11 sets;

12 (B) the capacity to respond effectively to
13 crises, ensuring basic needs are met in a way
14 that is integrated with long-term development
15 efforts; and

16 (C) the capacity to recover and rebuild
17 after crises so that future shocks can be ab-
18 sorbed with less need for ongoing external as-
19 sistance.

20 (b) PURPOSE.—The purpose of this section is to es-
21 tablish a pilot program to effectively integrate all United
22 States-funded emergency and long-term development ac-
23 tivities that aim to improve food security in the Horn of
24 Africa, building resilience so as—

25 (1) to reduce the impacts of future crises;

1 (2) to enhance local capacity for emergency re-
2 sponse;

3 (3) to enhance sustainability of long-term devel-
4 opment programs targeting poor and vulnerable
5 households; and

6 (4) to reduce the need for repeated costly emer-
7 gency operations.

8 (c) STUDY.—

9 (1) IN GENERAL.—Not later than 30 days after
10 the date of enactment of this Act, the Administrator
11 shall initiate a study of prior programs to support
12 resilience in the Horn of Africa conducted by—

13 (A) other donor countries;

14 (B) private voluntary organizations;

15 (C) the World Food Program of the
16 United Nations; and

17 (D) multilateral institutions, including the
18 World Bank.

19 (2) REQUIREMENTS.—The study shall—

20 (A) include all programs implemented
21 through the Agency for International Develop-
22 ment, the Department of Agriculture, the De-
23 partment of Treasury, the Millennium Chal-
24 lenge Corporation, the Peace Corps, and other
25 relevant Federal agencies;

1 (B) evaluate how well the programs de-
2 scribed in subparagraph (A) work together to
3 complement each other and leverage impacts
4 across programs;

5 (C) include recommendations for how full
6 integration of efforts can be achieved; and

7 (D) evaluate the degree to which country-
8 led development plans support programs that
9 increase resilience, including review of the in-
10 vestments by each country in nutrition and
11 safety nets.

12 (3) REPORT.—Not later than 180 days after
13 the date of enactment of this Act, the Administrator
14 shall submit to the appropriate committees of Con-
15 gress a report containing the results of the study.

16 (d) FIELD-BASED PROJECT GRANTS OR COOPERA-
17 TIVE AGREEMENTS.—

18 (1) IN GENERAL.—The Administrator shall—

19 (A) provide grants to, or enter into cooper-
20 ative agreements with, eligible organizations to
21 carry out field-based projects that build resil-
22 ience in the Horn of Africa in accordance with
23 this section; and

24 (B) develop a project approval process to
25 ensure full integration of efforts.

1 (2) REQUIREMENTS OF ELIGIBLE ORGANIZA-
2 TIONS.—

3 (A) APPLICATION.—To be eligible to re-
4 ceive a grant from, or enter into a cooperative
5 agreement with, the Administrator under this
6 subsection, an eligible organization shall submit
7 to the Administrator an application by such
8 date, in such manner, and containing such in-
9 formation as the Administrator may require.

10 (B) COMPLETION REQUIREMENT.—To be
11 eligible to receive a grant from, or enter into a
12 cooperative agreement with, the Administrator
13 under this subsection, an eligible organization
14 shall agree—

15 (i) to collect, not later than September
16 30, 2016, data containing the information
17 required under subsection (f)(2) relating to
18 the field-based project funded through the
19 grant or cooperative agreement; and

20 (ii) to provide to the Administrator
21 the data collected under clause (i).

22 (3) REQUIREMENTS OF ADMINISTRATOR.—

23 (A) PROJECT DIVERSITY.—

24 (i) IN GENERAL.—Subject to clause

25 (ii) and subparagraph (B), in selecting

1 proposals for field-based projects to fund
2 under this section, the Administrator shall
3 select a diversity of projects, including
4 projects located in—

5 (I) areas most prone to repeated
6 crises;

7 (II) areas with effective existing
8 resilience programs that can be
9 scaled; and

10 (III) areas in all countries of the
11 Horn of Africa.

12 (ii) PRIORITY.—In selecting proposals
13 for field-based projects under clause (i),
14 the Administrator shall ensure that the se-
15 lected proposals are for field-based projects
16 that—

17 (I) effectively integrate emer-
18 gency and long-term development pro-
19 grams to improve sustainability;

20 (II) demonstrate the potential to
21 reduce the need for future emergency
22 assistance; and

23 (III) build targeted productive
24 safety nets, in coordination with host
25 country governments, through food

1 for work, cash for work, and other
2 proven program methodologies.

3 (B) AVAILABILITY.—The Administrator
4 shall not award a grant or cooperative agree-
5 ment or approve a field-based project under this
6 subsection until the date on which the Adminis-
7 trator promulgates regulations or issues guide-
8 lines under subsection (e).

9 (e) REGULATIONS; GUIDELINES.—

10 (1) IN GENERAL.—Not later than 180 days
11 after the date of completion of the study under sub-
12 section (c), the Administrator shall promulgate regu-
13 lations or issue guidelines to carry out field-based
14 projects under this section.

15 (2) REQUIREMENTS.—In promulgating regula-
16 tions or issuing guidelines under paragraph (1), the
17 Administrator shall—

18 (A) take into consideration the results of
19 the study described in subsection (c); and

20 (B) provide an opportunity for public re-
21 view and comment.

22 (f) REPORT.—

23 (1) IN GENERAL.—Not later than November 1,
24 2016, the Administrator shall submit to the appro-
25 priate committees of Congress a report that—

1 (A) addresses each factor described in
2 paragraph (2); and

3 (B) is conducted in accordance with this
4 section.

5 (2) REQUIRED FACTORS.—The report shall in-
6 clude baseline and end-of-project data that meas-
7 ures—

8 (A) the prevalence of moderate and severe
9 hunger so as to provide an accurate accounting
10 of project impact on household access to and
11 consumption of food during every month of the
12 year prior to data collection;

13 (B) household ownership of and access to
14 productive assets, including at a minimum land,
15 livestock, homes, equipment, and other mate-
16 rials assets needed for income generation;

17 (C) household incomes, including informal
18 sources of employment; and

19 (D) the productive assets of women using
20 the Women's Empowerment in Agriculture
21 Index.

22 (3) PUBLIC ACCESS TO RECORDS AND RE-
23 PORTS.—Not later than 90 days after the date on
24 which the report is submitted under paragraph (1),

1 the Administrator shall provide public access to the
2 report.

3 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
4 authorized to be appropriated to carry out this section
5 \$10,000,000 for each of fiscal years 2013 through 2017.

6 **SEC. 3209. AGRICULTURAL TRADE ENHANCEMENT STUDY.**

7 (a) DEFINITION OF AGRICULTURE COMMITTEES AND
8 SUBCOMMITTEES.—In this section, the term “agriculture
9 committees and subcommittees” means—

10 (1) the Committee on Agriculture of the House
11 of Representatives;

12 (2) the Committee on Agriculture, Nutrition,
13 and Forestry of the Senate; and

14 (3) the subcommittees on agriculture, rural de-
15 velopment, food and drug administration, and re-
16 lated agencies of the Committees on Appropriations
17 of the House of Representatives and the Senate.

18 (b) DEVELOPMENT.—The Secretary, in consultation
19 with the agriculture committees and subcommittees, shall
20 develop a study that takes into consideration a reorganiza-
21 tion of international trade functions for imports and ex-
22 ports at the Department of Agriculture.

23 (c) IMPLEMENTATION.—In implementing the study
24 under this section, the Secretary—

1 (1) in recognition of the importance of agricul-
2 tural exports to the farm economy and the economy
3 as a whole, may include a recommendation for the
4 establishment of an Under Secretary for Trade and
5 Foreign Agricultural Affairs;

6 (2) may take into consideration how the Under
7 Secretary described in paragraph (1) would serve as
8 a multiagency coordinator of sanitary and
9 phytosanitary issues and nontariff trade barriers in
10 agriculture with respect to imports and exports of
11 agricultural products; and

12 (3) shall take into consideration all implications
13 of a reorganization described in subsection (b) on
14 domestic programs and operations of the Depart-
15 ment of Agriculture.

16 (d) REPORT.—Not later than 180 days after the date
17 of enactment of this Act, the Secretary shall submit to
18 the agriculture committees and subcommittees a report
19 describing the results of the study under this section.

1 **TITLE IV—NUTRITION**
2 **Subtitle A—Supplemental**
3 **Nutrition Assistance Program**

4 **SEC. 4001. FOOD DISTRIBUTION PROGRAM ON INDIAN RES-**
5 **ERVATIONS.**

6 Section 4(b)(6)(F) of the Food and Nutrition Act of
7 2008 (7 U.S.C. 2013(b)(6)(F)) is amended by striking
8 “2012” and inserting “2017”.

9 **SEC. 4002. STANDARD UTILITY ALLOWANCES BASED ON**
10 **THE RECEIPT OF ENERGY ASSISTANCE PAY-**
11 **MENTS.**

12 (a) STANDARD UTILITY ALLOWANCES IN THE SUP-
13 PLEMENTAL NUTRITION ASSISTANCE PROGRAM.—Section
14 5(e)(6)(C) of the Food and Nutrition Act of 2008 (7
15 U.S.C. 2014(e)(6)(C)) is amended—

16 (1) in clause (i), by inserting “, subject to
17 clause (iv)” after “Secretary”; and

18 (2) in clause (iv)(I), by striking “the household
19 still incurs” and all that follows through the end of
20 the subclause and inserting “the payment received
21 by, or made on behalf of, the household exceeds \$10
22 or a higher amount annually, as determined by the
23 Secretary.”.

24 (b) CONFORMING AMENDMENT.—Section
25 2605(f)(2)(A) of the Low-Income Home Energy Assist-

1 ance Act of 1981 (42 U.S.C. 8624(f)(2)(A)) is amended
2 by inserting before the semicolon at the end “, except that,
3 for purposes of the supplemental nutrition assistance pro-
4 gram established under the Food and Nutrition Act of
5 2008 (7 U.S.C. 2011 et seq.), such payments or allow-
6 ances exceed \$10 or a higher amount annually, as deter-
7 mined by the Secretary of Agriculture in accordance with
8 section 5(e)(6)(C)(iv)(I) of that Act (7 U.S.C.
9 2014(e)(6)(C)(iv)(I))”.

10 (c) EFFECTIVE AND IMPLEMENTATION DATE.—

11 (1) IN GENERAL.—Except as provided in para-
12 graph (2), this section and the amendments made by
13 this section shall take effect beginning on October 1,
14 2013, for all certification periods beginning after
15 that date.

16 (2) STATE OPTION TO DELAY IMPLEMENTATION
17 FOR CURRENT RECIPIENTS.—A State may, at the
18 option of the State, implement a policy that elimi-
19 nates or minimizes the effect of the amendments
20 made by this section for households that receive a
21 standard utility allowance as of the date of enact-
22 ment of this Act for not more than a 180-day period
23 beginning on the date on which the amendments
24 made by this section would otherwise affect the ben-
25 efits received by a household.

1 **SEC. 4003. ELIGIBILITY DISQUALIFICATIONS.**

2 Section 6(e)(3)(B) of Food and Nutrition Act of
3 2008 (7 U.S.C. 2015(e)(3)(B)) is amended by striking
4 “section” and inserting the following: “section, subject to
5 the condition that the course or program of study—

6 “(i) is part of a program of career
7 and technical education (as defined in sec-
8 tion 3 of the Carl D. Perkins Career and
9 Technical Education Act of 2006 (20
10 U.S.C. 2302)) that may be completed in
11 not more than 4 years at an institution of
12 higher education (as defined in section 102
13 of the Higher Education Act of 1965 (20
14 U.S.C. 1002)); or

15 “(ii) is limited to remedial courses,
16 basic adult education, literacy, or English
17 as a second language;”.

18 **SEC. 4004. ENDING SUPPLEMENTAL NUTRITION ASSIST-**
19 **ANCE PROGRAM BENEFITS FOR LOTTERY OR**
20 **GAMBLING WINNERS.**

21 (a) IN GENERAL.—Section 6 of the Food and Nutri-
22 tion Act of 2008 (7 U.S.C. 2015) is amended by adding
23 at the end the following:

24 “(r) INELIGIBILITY FOR BENEFITS DUE TO RECEIPT
25 OF SUBSTANTIAL LOTTERY OR GAMBLING WINNINGS.—

1 “(1) IN GENERAL.—Any household in which a
2 member receives substantial lottery or gambling
3 winnings, as determined by the Secretary, shall lose
4 eligibility for benefits immediately upon receipt of
5 the winnings.

6 “(2) DURATION OF INELIGIBILITY.—A house-
7 hold described in paragraph (1) shall remain ineli-
8 gible for participation until the household meets the
9 allowable financial resources and income eligibility
10 requirements under subsections (c), (d), (e), (f), (g),
11 (i), (k), (l), (m), and (n) of section 5.

12 “(3) AGREEMENTS.—As determined by the Sec-
13 retary, each State agency, to the maximum extent
14 practicable, shall establish agreements with entities
15 responsible for the regulation or sponsorship of gam-
16 ing in the State to determine whether individuals
17 participating in the supplemental nutrition assist-
18 ance program have received substantial lottery or
19 gambling winnings.”.

20 (b) CONFORMING AMENDMENTS.—Section 5(a) of
21 the Food and Nutrition Act of 2008 (7 U.S.C. 2014(a))
22 is amended in the second sentence by striking “sections
23 6(b), 6(d)(2), and 6(g)” and inserting “subsections (b),
24 (d)(2), (g), and (r) of section 6”.

1 **SEC. 4005. RETAIL FOOD STORES.**

2 (a) DEFINITION OF RETAIL FOOD STORE.—Sub-
3 section (o)(1)(A) of section 3 of the Food and Nutrition
4 Act of 2008 (7 U.S.C. 2012) (as redesignated by section
5 4016(a)(4)) is amended by striking “at least 2” and in-
6 serting “at least 3”.

7 (b) ALTERNATIVE BENEFIT DELIVERY.—Section
8 7(f) of the Food and Nutrition Act of 2008 (7 U.S.C.
9 2016(f)) is amended—

10 (1) by striking paragraph (2) and inserting the
11 following:

12 “(2) IMPOSITION OF COSTS.—

13 “(A) IN GENERAL.—Except as provided in
14 subparagraph (B), the Secretary shall require
15 participating retail food stores (including res-
16 taurants participating in a State option res-
17 taurant program intended to serve the elderly,
18 disabled, and homeless) to pay 100 percent of
19 the costs of acquiring, and arrange for the im-
20 plementation of, electronic benefit transfer
21 point-of-sale equipment and supplies, including
22 related services.

23 “(B) EXEMPTIONS.—The Secretary may
24 exempt from subparagraph (A)—

25 “(i) farmers’ markets, military com-
26 missaries, nonprofit food buying coopera-

1 tives, and establishments, organizations,
2 programs, or group living arrangements
3 described in paragraphs (5), (7), and (8)
4 of section 3(k); and

5 “(ii) establishments described in para-
6 graphs (3), (4), and (9) of section 3(k),
7 other than restaurants participating in a
8 State option restaurant program.”; and

9 (2) by adding at the end the following:

10 “(4) TERMINATION OF MANUAL VOUCHERS.—

11 “(A) IN GENERAL.—Effective beginning on
12 the date of enactment of this paragraph, except
13 as provided in subparagraph (B), no State shall
14 issue manual vouchers to a household that re-
15 ceives supplemental nutrition assistance under
16 this Act or allow retail food stores to accept
17 manual vouchers as payment, unless the Sec-
18 retary determines that the manual vouchers are
19 necessary, such as in the event of an electronic
20 benefit transfer system failure or a disaster sit-
21 uation.

22 “(B) EXEMPTIONS.—The Secretary may
23 exempt categories of retail food stores or indi-
24 vidual retail food stores from subparagraph (A)
25 based on criteria established by the Secretary.

1 “(5) UNIQUE IDENTIFICATION NUMBER RE-
2 QUIRED.—The Secretary shall require all parties
3 providing electronic benefit transfer services to pro-
4 vide for and maintain unique terminal identification
5 number information through the supplemental nutri-
6 tion assistance program electronic benefit transfer
7 transaction routing system.”.

8 (c) ELECTRONIC BENEFIT TRANSFERS.—Section
9 7(h)(3)(B) of the Food and Nutrition Act of 2008 (7
10 U.S.C. 2016(h)(3)(B)) is amended by striking “is oper-
11 ational—” and all that follows through “(ii) in the case
12 of other participating stores,” and inserting “is oper-
13 ational”.

14 (d) APPROVAL OF RETAIL FOOD STORES AND
15 WHOLESALE FOOD CONCERNS.—Section 9 of the Food
16 and Nutrition Act of 2008 (7 U.S.C. 2018) is amended—

17 (1) in subsection (a)—

18 (A) in the second sentence of paragraph
19 (a)(1), by striking “; and (C)” and inserting “;
20 (C) whether the applicant is located in an area
21 with significantly limited access to food; and
22 (D)”;

23 (2) by adding at the end the following:

24 “(4) RETAIL FOOD STORES WITH SIGNIFICANT
25 SALES OF EXCEPTED ITEMS.—

1 “(A) IN GENERAL.—No retail food store
2 for which at least 45 percent of the total sales
3 of the retail food store is from the sale of ex-
4 cepted items described in section 3(k)(1) may
5 be authorized to accept and redeem benefits un-
6 less the Secretary determines that the partici-
7 pation of the retail food store is required for
8 the effective and efficient operation of the sup-
9 plemental nutrition assistance program.

10 “(B) APPLICATION.—Subparagraph (A)
11 shall be effective—

12 “(i) in the case of retail food stores
13 applying to be authorized for the first
14 time, beginning on the date that is 1 year
15 after the date of enactment of this para-
16 graph; and

17 “(ii) in the case of retail food stores
18 participating in the program on the date of
19 enactment of this paragraph, during peri-
20 odic reauthorization in accordance with
21 paragraph (2)(A).”; and

22 (3) by adding at the end the following:

23 “(g) EBT SERVICE REQUIREMENT.—An approved
24 retail food store shall provide adequate EBT service as
25 described in section 7(h)(3)(B).”.

1 **SEC. 4006. IMPROVING SECURITY OF FOOD ASSISTANCE.**

2 Section 7(h)(8) of the Food and Nutrition Act of
3 2008 (7 U.S.C. 2016(h)(8)) is amended—

4 (1) by striking the paragraph heading and in-
5 serting “REPLACEMENT OF CARDS.—”;

6 (2) by striking “A State” and inserting the fol-
7 lowing:

8 “(A) FEES.—A State”; and

9 (3) by adding after subparagraph (A) (as so
10 designated by paragraph (2)) the following:

11 “(B) PURPOSEFUL LOSS OF CARDS.—

12 “(i) IN GENERAL.—Subject to terms
13 and conditions established by the Secretary
14 in accordance with clause (ii), if a house-
15 hold makes excessive requests for replace-
16 ment of the electronic benefit transfer card
17 of the household, the Secretary may re-
18 quire a State agency to decline to issue a
19 replacement card to the household unless
20 the household, upon request of the State
21 agency, provides an explanation for the
22 loss of the card.

23 “(ii) REQUIREMENTS.—The terms
24 and conditions established by the Secretary
25 shall provide that—

1 “(I) the household be given the
2 opportunity to provide the requested
3 explanation and meet the require-
4 ments under this paragraph promptly;

5 “(II) after an excessive number
6 of lost cards, the head of the house-
7 hold shall be required to review pro-
8 gram rights and responsibilities with
9 State agency personnel authorized to
10 make determinations under section
11 5(a); and

12 “(III) any action taken, including
13 actions required under section
14 6(b)(2), other than the withholding of
15 the electronic benefit transfer card
16 until an explanation described in sub-
17 clause (I) is provided, shall be con-
18 sistent with the due process protec-
19 tions under section 6(b) or 11(e)(10),
20 as appropriate.

21 “(C) PROTECTING VULNERABLE PER-
22 SONS.—In implementing this paragraph, a
23 State agency shall act to protect homeless per-
24 sons, persons with disabilities, victims of
25 crimes, and other vulnerable persons who lose

1 electronic benefit transfer cards but are not in-
2 tentiously committing fraud.

3 “(D) EFFECT ON ELIGIBILITY.—While a
4 State may decline to issue an electronic benefits
5 transfer card until a household satisfies the re-
6 quirements under this paragraph, nothing in
7 this paragraph shall be considered a denial of,
8 or limitation on, the eligibility for benefits
9 under section 5.”.

10 **SEC. 4007. TECHNOLOGY MODERNIZATION FOR RETAIL**
11 **FOOD STORES.**

12 (a) MOBILE TECHNOLOGIES.—Section 7(h) of the
13 Food and Nutrition Act of 2008 (7 U.S.C. 2016(h)) (as
14 amended by section 4016(e)) is amended by adding at the
15 end the following:

16 “(14) MOBILE TECHNOLOGIES.—

17 “(A) IN GENERAL.—Subject to subpara-
18 graph (B), the Secretary shall approve retail
19 food stores to redeem benefits through elec-
20 tronic means other than wired point of sale de-
21 vices for electronic benefit transfer transactions,
22 if the retail food stores—

23 “(i) establish recipient protections re-
24 garding privacy, ease of use, access, and

1 support similar to the protections provided
2 for transactions made in retail food stores;

3 “(ii) bear the costs of obtaining, in-
4 stalling, and maintaining mobile tech-
5 nologies, including mechanisms needed to
6 process EBT cards and transaction fees;

7 “(iii) demonstrate the foods purchased
8 with benefits issued under this section
9 through mobile technologies are purchased
10 at a price not higher than the price of the
11 same food purchased by other methods
12 used by the retail food store, as determined
13 by the Secretary;

14 “(iv) provide adequate documentation
15 for each authorized transaction, as deter-
16 mined by the Secretary; and

17 “(v) meet other criteria as established
18 by the Secretary.

19 “(B) DEMONSTRATION PROJECT ON AC-
20 CEPTANCE OF BENEFITS OF MOBILE TRANS-
21 ACTIONS.—

22 “(i) IN GENERAL.—Before authorizing
23 implementation of subparagraph (A) in all
24 States, the Secretary shall pilot the use of
25 mobile technologies determined by the Sec-

1 retary to be appropriate to test the feasi-
2 bility and implications for program integ-
3 rity, by allowing retail food stores to accept
4 benefits from recipients of supplemental
5 nutrition assistance through mobile trans-
6 actions.

7 “(ii) DEMONSTRATION PROJECTS.—

8 To be eligible to participate in a dem-
9 onstration project under clause (i), a retail
10 food store shall submit to the Secretary for
11 approval a plan that includes—

12 “(I) a description of the tech-
13 nology;

14 “(II) the manner by which the
15 retail food store will provide proof of
16 the transaction to households;

17 “(III) the provision of data to
18 the Secretary, consistent with require-
19 ments established by the Secretary, in
20 a manner that allows the Secretary to
21 evaluate the impact of the demonstra-
22 tion on participant access, ease of use,
23 and program integrity; and

24 “(IV) such other criteria as the
25 Secretary may require.

1 “(iii) DATE OF COMPLETION.—The
2 demonstration projects under this subpara-
3 graph shall be completed and final reports
4 submitted to the Secretary by not later
5 than July 1, 2015.

6 “(C) REPORT TO CONGRESS.—The Sec-
7 retary shall—

8 “(i) by not later than January 1,
9 2016, authorize implementation of sub-
10 paragraph (A) in all States, unless the
11 Secretary makes a finding, based on the
12 data provided under subparagraph (B),
13 that implementation in all States is not in
14 the best interest of the supplemental nutri-
15 tion assistance program; and

16 “(ii) if the determination made in
17 clause (i) is not to implement subpara-
18 graph (A) in all States, submit a report to
19 the Committee on Agriculture of the House
20 of Representatives and the Committee on
21 Agriculture, Nutrition, and Forestry of the
22 Senate that includes the basis of the find-
23 ing.”.

24 (b) ACCEPTANCE OF BENEFITS THROUGH ON-LINE
25 TRANSACTIONS.—

1 (1) IN GENERAL.—Section 7 of the Food and
2 Nutrition Act of 2008 (7 U.S.C. 2016) is amended
3 by adding at the end the following:

4 “(k) OPTION TO ACCEPT PROGRAM BENEFITS
5 THROUGH ON-LINE TRANSACTIONS.—

6 “(1) IN GENERAL.—Subject to paragraph (4),
7 the Secretary shall approve retail food stores to ac-
8 cept benefits from recipients of supplemental nutri-
9 tion assistance through on-line transactions.

10 “(2) REQUIREMENTS TO ACCEPT BENEFITS.—A
11 retail food store seeking to accept benefits from re-
12 cipients of supplemental nutrition assistance through
13 on-line transactions shall—

14 “(A) establish recipient protections regard-
15 ing privacy, ease of use, access, and support
16 similar to the protections provided for trans-
17 actions made in retail food stores;

18 “(B) ensure benefits are not used to pay
19 delivery, ordering, convenience, or other fees or
20 charges;

21 “(C) clearly notify participating households
22 at the time a food order is placed—

23 “(i) of any delivery, ordering, conven-
24 ience, or other fee or charge associated
25 with the food purchase; and

1 “(ii) that any such fee cannot be paid
2 with benefits provided under this Act;

3 “(D) ensure the security of on-line trans-
4 actions by using the most effective technology
5 available that the Secretary considers appro-
6 priate and cost-effective and that is comparable
7 to the security of transactions at retail food
8 stores; and

9 “(E) meet other criteria as established by
10 the Secretary.

11 “(3) STATE AGENCY ACTION.—Each State
12 agency shall ensure that recipients of supplemental
13 nutrition assistance can use benefits on-line as de-
14 scribed in this subsection as appropriate.

15 “(4) DEMONSTRATION PROJECT ON ACCEPT-
16 ANCE OF BENEFITS THROUGH ON-LINE TRANS-
17 ACTIONS.—

18 “(A) IN GENERAL.—Before the Secretary
19 authorizes implementation of paragraph (1) in
20 all States, the Secretary shall carry out a num-
21 ber of demonstration projects as determined by
22 the Secretary to test the feasibility of allowing
23 retail food stores to accept benefits through on-
24 line transactions.

1 “(B) DEMONSTRATION PROJECTS.—To be
2 eligible to participate in a demonstration project
3 under subparagraph (A), a retail food store
4 shall submit to the Secretary for approval a
5 plan that includes—

6 “(i) a method of ensuring that bene-
7 fits may be used to purchase only eligible
8 items under this Act;

9 “(ii) a description of the method of
10 educating participant households about the
11 availability and operation of on-line pur-
12 chasing;

13 “(iii) adequate testing of the on-line
14 purchasing option prior to implementation;

15 “(iv) the provision of data as re-
16 quested by the Secretary for purposes of
17 analyzing the impact of the project on par-
18 ticipant access, ease of use, and program
19 integrity;

20 “(v) reports on progress, challenges,
21 and results, as determined by the Sec-
22 retary; and

23 “(vi) such other criteria, including se-
24 curity criteria, as established by the Sec-
25 retary.

1 “(C) DATE OF COMPLETION.—The dem-
2 onstration projects under this paragraph shall
3 be completed and final reports submitted to the
4 Secretary by not later than July 1, 2015.

5 “(5) REPORT TO CONGRESS.—The Secretary
6 shall—

7 “(A) by not later than January 1, 2016,
8 authorize implementation of paragraph (1) in
9 all States, unless the Secretary makes a find-
10 ing, based on the data provided under para-
11 graph (4), that implementation in all States is
12 not in the best interest of the supplemental nu-
13 trition assistance program; and

14 “(B) if the determination made in sub-
15 paragraph (A) is not to implement in all States,
16 submit a report to the Committee on Agri-
17 culture of the House of Representatives and the
18 Committee on Agriculture, Nutrition, and For-
19 estry of the Senate that includes the basis of
20 the finding.”.

21 (2) CONFORMING AMENDMENTS.—

22 (A) Section 7(b) of the Food and Nutrition
23 Act of 2008 (7 U.S.C. 2016(b)) is amended by
24 striking “purchase food in retail food stores”

1 and inserting “purchase food from retail food
2 stores”.

3 (B) Section 10 of the Food and Nutrition
4 Act of 2008 (7 U.S.C. 2019) is amended in the
5 first sentence by inserting “retail food stores
6 authorized to accept and redeem benefits
7 through on-line transactions shall be authorized
8 to accept benefits prior to the delivery of food
9 if the delivery occurs within a reasonable time
10 of the purchase, as determined by the Sec-
11 retary,” after “food so purchased,”.

12 (c) SAVINGS CLAUSE.—Nothing in this section or an
13 amendment made by this section alter any requirements
14 of the Food and Nutrition Act of 2008 (7 U.S.C. 2011
15 et seq.) unless specifically authorized in this section or an
16 amendment made by this section.

17 **SEC. 4008. USE OF BENEFITS FOR PURCHASE OF COMMU-**
18 **NITY-SUPPORTED AGRICULTURE SHARE.**

19 Section 10 of the Food and Nutrition Act of 2008
20 (7 U.S.C. 2019) (as amended by section 4007(b)(2)(B))
21 is amended in the first sentence by inserting “agricultural
22 producers who market agricultural products directly to
23 consumers shall be authorized to redeem benefits for the
24 initial cost of the purchase of a community-supported agri-
25 culture share for an appropriate time in advance of food

1 delivery as determined by the Secretary,” after “as deter-
2 mined by the Secretary,”.

3 **SEC. 4009. RESTAURANT MEALS PROGRAM.**

4 (a) IN GENERAL.—Section 11(e) of the Food and
5 Nutrition Act of 2008 (7 U.S.C. 2020(e)) is amended—

6 (1) in paragraph (22), by striking “and” at the
7 end;

8 (2) in paragraph (23), by striking the period at
9 the end of subparagraph (C) and inserting “; and”;
10 and

11 (3) by adding at the end the following:

12 “(24) if the State elects to carry out a program
13 to contract with private establishments to offer
14 meals at concessional prices, as described in para-
15 graphs 3, 4, and 9 of section 3(k)—

16 “(A) the plans of the State agency for op-
17 erating the program, including—

18 “(i) documentation of a need that eli-
19 gible homeless, elderly, and disabled clients
20 are underserved in a particular geographic
21 area;

22 “(ii) the manner by which the State
23 agency will limit participation to only those
24 private establishments that the State de-

1 termines necessary to meet the need identi-
2 fied in clause (i); and

3 “(iii) any other conditions the Sec-
4 retary may prescribe, such as the level of
5 security necessary to ensure that only eligi-
6 ble recipients participate in the program;
7 and

8 “(B) a report by the State agency to the
9 Secretary annually, the schedule of which shall
10 be established by the Secretary, that includes—

11 “(i) the number of households and in-
12 dividual recipients authorized to partici-
13 pate in the program, including any infor-
14 mation on whether the individual recipient
15 is elderly, disabled, or homeless; and

16 “(ii) an assessment of whether the
17 program is meeting an established need, as
18 documented under subparagraph (A)(i).”.

19 (b) APPROVAL OF RETAIL FOOD STORES AND
20 WHOLESALE FOOD CONCERNS.—Section 9 of the Food
21 and Nutrition Act of 2008 (7 U.S.C. 2018) (as amended
22 by section 4005(d)(3)) is amended by adding at the end
23 the following:

24 “(h) PRIVATE ESTABLISHMENTS.—

1 “(1) IN GENERAL.—Subject to paragraph (2),
2 no private establishment that contracts with a State
3 agency to offer meals at concessional prices as de-
4 scribed in paragraphs 3, 4, and 9 of section 3(k)
5 may be authorized to accept and redeem benefits un-
6 less the Secretary determines that the participation
7 of the private establishment is required to meet a
8 documented need in accordance with section
9 11(e)(24).

10 “(2) EXISTING CONTRACTS.—

11 “(A) IN GENERAL.—If, on the day before
12 the date of enactment of this subsection, a
13 State has entered into a contract with a private
14 establishment described in paragraph (1) and
15 the Secretary has not determined that the par-
16 ticipation of the private establishment is nec-
17 essary to meet a documented need in accord-
18 ance with section 11(e)(24), the Secretary shall
19 allow the operation of the private establishment
20 to continue without that determination of need
21 for a period not to exceed 180 days from the
22 date on which the Secretary establishes deter-
23 mination criteria, by regulation, under section
24 11(e)(24).

1 “(B) JUSTIFICATION.—If the Secretary
2 makes a determination to terminate a contract
3 with a private establishment that is in effect on
4 the date of enactment of this subsection, the
5 Secretary shall provide justification to the State
6 in which the private establishment is located for
7 that termination.

8 “(3) REPORT TO CONGRESS.—Not later than
9 90 days after September 30, 2013, and 90 days
10 after the last day of each fiscal year thereafter, the
11 Secretary shall report to the Committee on Agri-
12 culture of the House of Representatives and the
13 Committee on Agriculture, Nutrition, and Forestry
14 of the Senate on the effectiveness of a program
15 under this subsection using any information received
16 from States under section 11(e)(24) as well as any
17 other information the Secretary may have relating to
18 the manner in which benefits are used.”.

19 (c) CONFORMING AMENDMENTS.—Section 3(k) of
20 the Food and Nutrition Act of 2008 (7 U.S.C. 2012(k))
21 is amended by inserting “subject to section 9(h)” after
22 “concessional prices” each place it appears.

1 **SEC. 4010. QUALITY CONTROL ERROR RATE DETERMINA-**
2 **TION.**

3 Section 16(c) of the Food and Nutrition Act of 2008
4 (7 U.S.C. 2025(c)) is amended by adding at the end the
5 following:

6 “(10) TOLERANCE LEVEL.—For the purposes
7 of this subsection, the Secretary shall set the toler-
8 ance level for excluding small errors at \$25.”.

9 **SEC. 4011. AUTHORIZATION OF APPROPRIATIONS.**

10 Section 18(a)(1) of the Food and Nutrition Act of
11 2008 (7 U.S.C. 2027(a)(1)) is amended in the first sen-
12 tence by striking “2012” and inserting “2017”.

13 **SEC. 4012. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.**

14 Section 25 of the Food and Nutrition Act of 2008
15 (7 U.S.C. 2034) is amended—

16 (1) in subsection (a)(1)(B)(ii)—

17 (A) by striking subclause (I); and

18 (B) by redesignating subclauses (II) and

19 (III) as subclauses (I) and (II), respectively;

20 and

21 (2) in subsection (b), by adding at the end the
22 following:

23 “(3) FUNDING.—

24 “(A) IN GENERAL.—Out of any funds in

25 the Treasury not otherwise appropriated, the

26 Secretary of the Treasury shall transfer to the

1 Secretary to carry out this section not less than
2 \$5,000,000 for fiscal year 2013 and each fiscal
3 year thereafter.

4 “(B) RECEIPT AND ACCEPTANCE.—The
5 Secretary shall be entitled to receive, shall ac-
6 cept, and shall use to carry out this section the
7 funds transferred under subparagraph (A),
8 without further appropriation.

9 “(C) MAINTENANCE OF FUNDING.—The
10 funding provided under subparagraph (A) shall
11 supplement (and not supplant) other Federal
12 funding made available to the Secretary to
13 carry out this section.”.

14 **SEC. 4013. EMERGENCY FOOD ASSISTANCE.**

15 (a) PURCHASE OF COMMODITIES.—Section 27(a) of
16 the Food and Nutrition Act of 2008 (7 U.S.C. 2036(a))
17 is amended—

18 (1) in paragraph (1), by striking “2008
19 through 2012” and inserting “2012 through 2017”;

20 (2) by striking paragraph (2) and inserting the
21 following:

22 “(2) AMOUNTS.—The Secretary shall use to
23 carry out paragraph (1)—

24 “(A) for fiscal year 2012, \$260,000,000;
25 and

1 “(B) for each subsequent fiscal year, the
2 dollar amount of commodities specified in sub-
3 paragraph (A) adjusted by the percentage by
4 which the thrifty food plan has been adjusted
5 under section 3(u)(4) between June 30, 2012,
6 and June 30 of the immediately preceding fiscal
7 year, and subsequently increased by—

8 “(i) for fiscal year 2013, \$28,000,000;

9 “(ii) for fiscal year 2014,
10 \$24,000,000;

11 “(iii) for fiscal year 2015,
12 \$20,000,000;

13 “(iv) for fiscal year 2016,
14 \$18,000,000; and

15 “(v) for fiscal year 2017 and each fis-
16 cal year thereafter, \$10,000,000.”; and

17 (3) by adding at the end the following:

18 “(3) FUNDS AVAILABILITY.—For purposes of
19 the funds described in this subsection, the Secretary
20 shall—

21 “(A) make the funds available for 2 fiscal
22 years; and

23 “(B) allow States to carry over unex-
24 pended balances to the next fiscal year pursu-

1 ant to such terms and conditions as are deter-
2 mined by the Secretary.”.

3 (b) EMERGENCY FOOD PROGRAM INFRASTRUCTURE
4 GRANTS.—Section 209(d) of the Emergency Food Assist-
5 ance Act of 1983 (7 U.S.C. 7511a(d)) is amended by
6 striking “2012” and inserting “2017”.

7 **SEC. 4014. NUTRITION EDUCATION.**

8 Section 28(b) of the Food and Nutrition Act of 2008
9 (7 U.S.C. 2036a(b)) is amended by inserting “and phys-
10 ical activity” after “healthy food choices”.

11 **SEC. 4015. RETAIL FOOD STORE AND RECIPIENT TRAF-**
12 **FICKING.**

13 The Food and Nutrition Act of 2008 (7 U.S.C. 2011
14 et seq.) is amended by adding at the end the following:

15 **“SEC. 29. RETAIL FOOD STORE AND RECIPIENT TRAF-**
16 **FICKING.**

17 “(a) PURPOSE.—The purpose of this section is to
18 provide the Department of Agriculture with additional re-
19 sources to prevent trafficking in violation of this Act by
20 strengthening recipient and retail food store program in-
21 tegrity.

22 “(b) USE OF FUNDS.—Additional funds are provided
23 under this section to supplement the retail food store and
24 recipient integrity activities of the Department.

25 “(c) FUNDING.—

1 “(1) IN GENERAL.—Out of any funds in the
2 Treasury not otherwise appropriated, the Secretary
3 of the Treasury shall transfer to the Secretary to
4 carry out this section not less than \$18,500,000 for
5 fiscal year 2013 and each fiscal year thereafter.

6 “(2) RECEIPT AND ACCEPTANCE.—The Sec-
7 retary shall be entitled to receive, shall accept, and
8 shall use to carry out this section the funds trans-
9 ferred under paragraph (1), without further appro-
10 priation.

11 “(3) MAINTENANCE OF FUNDING.—The fund-
12 ing provided under paragraph (1) shall supplement
13 (and not supplant) other Federal funding for pro-
14 grams carried out under this Act.”.

15 **SEC. 4016. TECHNICAL AND CONFORMING AMENDMENTS.**

16 (a) Section 3 of the Food and Nutrition Act of 2008
17 (7 U.S.C. 2012) is amended—

18 (1) in subsection (g), by striking “coupon,” and
19 inserting “coupon”;

20 (2) in subsection (k)(7), by striking “or are”
21 and inserting “and”;

22 (3) by striking subsection (l);

23 (4) by redesignating subsections (m) through
24 (t) as subsections (l) through (s), respectively; and

1 (5) by inserting after subsection (s) (as so re-
2 designated) the following:

3 “(t) ‘Supplemental nutrition assistance program’
4 means the program operated pursuant to this Act.”.

5 (b) Section 4(a) of the Food and Nutrition Act of
6 2008 (7 U.S.C. 2013(a)) is amended in the last sentence
7 by striking “benefits” and inserting “Benefits”.

8 (c) Section 5 of the Food and Nutrition Act of 2008
9 (7 U.S.C. 2014) is amended—

10 (1) in the last sentence of subsection (i)(2)(D),
11 by striking “section 13(b)(2)” and inserting “section
12 13(b)”;

13 (2) in subsection (k)(4)(A), by striking “para-
14 graph (2)(H)” and inserting “paragraph (2)(G)”.

15 (d) Section 6(d)(4) of the Food and Nutrition Act
16 of 2008 (7 U.S.C. 2015(d)(4)) is amended in subpara-
17 graphs (B)(vii) and (F)(iii) by indenting both clauses ap-
18 propriately.

19 (e) Section 7(h) of the Food and Nutrition Act of
20 2008 (7 U.S.C. 2016(h)) is amended by redesignating the
21 second paragraph (12) (relating to interchange fees) as
22 paragraph (13).

23 (f) Section 9(a) of the Food and Nutrition Act of
24 2008 (7 U.S.C. 2018(a)) is amended by indenting para-
25 graph (3) appropriately.

1 (g) Section 12 of the Food and Nutrition Act of 2008
2 (7 U.S.C. 2021) is amended—

3 (1) in subsection (b)(3)(C), by striking “civil
4 money penalties” and inserting “civil penalties”; and

5 (2) in subsection (g)(1), by striking “(7 U.S.C.
6 1786)” and inserting “(42 U.S.C. 1786)”.

7 (h) Section 15(b)(1) of the Food and Nutrition Act
8 of 2008 (7 U.S.C. 2024(b)(1)) is amended in the first sen-
9 tence by striking “an benefit” and inserting “a benefit”.

10 (i) Section 16(a) of the Food and Nutrition Act of
11 2008 (7 U.S.C. 2025(a)) is amended in the proviso fol-
12 lowing paragraph (8) by striking “as amended.”.

13 (j) Section 18(e) of the Food and Nutrition Act of
14 2008 (7 U.S.C. 2027(e)) is amended in the first sentence
15 by striking “sections 7(f)” and inserting “section 7(f)”.

16 (k) Section 22(b)(10)(B)(i) of the Food and Nutri-
17 tion Act of 2008 (7 U.S.C. 2031(b)(10)(B)(i)) is amended
18 in the last sentence by striking “Food benefits” and in-
19 serting “Benefits”.

20 (l) Section 26(f)(3)(C) of the Food and Nutrition Act
21 of 2008 (7 U.S.C. 2035(f)(3)(C)) is amended by striking
22 “subsection” and inserting “subsections”.

23 (m) Section 27(a)(1) of the Food and Nutrition Act
24 of 2008 (7 U.S.C. 2036(a)(1)) is amended by striking

1 “(Public Law 98–8; 7 U.S.C. 612c note)” and inserting
2 “(7 U.S.C. 7515)”.

3 (n) Section 509 of the Older Americans Act of 1965
4 (42 U.S.C. 3056g) is amended in the section heading by
5 striking “**FOOD STAMP PROGRAMS**” and inserting
6 “**SUPPLEMENTAL NUTRITION ASSISTANCE PRO-**
7 **GRAMS**”.

8 (o) Section 4115(c)(2)(H) of the Food, Conservation,
9 and Energy Act of 2008 (Public Law 110–246; 122 Stat.
10 1871) is amended by striking “531” and inserting “454”.

11 **Subtitle B—Commodity** 12 **Distribution Programs**

13 **SEC. 4101. COMMODITY DISTRIBUTION PROGRAM.**

14 Section 4(a) of the Agriculture and Consumer Protec-
15 tion Act of 1973 (7 U.S.C. 612c note; Public Law 93–
16 86) is amended in the first sentence by striking “2012”
17 and inserting “2017”.

18 **SEC. 4102. COMMODITY SUPPLEMENTAL FOOD PROGRAM.**

19 Section 5 of the Agriculture and Consumer Protec-
20 tion Act of 1973 (7 U.S.C. 612c note; Public Law 93–
21 86) is amended—

22 (1) in paragraphs (1) and (2)(B) of subsection
23 (a), by striking “2012” each place it appears and in-
24 serting “2017”;

1 (2) in the first sentence of subsection (d)(2), by
2 striking “2012” and inserting “2017”;

3 (3) by striking subsection (g) and inserting the
4 following:

5 “(g) ELIGIBILITY.—Except as provided in subsection
6 (m), the States shall only provide assistance under the
7 commodity supplemental food program to low-income per-
8 sons aged 60 and older.”; and

9 (4) by adding at the end the following:

10 “(m) PHASE-OUT.—Notwithstanding any other provi-
11 sion of law, an individual who receives assistance under
12 the commodity supplemental food program on the day be-
13 fore the date of enactment of this subsection shall con-
14 tinue to receive that assistance until the date on which
15 the individual is no longer eligible for assistance under the
16 eligibility requirements for the program in effect on the
17 day before the date of enactment of this subsection.”.

18 **SEC. 4103. DISTRIBUTION OF SURPLUS COMMODITIES TO**

19 **SPECIAL NUTRITION PROJECTS.**

20 Section 1114(a)(2)(A) of the Agriculture and Food
21 Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended in the
22 first sentence by striking “2012” and inserting “2017”.

1 **SEC. 4104. TECHNICAL AND CONFORMING AMENDMENTS.**

2 Section 3 of the Commodity Distribution Reform Act
3 and WIC Amendments of 1987 (7 U.S.C. 612e note; Pub-
4 lic Law 100–237) is amended—

5 (1) in subsection (a)—

6 (A) in paragraph (2), by striking subpara-
7 graph (B) and inserting the following:

8 “(B) the program established under sec-
9 tion 4(b) of the Food and Nutrition Act of
10 2008 (7 U.S.C. 2013(b));”; and

11 (B) in paragraph (3)(D), by striking “the
12 Committee on Education and Labor” and in-
13 serting “the Committee on Education and the
14 Workforce”;

15 (2) in subsection (b)(1)(A)(ii), by striking “sec-
16 tion 32 of the Agricultural Adjustment Act (7
17 U.S.C. 601 et seq.)” and inserting “section 32 of
18 the Act of August 24, 1935 (7 U.S.C. 612c)”;

19 (3) in subsection (e)(1)(D)(iii), by striking sub-
20 clause (II) and inserting the following:

21 “(II) the program established
22 under section 4(b) of the Food and
23 Nutrition Act of 2008 (7 U.S.C.
24 2013(b));”; and

1 (4) in subsection (k), by striking “the Com-
2 mittee on Education and Labor” and inserting “the
3 Committee on Education and the Workforce”.

4 **Subtitle C—Miscellaneous**

5 **SEC. 4201. PURCHASE OF FRESH FRUITS AND VEGETABLES** 6 **FOR DISTRIBUTION TO SCHOOLS AND SERV-** 7 **ICE INSTITUTIONS.**

8 Section 10603(b) of the Farm Security and Rural In-
9 vestment Act of 2002 (7 U.S.C. 612c-4(b)) is amended
10 by striking “2012” and inserting “2017”.

11 **SEC. 4202. SENIORS FARMERS’ MARKET NUTRITION PRO-** 12 **GRAM.**

13 Section 4402(a) of the Farm Security and Rural In-
14 vestment Act of 2002 (7 U.S.C. 3007(a)) is amended by
15 striking “2012” and inserting “2017”.

16 **SEC. 4203. NUTRITION INFORMATION AND AWARENESS** 17 **PILOT PROGRAM.**

18 Section 4403 of the Farm Security and Rural Invest-
19 ment Act of 2002 (7 U.S.C. 3171 note; Public Law 107-
20 171) is repealed.

21 **SEC. 4204. WHOLE GRAIN PRODUCTS.**

22 Section 4305 of the Food, Conservation, and Energy
23 Act of 2008 (42 U.S.C. 1755a) is amended—

24 (1) in subsection (a), by striking “2005” and
25 inserting “2010”;

1 (2) in subsection (d), by striking “2011” and
2 inserting “2015”;

3 (3) in subsection (e), by striking “Labor of the
4 House of Representative” and inserting “the Work-
5 force of the House of Representatives”; and

6 (4) by adding at the end the following:

7 “(f) FUNDING.—

8 “(1) IN GENERAL.—On October 1, 2013, out of
9 any funds in the Treasury not otherwise appro-
10 priated, the Secretary of the Treasury shall transfer
11 to the Secretary to carry out this section
12 \$10,000,000 for the period of fiscal years 2014
13 through 2015.

14 “(2) RECEIPT AND ACCEPTANCE.—The Sec-
15 retary shall be entitled to receive, shall accept, and
16 shall use to carry out this section the funds trans-
17 ferred under paragraph (1), without further appro-
18 priation.

19 “(3) MAINTENANCE OF FUNDING.—The fund-
20 ing provided under paragraph (1) shall supplement
21 (and not supplant) other Federal funding (including
22 funds made available under section 32 of the Act of
23 August 24, 1935 (7 U.S.C. 612c)) for programs car-
24 ried out under—

1 “(A) the Richard B. Russell National
2 School Lunch Act (42 U.S.C. 1751 et seq.), ex-
3 cept for section 19 of that Act (42 U.S.C.
4 1769a);

5 “(B) the Emergency Food Assistance Act
6 of 1983 (7 U.S.C. 7501 et seq.); and

7 “(C) section 27 of the Food and Nutrition
8 Act of 2008 (7 U.S.C. 2036).”.

9 **SEC. 4205. HUNGER-FREE COMMUNITIES.**

10 Section 4405 of the Food, Conservation, and Energy
11 Act of 2008 (7 U.S.C. 7517) is amended—

12 (1) in subsection (a)—

13 (A) by striking paragraph (1) and insert-
14 ing the following:

15 “(1) ELIGIBLE ENTITY.—

16 “(A) COLLABORATIVE GRANTS.—In sub-
17 section (b), the term ‘eligible entity’ means a
18 public food program service provider or non-
19 profit organization, including an emergency
20 feeding organization, that has collaborated or
21 will collaborate with 1 or more local partner or-
22 ganizations to achieve at least 1 hunger-free
23 communities goal.

24 “(B) INCENTIVE GRANTS.—In subsection
25 (c), the term ‘eligible entity’ means a nonprofit

1 organization (including an emergency feeding
2 organization), an agricultural cooperative, pro-
3 ducer network or association, community health
4 organization, public benefit corporation, eco-
5 nomic development corporation, farmers’ mar-
6 ket, community-supported agriculture program,
7 buying club, supplemental nutrition assistance
8 program retail food store, a State, local, or trib-
9 al agency, and any other entity the Secretary
10 designates.”;

11 (B) by adding at the end the following:

12 “(4) SUPPLEMENTAL NUTRITION ASSISTANCE
13 PROGRAM.—The term ‘supplemental nutrition assist-
14 ance program’ means the supplemental nutrition as-
15 sistance program established under the Food and
16 Nutrition Act of 2008 (7 U.S.C. 2011 et seq.).

17 “(5) UNDERSERVED COMMUNITY.—The term
18 ‘underserved community’ has the meaning given the
19 term in section 25 of the Food and Nutrition Act of
20 2008 (7 U.S.C. 2034).”;

21 (2) in subsection (b)(1)(A), by striking “not
22 more than 50 percent of any funds made available
23 under subsection (e)” and inserting “funds made
24 available under subsection (d)(1)”; and

1 (3) by striking subsections (c), (d), and (e) and
2 inserting the following:

3 “(c) HUNGER-FREE COMMUNITIES INCENTIVE
4 GRANTS.—

5 “(1) AUTHORIZATION.—

6 “(A) IN GENERAL.—In each of the years
7 specified in subsection (d), the Secretary shall
8 make grants to eligible entities in accordance
9 with paragraph (2).

10 “(B) FEDERAL SHARE.—The Federal
11 share of the cost of carrying out an activity
12 under this subsection shall not exceed 50 per-
13 cent of the total cost of the activity.

14 “(C) NON-FEDERAL SHARE.—

15 “(i) IN GENERAL.—The non-Federal
16 share of the cost of an activity under this
17 subsection may be provided—

18 “(I) in cash or in-kind contribu-
19 tions as determined by the Secretary,
20 including facilities, equipment, or
21 services; and

22 “(II) by a State or local govern-
23 ment or a private source.

24 “(ii) LIMITATION.—In the case of a
25 for-profit entity, the non-Federal share de-

1 scribed in clause (i) shall not include serv-
2 ices of an employee, including salaries paid
3 or expenses covered by the employer.

4 “(2) CRITERIA.—

5 “(A) IN GENERAL.—For purposes of this
6 subsection, an eligible entity is a governmental
7 agency or nonprofit organization that—

8 “(i) meets the application criteria set
9 forth by the Secretary; and

10 “(ii) proposes a project that, at a
11 minimum—

12 “(I) has the support of the State
13 agency;

14 “(II) would increase the purchase
15 of fruits and vegetables by low-income
16 consumers participating in the supple-
17 mental nutrition assistance program
18 by providing incentives at the point of
19 purchase;

20 “(III) agrees to participate in the
21 evaluation described in paragraph (4);

22 “(IV) ensures that the same
23 terms and conditions apply to pur-
24 chases made by individuals with bene-
25 fits issued under this Act and incen-

1 tives provided for in this subsection as
2 apply to purchases made by individ-
3 uals who are not members of house-
4 holds receiving benefits, such as pro-
5 vided for in section 278.2(b) of title 7,
6 Code of Federal Regulations (or a
7 successor regulation); and

8 “(V) includes effective and effi-
9 cient technologies for benefit redemp-
10 tion systems that may be replicated in
11 other for States and communities.

12 “(B) PRIORITY.—In awarding grants
13 under this section, the Secretary shall give pri-
14 ority to projects that—

15 “(i) maximize the share of funds used
16 for direct incentives to participants;

17 “(ii) use direct-to-consumer sales mar-
18 keting;

19 “(iii) demonstrate a track record of
20 designing and implementing successful nu-
21 trition incentive programs that connect
22 low-income consumers and agricultural
23 producers;

24 “(iv) provide locally or regionally pro-
25 duced fruits and vegetables;

1 “(v) are located in underserved com-
2 munities; or

3 “(vi) address other criteria as estab-
4 lished by the Secretary.

5 “(3) APPLICABILITY.—

6 “(A) IN GENERAL.—The value of any ben-
7 efit provided to a participant in any activity
8 funded under this subsection shall not be con-
9 sidered income or resources for any purpose
10 under any Federal, State, or local law.

11 “(B) PROHIBITION ON COLLECTION OF
12 SALES TAXES.—Each State shall ensure that no
13 State or local tax is collected on a purchase of
14 food under this subsection.

15 “(C) NO LIMITATION ON BENEFITS.—A
16 grant made available under this subsection shall
17 not be used to carry out any project that limits
18 the use of benefits under the Food and Nutri-
19 tion Act of 2008 (7 U.S.C. 2011 et seq.) or any
20 other Federal nutrition law.

21 “(D) HOUSEHOLD ALLOTMENT.—Assist-
22 ance provided under this subsection to house-
23 holds receiving benefits under the supplemental
24 nutrition assistance program shall not—

1 “(i) be considered part of the supple-
2 mental nutrition assistance program bene-
3 fits of the household; or

4 “(ii) be used in the collection or dis-
5 position of claims under section 13 of the
6 Food and Nutrition Act of 2008 (7 U.S.C.
7 2022).

8 “(4) EVALUATION.—

9 “(A) INDEPENDENT EVALUATION.—The
10 Secretary shall provide for an independent eval-
11 uation of projects selected under this subsection
12 that measures the impact of each project on—

13 “(i) improving the nutrition and
14 health status of participating households
15 receiving incentives under this subsection;
16 and

17 “(ii) increasing fruit and vegetable
18 purchases in participating households.

19 “(B) REQUIREMENT.—The independent
20 evaluation under subparagraph (A) shall use
21 rigorous methodologies capable of producing
22 scientifically valid information regarding the ef-
23 fectiveness of a project.

24 “(C) COSTS.—The Secretary may use
25 funds not to exceed 10 percent of the funding

1 provided to carry out this section to pay costs
2 associated with administering, monitoring, and
3 evaluating each project.

4 “(d) FUNDING.—

5 “(1) AUTHORIZATION OF APPROPRIATIONS.—

6 There is authorized to be appropriated to carry out
7 subsection (b) \$5,000,000 for each of fiscal years
8 2013 through 2017.

9 “(2) MANDATORY FUNDING.—Of the funds of
10 the Commodity Credit Corporation, the Secretary
11 shall use to carry out subsection (c)—

12 “(A) \$15,000,000 for fiscal year 2013;

13 “(B) \$20,000,000 for each of fiscal years
14 2014 through 2016; and

15 “(C) \$25,000,000 for fiscal year 2017.”.

16 **SEC. 4206. HEALTHY FOOD FINANCING INITIATIVE.**

17 (a) IN GENERAL.—Subtitle D of title II of the De-
18 partment of Agriculture Reorganization Act of 1994 (7
19 U.S.C. 6951 et seq.) is amended by adding at the end
20 the following:

21 **“SEC. 242. HEALTHY FOOD FINANCING INITIATIVE.**

22 “(a) PURPOSE.—The purpose of this section is to en-
23 hance the authorities of the Secretary to support efforts
24 to provide access to healthy food by establishing an initia-
25 tive to improve access to healthy foods in underserved

1 areas, to create and preserve quality jobs, and to revitalize
2 low-income communities by providing loans and grants to
3 eligible fresh, healthy food retailers to overcome the higher
4 costs and initial barriers to entry in underserved areas.

5 “(b) DEFINITIONS.—In this section:

6 “(1) COMMUNITY DEVELOPMENT FINANCIAL IN-
7 STITUTION.—The term ‘community development fi-
8 nancial institution’ has the meaning given the term
9 in section 103 of the Community Development
10 Banking and Financial Institutions Act of 1994 (12
11 U.S.C. 4702).

12 “(2) INITIATIVE.—The term ‘Initiative’ means
13 the Healthy Food Financing Initiative established
14 under subsection (c)(1).

15 “(3) NATIONAL FUND MANAGER.—The term
16 ‘national fund manager’ means a community devel-
17 opment financial institution that is—

18 “(A) in existence on the date of enactment
19 of this section; and

20 “(B) certified by the Community Develop-
21 ment Financial Institution Fund of the Depart-
22 ment of Treasury to manage the Initiative for
23 purposes of—

24 “(i) raising private capital;

1 “(ii) providing financial and technical
2 assistance to partnerships; and

3 “(iii) funding eligible projects to at-
4 tract fresh, healthy food retailers to under-
5 served areas, in accordance with this sec-
6 tion.

7 “(4) PARTNERSHIP.—The term ‘partnership’
8 means a regional, State, or local public-private part-
9 nership that—

10 “(A) is organized to improve access to
11 fresh, healthy foods;

12 “(B) provides financial and technical as-
13 sistance to eligible projects; and

14 “(C) meets such other criteria as the Sec-
15 retary may establish.

16 “(5) PERISHABLE FOOD.—The term ‘perishable
17 food’ means a staple food that is fresh, refrigerated,
18 or frozen.

19 “(6) QUALITY JOB.—The term ‘quality job’
20 means a job that provides wages and other benefits
21 comparable to, or better than, similar positions in
22 existing businesses of similar size in similar local
23 economies.

24 “(7) STAPLE FOOD.—

1 “(A) IN GENERAL.—The term ‘staple food’
2 means food that is a basic dietary item.

3 “(B) INCLUSIONS.—The term ‘staple food’
4 includes—

5 “(i) bread;

6 “(ii) flour;

7 “(iii) fruits;

8 “(iv) vegetables; and

9 “(v) meat.

10 “(c) INITIATIVE.—

11 “(1) ESTABLISHMENT.—The Secretary shall es-
12 tablish an initiative to achieve the purpose described
13 in subsection (a) in accordance with this subsection.

14 “(2) IMPLEMENTATION.—

15 “(A) IN GENERAL.—

16 “(i) IN GENERAL.—In carrying out
17 the Initiative, the Secretary shall provide
18 funding to entities with eligible projects, as
19 described in subparagraph (B), subject to
20 the priorities described in subparagraph
21 (C).

22 “(ii) USE OF FUNDS.—Funds pro-
23 vided to an entity pursuant to clause (i)
24 shall be used—

1 “(I) to create revolving loan pools
2 of capital or other products to provide
3 loans to finance eligible projects or
4 partnerships;

5 “(II) to provide grants for eligi-
6 ble projects or partnerships;

7 “(III) to provide technical assist-
8 ance to funded projects and entities
9 seeking Initiative funding; and

10 “(IV) to cover administrative ex-
11 penses of the national fund manager
12 in an amount not to exceed 10 per-
13 cent of the Federal funds provided.

14 “(B) ELIGIBLE PROJECTS.—Subject to the
15 approval of the Secretary, the national fund
16 manager shall establish eligibility criteria for
17 projects under the Initiative, which shall include
18 the existence or planned execution of agree-
19 ments—

20 “(i) to expand or preserve the avail-
21 ability of staple foods in underserved areas
22 with moderate- and low-income populations
23 by maintaining or increasing the number
24 of retail outlets that offer an assortment of
25 perishable food and staple food items, as

1 determined by the Secretary, in those
2 areas; and

3 “(ii) to accept benefits under the sup-
4 plemental nutrition assistance program es-
5 tablished under the Food and Nutrition
6 Act of 2008 (7 U.S.C. 2011 et seq.).

7 “(C) PRIORITIES.—In carrying out the Ini-
8 tiative, priority shall be given to projects that—

9 “(i) are located in severely distressed
10 low-income communities, as defined by the
11 Community Development Financial Insti-
12 tutions Fund of the Department of Treas-
13 ury; and

14 “(ii) include 1 or more of the fol-
15 lowing characteristics:

16 “(I) The project will create or re-
17 tain quality jobs for low-income resi-
18 dents in the community.

19 “(II) The project supports re-
20 gional food systems and locally grown
21 foods, to the maximum extent prac-
22 ticable.

23 “(III) In areas served by public
24 transit, the project is accessible by
25 public transit.

1 “(IV) The project involves
2 women- or minority-owned businesses.

3 “(V) The project receives funding
4 from other sources, including other
5 Federal agencies.

6 “(VI) The project otherwise ad-
7 vances the purpose of this section, as
8 determined by the Secretary.

9 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
10 is authorized to be appropriated to the Secretary to carry
11 out this section \$125,000,000, to remain available until
12 expended.”.

13 (b) CONFORMING AMENDMENT.—Section 296(b) of
14 the Department of Agriculture Reorganization Act of
15 1994 (7 U.S.C. 7014(b)) (as amended by section 1608(d))
16 is amended—

17 (1) in paragraph (7), by striking “or” at the
18 end;

19 (2) in paragraph (8), by striking the period at
20 the end and inserting “; or”; and

21 (3) by adding at the end the following:

22 “(9) the authority of the Secretary to establish
23 and carry out the Health Food Financing Initiative
24 under section 242.”.

1 **SEC. 4207. PURCHASE OF COMMODITIES BY COMMODITY**
 2 **CREDIT CORPORATION.**

3 When the Secretary considers the purchasing of com-
 4 modities by the Commodity Credit Corporation or under
 5 section 32 of the Act of August 24, 1935 (7 U.S.C. 612e),
 6 in addition to other appropriate considerations, the Sec-
 7 retary may consider the needs of the States and the de-
 8 mands placed on emergency feeding organizations.

9 **TITLE V—CREDIT**
 10 **Subtitle A—Farmer Loans, Serv-**
 11 **icing, and Other Assistance**
 12 **Under the Consolidated Farm**
 13 **and Rural Development Act**

14 **SEC. 5001. FARMER LOANS, SERVICING, AND OTHER ASSIST-**
 15 **ANCE UNDER THE CONSOLIDATED FARM AND**
 16 **RURAL DEVELOPMENT ACT.**

17 The Consolidated Farm and Rural Development Act
 18 (as amended by section 6001) is amended by inserting
 19 after section 3002 the following:

20 **“Subtitle A—Farmer Loans,**
 21 **Servicing, and Other Assistance**
 22 **“CHAPTER 1—FARM OWNERSHIP LOANS**

23 **“SEC. 3101. FARM OWNERSHIP LOANS.**

24 **“(a) IN GENERAL.—**The Secretary may make or
 25 guarantee a farm ownership loan under this chapter to
 26 an eligible farmer.

1 “(b) ELIGIBILITY.—A farmer shall be eligible under
2 subsection (a) only—

3 “(1) if the farmer, or, in the case of an entity,
4 1 or more individuals holding a majority interest in
5 the farmer—

6 “(A) is a citizen of the United States; and

7 “(B) in the case of a direct loan, has train-
8 ing or farming experience that the Secretary
9 determines is sufficient to ensure a reasonable
10 prospect of success in the farming operation
11 proposed by the farmer;

12 “(2)(A) in the case of a farmer that is an indi-
13 vidual, if the farmer is or proposes to become an
14 owner and operator of a farm that is not larger than
15 a family farm; or

16 “(B) in the case of a lessee-operator of a farm
17 located in the State of Hawaii, if the Secretary de-
18 termines that—

19 “(i) the farm is not larger than a family
20 farm;

21 “(ii) the farm cannot be acquired in fee
22 simple by the lessee-operator;

23 “(iii) adequate security is provided for the
24 loan with respect to the farm for which the les-
25 see-operator applies under this chapter; and

1 “(iv) there is a reasonable probability of
2 accomplishing the objectives and repayment of
3 the loan;

4 “(3) in the case of a farmer that is a coopera-
5 tive, corporation, partnership, trust, limited liability
6 company, joint operation, or such other legal entity
7 as the Secretary determines to be appropriate, with
8 respect to the entity and each farm in which the en-
9 tity has an ownership or operator interest—

10 “(A) if—

11 “(i) a majority interest is held by in-
12 dividuals who are related by blood or mar-
13 riage, as defined by the Secretary;

14 “(ii) all of the individuals are or pro-
15 pose to become owners or operators of a
16 farm that is not larger than a family farm;
17 and

18 “(iii) at least 1 of the individuals is or
19 proposes to become an operator of the
20 farm; or

21 “(B) if—

22 “(i) the entire interest is held by indi-
23 viduals who are related by blood or mar-
24 riage, as defined by the Secretary;

1 “(ii) all of the individuals are or pro-
2 pose to become farm operators; and

3 “(iii) the ownership interest of each
4 individual separately constitutes not larger
5 than a family farm, even if the ownership
6 interests of the individuals collectively con-
7 stitute larger than a family farm;

8 “(4) in the case of an entity that is, or will be-
9 come within a reasonable period of time, as deter-
10 mined by the Secretary, only the operator of a fam-
11 ily farm, if the 1 or more individuals who are the
12 owners of the family farm own—

13 “(A) a percentage of the family farm that
14 exceeds 50 percent; or

15 “(B) such other percentage as the Sec-
16 retary determines to be appropriate;

17 “(5) in the case of an operator described in
18 paragraph (3) that is owned, in whole or in part, by
19 1 or more other entities, if each of the individuals
20 that have a direct or indirect ownership interest in
21 such other entities also have a direct ownership in-
22 terest in the entity applying as an individual; and

23 “(6) if the farmer and each individual that
24 holds a majority interest in the farmer is unable to
25 obtain credit elsewhere.

1 “(c) DIRECT LOANS.—

2 “(1) IN GENERAL.—Subject to paragraph (2),
3 the Secretary may make a direct loan under this
4 chapter only to a farmer who has participated in
5 business operations of a farm for not less than 3
6 years (or has other acceptable experience for a pe-
7 riod of time determined by the Secretary) and—

8 “(A) is a qualified beginning farmer;

9 “(B) has not received a previous direct
10 farm ownership loan made under this chapter;
11 or

12 “(C) has not received a direct farm owner-
13 ship loan under this chapter more than 10
14 years before the date on which the new loan
15 would be made.

16 “(2) YOUTH LOANS.—The operation of an en-
17 terprise by a youth under section 3201(d) shall not
18 be considered the operation of a farm for purposes
19 of paragraph (1).

20 **“SEC. 3102. PURPOSES OF LOANS.**

21 “(a) ALLOWED PURPOSES.—

22 “(1) DIRECT LOANS.—A farmer may use a di-
23 rect loan made under this chapter only—

24 “(A) to acquire or enlarge a farm;

1 “(B) to make capital improvements to a
2 farm;

3 “(C) to pay loan closing costs related to
4 acquiring, enlarging, or improving a farm;

5 “(D) to pay for activities to promote soil
6 and water conservation and protection described
7 in section 3103 on a farm; or

8 “(E) to refinance a temporary bridge loan
9 made by a commercial or cooperative lender to
10 a farmer for the acquisition of land for a farm,
11 if—

12 “(i) the Secretary approved an appli-
13 cation for a direct farm ownership loan to
14 the farmer for acquisition of the land; and

15 “(ii) funds for direct farm ownership
16 loans under section 3201(a) were not avail-
17 able at the time at which the application
18 was approved.

19 “(2) GUARANTEED LOANS.—A farmer may use
20 a loan guaranteed under this chapter only—

21 “(A) to acquire or enlarge a farm;

22 “(B) to make capital improvements to a
23 farm;

24 “(C) to pay loan closing costs related to
25 acquiring, enlarging, or improving a farm;

1 “(D) to pay for activities to promote soil
2 and water conservation and protection described
3 in section 3103 on a farm; or

4 “(E) to refinance indebtedness.

5 “(b) PREFERENCES.—In making or guaranteeing a
6 loan under this chapter for purchase of a farm, the Sec-
7 retary shall give preference to a person who—

8 “(1) has a dependent family;

9 “(2) to the extent practicable, is able to make
10 an initial down payment on the farm; or

11 “(3) is an owner of livestock or farm equipment
12 that is necessary to successfully carry out farming
13 operations.

14 “(c) HAZARD INSURANCE REQUIREMENT.—The Sec-
15 retary may not make a loan to a farmer under this chapter
16 unless the farmer has, or agrees to obtain, hazard insur-
17 ance on any real property to be acquired or improved with
18 the loan.

19 **“SEC. 3103. CONSERVATION LOAN AND LOAN GUARANTEE**
20 **PROGRAM.**

21 “(a) IN GENERAL.—The Secretary may make or
22 guarantee qualified conservation loans to eligible bor-
23 rowers under this section.

24 “(b) DEFINITIONS.—In this section:

1 “(1) CONSERVATION PLAN.—The term ‘con-
2 servation plan’ means a plan, approved by the Sec-
3 retary, that, for a farming operation, identifies the
4 conservation activities that will be addressed with
5 loan funds provided under this section, including—

6 “(A) the installation of conservation struc-
7 tures to address soil, water, and related re-
8 sources;

9 “(B) the establishment of forest cover for
10 sustained yield timber management, erosion
11 control, or shelter belt purposes;

12 “(C) the installation of water conservation
13 measures;

14 “(D) the installation of waste management
15 systems;

16 “(E) the establishment or improvement of
17 permanent pasture;

18 “(F) compliance with section 1212 of the
19 Food Security Act of 1985 (16 U.S.C. 3812);
20 and

21 “(G) other purposes consistent with the
22 plan, including the adoption of any other
23 emerging or existing conservation practices,
24 techniques, or technologies approved by the Sec-
25 retary.

1 “(2) QUALIFIED CONSERVATION LOAN.—The
2 term ‘qualified conservation loan’ means a loan, the
3 proceeds of which are used to cover the costs to the
4 borrower of carrying out a qualified conservation
5 project.

6 “(3) QUALIFIED CONSERVATION PROJECT.—
7 The term ‘qualified conservation project’ means con-
8 servation measures that address provisions of a con-
9 servation plan of the eligible borrower.

10 “(c) ELIGIBILITY.—

11 “(1) IN GENERAL.—The Secretary may make
12 or guarantee loans to farmers.

13 “(2) REQUIREMENTS.—To be eligible for a loan
14 under this section, applicants shall meet the citizen-
15 ship and training and experience requirements of
16 section 3101(b).

17 “(d) PRIORITY.—In making or guaranteeing loans
18 under this section, the Secretary shall give priority to—

19 “(1) qualified beginning farmers and socially
20 disadvantaged farmers;

21 “(2) owners or tenants who use the loans to
22 convert to sustainable or organic agricultural pro-
23 duction systems; and

24 “(3) producers who use the loans to build con-
25 servation structures or establish conservation prac-

1 tices to comply with section 1212 of the Food Secu-
2 rity Act of 1985 (16 U.S.C. 3812).

3 “(e) LIMITATIONS APPLICABLE TO LOAN GUARAN-
4 TEES.—The portion of a loan that the Secretary may
5 guarantee under this section shall not exceed 75 percent
6 of the principal amount of the loan.

7 “(f) ADMINISTRATIVE PROVISIONS.—The Secretary
8 shall ensure, to the maximum extent practicable, that
9 loans made or guaranteed under this section are distrib-
10 uted across diverse geographic regions.

11 “(g) CREDIT ELIGIBILITY.—The provisions of para-
12 graphs (1) and (3) of section 3406(a) shall not apply to
13 loans made or guaranteed under this section.

14 “(h) AUTHORIZATION OF APPROPRIATIONS.—For
15 each of fiscal years 2012 through 2017, there are author-
16 ized to be appropriated to the Secretary such sums as are
17 necessary to carry out this section.

18 **“SEC. 3104. LOAN MAXIMUMS.**

19 “(a) MAXIMUM.—

20 “(1) IN GENERAL.—The Secretary shall make
21 or guarantee no loan under sections 3101, 3102,
22 3103, 3106, and 3107 that would cause the unpaid
23 indebtedness under those sections of any 1 borrower
24 to exceed the lesser of—

1 “(A) the value of the farm or other secu-
2 rity, or

3 “(B)(i) in the case of a loan made by the
4 Secretary, \$300,000; or

5 “(ii) in the case of a loan guaranteed by
6 the Secretary, \$700,000 (as modified under
7 paragraph (2)).

8 “(2) MODIFICATION.—The amount specified in
9 paragraph (1)(B)(ii) shall be—

10 “(A) increased, beginning with fiscal year
11 2000, by the inflation percentage applicable to
12 the fiscal year in which the loan is guaranteed;
13 and

14 “(B) reduced by the amount of any unpaid
15 indebtedness of the borrower on loans under
16 chapter 2 that are guaranteed by the Secretary.

17 “(b) DETERMINATION OF VALUE.—In determining
18 the value of the farm, the Secretary shall consider apprais-
19 als made by competent appraisers under rules established
20 by the Secretary.

21 “(c) INFLATION PERCENTAGE.—For purposes of this
22 section, the inflation percentage applicable to a fiscal year
23 is the percentage (if any) by which—

24 “(1) the average of the Prices Paid By Farmers
25 Index (as compiled by the National Agricultural Sta-

1 tistics Service of the Department) for the 12-month
2 period ending on August 31 of the immediately pre-
3 ceding fiscal year; exceeds

4 “(2) the average of that index (as so defined)
5 for the 12-month period ending on August 31, 1996.

6 **“SEC. 3105. REPAYMENT REQUIREMENTS FOR FARM OWN-
7 ERSHIP LOANS.**

8 “(a) PERIOD FOR REPAYMENT.—The period for re-
9 payment of a loan under this chapter shall not exceed 40
10 years.

11 “(b) INTEREST RATES.—

12 “(1) IN GENERAL.—Except as otherwise pro-
13 vided in this title, the interest rate on a loan under
14 this chapter shall be determined by the Secretary at
15 a rate—

16 “(A) not to exceed the sum obtained by
17 adding—

18 “(i) the current average market yield
19 on outstanding marketable obligations of
20 the United States with remaining periods
21 to maturity comparable to the average ma-
22 turity of the loan; and

23 “(ii) an amount not to exceed 1 per-
24 cent, as determined by the Secretary; and

1 “(B) adjusted to the nearest $\frac{1}{8}$ of 1 per-
2 cent.

3 “(2) LOW INCOME FARM OWNERSHIP LOANS.—
4 Except as provided in paragraph (3), the interest
5 rate on a loan (other than a guaranteed loan) under
6 section 3106 shall be determined by the Secretary at
7 a rate that is—

8 “(A) not greater than the sum obtained by
9 adding—

10 “(i) an amount that does not exceed
11 $\frac{1}{2}$ of the current average market yield on
12 outstanding marketable obligations of the
13 United States with maturities of 5 years;
14 and

15 “(ii) an amount not to exceed 1 per-
16 cent per year, as the Secretary determines
17 is appropriate; and

18 “(B) not less than 5 percent per year.

19 “(3) JOINT FINANCING ARRANGEMENT.—If a
20 direct farm ownership loan is made under this chap-
21 ter as part of a joint financing arrangement and the
22 amount of the direct farm ownership loan does not
23 exceed 50 percent of the total principal amount fi-
24 nanced under the arrangement, the interest rate on

1 the direct farm ownership loan shall be at least 4
2 percent annually.

3 “(4) GUARANTEED LOANS.—The interest rate
4 on a loan made under this chapter as a guaranteed
5 loan shall be such rate as may be agreed on by the
6 borrower and the lender, but not in excess of any
7 rate determined by the Secretary.

8 “(c) PAYMENT OF CHARGES.—A borrower of a loan
9 made or guaranteed under this chapter shall pay such fees
10 and other charges as the Secretary may require, and pre-
11 pay to the Secretary such taxes and insurance as the Sec-
12 retary may require, on such terms and conditions as the
13 Secretary may prescribe.

14 “(d) SECURITY.—

15 “(1) IN GENERAL.—The Secretary shall take as
16 security for an obligation entered into in connection
17 with a loan, a mortgage on a farm with respect to
18 which the loan is made or such other security as the
19 Secretary may require.

20 “(2) LIENS TO UNITED STATES.—An instru-
21 ment for security under paragraph (1) may con-
22 stitute a lien running to the United States notwith-
23 standing the fact that the note for the security may
24 be held by a lender other than the United States.

1 “(3) MULTIPLE LOANS.—A borrower may use
2 the same collateral to secure 2 or more loans made
3 or guaranteed under this chapter, except that the
4 outstanding amount of the loans may not exceed the
5 total value of the collateral.

6 “(e) MINERAL RIGHTS AS COLLATERAL.—

7 “(1) IN GENERAL.—In the case of a farm own-
8 ership loan made after December 23, 1985, unless
9 appraised values of the rights to oil, gas, or other
10 minerals are specifically included as part of the ap-
11 praised value of collateral securing the loan, the
12 rights to oil, gas, or other minerals located under
13 the property shall not be considered part of the col-
14 lateral securing the loan.

15 “(2) COMPENSATORY PAYMENTS.—Nothing in
16 this subsection prevents the inclusion of, as part of
17 the collateral securing the loan, any payment or
18 other compensation the borrower may receive for
19 damages to the surface of the collateral real estate
20 resulting from the exploration for or recovery of
21 minerals.

22 “(f) ADDITIONAL COLLATERAL.—The Secretary may
23 not—

24 “(1) require any borrower to provide additional
25 collateral to secure a farmer program loan made or

1 guaranteed under this subtitle, if the borrower is
2 current in the payment of principal and interest on
3 the loan; or

4 “(2) bring any action to foreclose, or otherwise
5 liquidate, the loan as a result of the failure of a bor-
6 rower to provide additional collateral to secure the
7 loan, if the borrower was current in the payment of
8 principal and interest on the loan at the time the ad-
9 ditional collateral was requested.

10 **“SEC. 3106. LIMITED-RESOURCE LOANS.**

11 “(a) IN GENERAL.—The Secretary may make or
12 guarantee a limited-resource loan for any of the purposes
13 specified in sections 3102(a) or 3103(a) to a farmer in
14 the United States who—

15 “(1) in the case of an entity, all members,
16 stockholders, or partners are eligible under section
17 3101(b);

18 “(2) has a low income; and

19 “(3) demonstrates a need to maximize the in-
20 come of the farmer from farming operations.

21 “(b) INSTALLMENTS.—A loan made or guaranteed
22 under this section shall be repayable in such installments
23 as the Secretary determines will provide for reduced pay-
24 ments during the initial repayment period of the loan and

1 larger payments during the remainder of the repayment
2 period of the loan.

3 “(c) INTEREST RATES.—Except as provided in sec-
4 tion 3105(b)(3) and in section 3204(b)(3), the interest
5 rate on loans (other than guaranteed loans) under this
6 section shall not be—

7 “(1) greater than the sum obtained by add-
8 ing—

9 “(A) an amount that does not exceed $\frac{1}{2}$ of
10 the current average market yield on out-
11 standing marketable obligations of the United
12 States with maturities of 5 years; and

13 “(B) an amount not exceeding 1 percent
14 per year, as the Secretary determines is appro-
15 priate; or

16 “(2) less than 5 percent per year.

17 **“SEC. 3107. DOWNPAYMENT LOAN PROGRAM.**

18 “(a) IN GENERAL.—

19 “(1) ESTABLISHMENT.—Notwithstanding any
20 other provision of this chapter, the Secretary shall
21 establish, under the farm ownership loan program
22 established under this chapter, a program under
23 which loans shall be made under this section to a
24 qualified beginning farmer or a socially disadvan-

1 taged farmer for a downpayment on a farm owner-
2 ship loan.

3 “(2) COORDINATION.—The Secretary shall be
4 the primary coordinator of credit supervision for the
5 downpayment loan program established under this
6 section, in consultation with a commercial or cooper-
7 ative lender and, if applicable, a contracting credit
8 counseling service selected under section 3420(c).

9 “(b) LOAN TERMS.—

10 “(1) PRINCIPAL.—Each loan made under this
11 section shall be in an amount that does not exceed
12 45 percent of the lesser of—

13 “(A) the purchase price of the farm to be
14 acquired;

15 “(B) the appraised value of the farm to be
16 acquired; or

17 “(C) \$667,000.

18 “(2) INTEREST RATE.—The interest rate on
19 any loan made by the Secretary under this section
20 shall be a rate equal to the greater of—

21 “(A) the difference between—

22 “(i) 4 percent; and

23 “(ii) the interest rate for farm owner-
24 ship loans under this chapter; or

25 “(B) 1.5 percent.

1 “(3) DURATION.—Each loan under this section
2 shall be made for a period of 20 years or less, at the
3 option of the borrower.

4 “(4) REPAYMENT.—Each borrower of a loan
5 under this section shall repay the loan to the Sec-
6 retary in equal annual installments.

7 “(5) NATURE OF RETAINED SECURITY INTER-
8 EST.—The Secretary shall retain an interest in each
9 farm acquired with a loan made under this section
10 that shall—

11 “(A) be secured by the farm;

12 “(B) be junior only to such interests in the
13 farm as may be conveyed at the time of acquisi-
14 tion to the person (including a lender) from
15 whom the borrower obtained a loan used to ac-
16 quire the farm; and

17 “(C) require the borrower to obtain the
18 permission of the Secretary before the borrower
19 may grant an additional security interest in the
20 farm.

21 “(c) LIMITATIONS.—

22 “(1) BORROWERS REQUIRED TO MAKE MIN-
23 IMUM DOWN PAYMENT.—The Secretary shall not
24 make a loan under this section to any borrower with
25 respect to a farm if the contribution of the borrower

1 to the down payment on the farm will be less than
2 5 percent of the purchase price of the farm.

3 “(2) PROHIBITED TYPES OF FINANCING.—The
4 Secretary shall not make a loan under this section
5 with respect to a farm if the farm is to be acquired
6 with other financing that contains any of the fol-
7 lowing conditions:

8 “(A) The financing is to be amortized over
9 a period of less than 30 years.

10 “(B) A balloon payment will be due on the
11 financing during the 20-year period beginning
12 on the date on which the loan is to be made by
13 the Secretary.

14 “(d) ADMINISTRATION.—In carrying out this section,
15 the Secretary shall, to the maximum extent practicable—

16 “(1) facilitate the transfer of farms from retir-
17 ing farmers to persons eligible for insured loans
18 under this subtitle;

19 “(2) make efforts to widely publicize the avail-
20 ability of loans under this section among—

21 “(A) potentially eligible recipients of the
22 loans;

23 “(B) retiring farmers; and

24 “(C) applicants for farm ownership loans
25 under this chapter;

1 “(3) encourage retiring farmers to assist in the
2 sale of their farms to qualified beginning farmers
3 and socially disadvantaged farmers providing seller
4 financing;

5 “(4) coordinate the loan program established by
6 this section with State programs that provide farm
7 ownership or operating loans for beginning farmers
8 or socially disadvantaged farmers; and

9 “(5) establish annual performance goals to pro-
10 mote the use of the down payment loan program and
11 other joint financing arrangements as the preferred
12 choice for direct real estate loans made by any lend-
13 er to a qualified beginning farmer or socially dis-
14 advantaged farmer.

15 **“SEC. 3108. BEGINNING FARMER AND SOCIALLY DISADVAN-**
16 **TAGED FARMER CONTRACT LAND SALES**
17 **PROGRAM.**

18 “(a) IN GENERAL.—The Secretary shall, in accord-
19 ance with this section, guarantee a loan made by a private
20 seller of a farm to a qualified beginning farmer or socially
21 disadvantaged farmer on a contract land sales basis.

22 “(b) ELIGIBILITY.—To be eligible for a loan guar-
23 antee under subsection (a)—

24 “(1) the qualified beginning farmer or socially
25 disadvantaged farmer shall—

1 “(A) on the date the contract land sale
2 that is subject of the loan is complete, own and
3 operate the farm that is the subject of the con-
4 tract land sale;

5 “(B) have a credit history that—

6 “(i) includes a record of satisfactory
7 debt repayment, as determined by the Sec-
8 retary; and

9 “(ii) is acceptable to the Secretary;
10 and

11 “(C) demonstrate to the Secretary that the
12 farmer is unable to obtain sufficient credit with-
13 out a guarantee to finance any actual need of
14 the farmer at a reasonable rate or term; and

15 “(2) the loan shall meet applicable underwriting
16 criteria, as determined by the Secretary.

17 “(c) LIMITATIONS.—The Secretary shall not provide
18 a loan guarantee under subsection (a) if—

19 “(1) the contribution of the qualified beginning
20 farmer or socially disadvantaged farmer to the down
21 payment for the farm that is the subject of the con-
22 tract land sale would be less than 5 percent of the
23 purchase price of the farm; or

1 “(2) the purchase price or the appraisal value
2 of the farm that is the subject of the contract land
3 sale is greater than \$500,000.

4 “(d) PERIOD OF GUARANTEE.—A loan guarantee
5 under this section shall be in effect for the 10-year period
6 beginning on the date on which the guarantee is provided.

7 “(e) GUARANTEE PLAN.—

8 “(1) SELECTION OF PLAN.—A private seller of
9 a farm who makes a loan guaranteed by the Sec-
10 retary under subsection (a) may select—

11 “(A) a prompt payment guarantee plan,
12 which shall cover—

13 “(i) 3 amortized annual installments;

14 or

15 “(ii) an amount equal to 3 annual in-
16 stallments (including an amount equal to
17 the total cost of any tax and insurance in-
18 curred during the period covered by the
19 annual installments); or

20 “(B) a standard guarantee plan, which
21 shall cover an amount equal to 90 percent of
22 the outstanding principal of the loan.

23 “(2) ELIGIBILITY FOR STANDARD GUARANTEE
24 PLAN.—To be eligible for a standard guarantee plan

1 referred to in paragraph (1)(B), a private seller
2 shall—

3 “(A) secure a commercial lending institu-
4 tion or similar entity, as determined by the Sec-
5 retary, to serve as an escrow agent; or

6 “(B) in cooperation with the farmer, use
7 an appropriate alternate arrangement, as deter-
8 mined by the Secretary.

9 **“CHAPTER 2—OPERATING LOANS**

10 **“SEC. 3201. OPERATING LOANS.**

11 “(a) IN GENERAL.—The Secretary may make or
12 guarantee an operating loan under this chapter to an eligi-
13 ble farmer in the United States.

14 “(b) ELIGIBILITY.—A farmer shall be eligible under
15 subsection (a) only—

16 “(1) if the farmer, or an individual holding a
17 majority interest in the farmer—

18 “(A) is a citizen of the United States; and

19 “(B) has training or farming experience
20 that the Secretary determines is sufficient to
21 ensure a reasonable prospect of success in the
22 farming operation proposed by the farmer;

23 “(2) in the case of a farmer that is an indi-
24 vidual, if the farmer is or proposes to become an op-

1 erator of a farm that is not larger than a family
2 farm;

3 “(3) in the case of a farmer that is a coopera-
4 tive, corporation, partnership, trust, limited liability
5 company, joint operation, or other such legal entity
6 as the Secretary determines to be appropriate, with
7 respect to the entity and each farm in which the en-
8 tity has an ownership or operator interest—

9 “(A) if—

10 “(i) a majority interest is held by in-
11 dividuals who are related by blood or mar-
12 riage, as defined by the Secretary;

13 “(ii) all of the individuals are or pro-
14 pose to become owners or operators of a
15 farm that is not larger than a family farm;
16 and

17 “(iii) at least 1 of the individuals is or
18 proposes to become an operator of the
19 farm; or

20 “(B) if—

21 “(i) the entire interest is held by indi-
22 viduals who are related by blood or mar-
23 riage, as defined by the Secretary;

24 “(ii) all of the individuals are or pro-
25 pose to become farm operators; and

1 “(iii) the ownership interest of each
2 individual separately constitutes not larger
3 than a family farm, even if the ownership
4 interests of the individuals collectively con-
5 stitute larger than a family farm;

6 “(4) in the case of an operator described in
7 paragraph (3) that is owned, in whole or in part by
8 1 or more other entities, if not less than 75 percent
9 of the ownership interests of each other entity is
10 owned directly or indirectly by 1 or more individuals
11 who own the family farm; and

12 “(5) if the farmer and each individual that
13 holds a majority interest in the farmer is unable to
14 obtain credit elsewhere.

15 “(c) DIRECT LOANS.—

16 “(1) IN GENERAL.—Subject to paragraph (3),
17 the Secretary may make a direct loan under this
18 chapter only to a farmer who—

19 “(A) is a qualified beginning farmer;

20 “(B) has not received a previous direct op-
21 erating loan made under this chapter; or

22 “(C) has not received a direct operating
23 loan made under this chapter for a total of 7
24 years, less 1 year for every 3 consecutive years
25 the farmer did not receive a direct operating

1 loan after the year in which the borrower ini-
2 tially received a direct operating loan under this
3 chapter, as determined by the Secretary.

4 “(2) YOUTH LOANS.—In this subsection, the
5 term ‘direct operating loan’ shall not include a loan
6 made to a youth under subsection (d).

7 “(3) TRANSITION RULE.—If, as of April 4,
8 1996, a farmer has received a direct operating loan
9 under this chapter during each of 4 or more pre-
10 vious years, the borrower shall be eligible to receive
11 a direct operating loan under this chapter during 3
12 additional years after April 4, 1996.

13 “(4) WAIVERS.—

14 “(A) FARM OPERATIONS ON TRIBAL
15 LAND.—The Secretary shall waive the limita-
16 tion under paragraph (1)(C) or (3) for a direct
17 loan made under this chapter to a farmer whose
18 farm land is subject to the jurisdiction of an In-
19 dian tribe and whose loan is secured by 1 or
20 more security instruments that are subject to
21 the jurisdiction of an Indian tribe if the Sec-
22 retary determines that commercial credit is not
23 generally available for such farm operations.

24 “(B) OTHER FARM OPERATIONS.—On a
25 case-by-case determination not subject to ad-

1 ministrative appeal, the Secretary may grant a
2 borrower a waiver, 1 time only for a period of
3 2 years, of the limitation under paragraph
4 (1)(C) or (3) for a direct operating loan if the
5 borrower demonstrates to the satisfaction of the
6 Secretary that—

7 “(i) the borrower has a viable farm
8 operation;

9 “(ii) the borrower applied for commer-
10 cial credit from at least 2 commercial lend-
11 ers;

12 “(iii) the borrower was unable to ob-
13 tain a commercial loan (including a loan
14 guaranteed by the Secretary); and

15 “(iv) the borrower successfully has
16 completed, or will complete within 1 year,
17 borrower training under section 3419
18 (from which requirement the Secretary
19 shall not grant a waiver under section
20 3419(f)).

21 “(d) YOUTH LOANS.—

22 “(1) IN GENERAL.—Notwithstanding subsection
23 (b), except for citizenship and credit requirements, a
24 loan may be made under this chapter to a youth who
25 is a rural resident to enable the youth to operate an

1 enterprise in connection with the participation in a
2 youth organization, as determined by the Secretary.

3 “(2) FULL PERSONAL LIABILITY.—A youth re-
4 ceiving a loan under this subsection who executes a
5 promissory note for the loan shall incur full personal
6 liability for the indebtedness evidenced by the note,
7 in accordance with the terms of the note, free of any
8 disability of minority.

9 “(3) COSIGNER.—The Secretary may accept the
10 personal liability of a cosigner of a promissory note
11 for a loan under this subsection, in addition to the
12 personal liability of the youth borrower.

13 “(4) YOUTH ENTERPRISES NOT FARMING.—The
14 operation of an enterprise by a youth under this
15 subsection shall not be considered the operation of
16 a farm under this subtitle.

17 **“SEC. 3202. PURPOSES OF LOANS.**

18 “(a) DIRECT LOANS.—A direct loan may be made
19 under this chapter only—

20 “(1) to pay the costs incident to reorganizing a
21 farm for more profitable operation;

22 “(2) to purchase livestock, poultry, or farm
23 equipment;

1 “(3) to purchase feed, seed, fertilizer, insecti-
2 cide, or farm supplies, or to meet other essential
3 farm operating expenses, including cash rent;

4 “(4) to finance land or water development, use,
5 or conservation;

6 “(5) to pay loan closing costs;

7 “(6) to assist a farmer in changing the equip-
8 ment, facilities, or methods of operation of a farm
9 to comply with a standard promulgated under sec-
10 tion 6 of the Occupational Safety and Health Act of
11 1970 (29 U.S.C. 655) or a standard adopted by a
12 State under a plan approved under section 18 of
13 that Act (29 U.S.C. 667), if the Secretary deter-
14 mines that without assistance under this paragraph
15 the farmer is likely to suffer substantial economic in-
16 jury in complying with the standard;

17 “(7) to train a limited-resource borrower receiv-
18 ing a loan under section 3106 in maintaining
19 records of farming operations;

20 “(8) to train a borrower under section 3419;

21 “(9) to refinance the indebtedness of a bor-
22 rower, if the borrower—

23 “(A) has refinanced a loan under this
24 chapter not more than 4 times previously; and

1 “(B)(i) is a direct loan borrower under this
2 title at the time of the refinancing and has suf-
3 fered a qualifying loss because of a natural or
4 major disaster or emergency; or

5 “(ii) is refinancing a debt obtained from a
6 creditor other than the Secretary; or

7 “(10) to provide other farm or home needs, in-
8 cluding family subsistence.

9 “(b) GUARANTEED LOANS.—A loan may be guaran-
10 teed under this chapter only—

11 “(1) to pay the costs incident to reorganizing a
12 farm for more profitable operation;

13 “(2) to purchase livestock, poultry, or farm
14 equipment;

15 “(3) to purchase feed, seed, fertilizer, insecti-
16 cide, or farm supplies, or to meet other essential
17 farm operating expenses, including cash rent;

18 “(4) to finance land or water development, use,
19 or conservation;

20 “(5) to refinance indebtedness;

21 “(6) to pay loan closing costs;

22 “(7) to assist a farmer in changing the equip-
23 ment, facilities, or methods of operation of a farm
24 to comply with a standard promulgated under sec-
25 tion 6 of the Occupational Safety and Health Act of

1 1970 (29 U.S.C. 655) or a standard adopted by a
2 State under a plan approved under section 18 of
3 that Act (29 U.S.C. 667), if the Secretary deter-
4 mines that without assistance under this paragraph
5 the farmer is likely to suffer substantial economic in-
6 jury due to compliance with the standard;

7 “(8) to train a borrower under section 3419; or

8 “(9) to provide other farm or home needs, in-
9 cluding family subsistence.

10 “(c) HAZARD INSURANCE REQUIREMENT.—The Sec-
11 retary may not make a loan to a farmer under this chapter
12 unless the farmer has, or agrees to obtain, hazard insur-
13 ance on the property to be acquired with the loan.

14 “(d) PRIVATE RESERVE.—

15 “(1) IN GENERAL.—Notwithstanding any other
16 provision of this title, the Secretary may reserve a
17 portion of any loan made under this chapter to be
18 placed in an unsupervised bank account that may be
19 used at the discretion of the borrower for the basic
20 family needs of the borrower and the immediate
21 family of the borrower.

22 “(2) LIMIT ON SIZE OF THE RESERVE.—The
23 size of the reserve shall not exceed the lesser of—

24 “(A) 10 percent of the loan;

25 “(B) \$5,000; or

1 “(C) the amount needed to provide for the
2 basic family needs of the borrower and the im-
3 mediate family of the borrower for 3 calendar
4 months.

5 **“SEC. 3203. RESTRICTIONS ON LOANS.**

6 “(a) REQUIREMENTS.—

7 “(1) IN GENERAL.—The Secretary may not
8 make or guarantee a loan under this chapter—

9 “(A) that would cause the total principal
10 indebtedness outstanding at any 1 time for
11 loans made under this chapter to any 1 bor-
12 rower to exceed—

13 “(i)(I) in the case of a loan made by
14 the Secretary, \$300,000; or

15 “(II) in the case of a loan guaranteed
16 by the Secretary, \$700,000 (as modified
17 under paragraph (2)); or

18 “(B) for the purchasing or leasing of land
19 other than for cash rent, or for carrying on a
20 land leasing or land purchasing program.

21 “(2) MODIFICATION.—The amount specified in
22 paragraph (1)(A)(ii) shall be—

23 “(A) increased, beginning with fiscal year
24 2000, by the inflation percentage applicable to

1 the fiscal year in which the loan is guaranteed;
2 and

3 “(B) reduced by the unpaid indebtedness
4 of the borrower on loans under sections speci-
5 fied in section 3104 that are guaranteed by the
6 Secretary.

7 “(b) INFLATION PERCENTAGE.—For purposes of this
8 section, the inflation percentage applicable to a fiscal year
9 is the percentage (if any) by which—

10 “(1) the average of the Prices Paid By Farmers
11 Index (as compiled by the National Agricultural Sta-
12 tistics Service of the Department) for the 12-month
13 period ending on August 31 of the immediately pre-
14 ceding fiscal year; exceeds

15 “(2) the average of that index (as so defined)
16 for the 12-month period ending on August 31, 1996.

17 **“SEC. 3204. TERMS OF LOANS.**

18 “(a) PERSONAL LIABILITY.—A borrower of a loan
19 made under this chapter shall secure the loan with the
20 full personal liability of the borrower and such other secu-
21 rity as the Secretary may prescribe.

22 “(b) INTEREST RATES.—

23 “(1) MAXIMUM RATE.—

24 “(A) IN GENERAL.—Except as provided in
25 paragraphs (2) and (3), the interest rate on a

1 loan made under this chapter (other than a
2 guaranteed loan) shall be determined by the
3 Secretary at a rate not to exceed the sum ob-
4 tained by adding—

5 “(i) the current average market yield
6 on outstanding marketable obligations of
7 the United States with remaining periods
8 to maturity comparable to the average ma-
9 turity of the loan; and

10 “(ii) an additional charge not to ex-
11 ceed 1 percent, as determined by the Sec-
12 retary.

13 “(B) ADJUSTMENT.—The sum obtained
14 under subparagraph (A) shall be adjusted to
15 the nearest $\frac{1}{8}$ of 1 percent.

16 “(2) GUARANTEED LOAN.—The interest rate on
17 a guaranteed loan made under this chapter shall be
18 such rate as may be agreed on by the borrower and
19 the lender, but may not exceed any rate prescribed
20 by the Secretary.

21 “(3) LOW INCOME LOAN.—The interest rate on
22 a direct loan made under this chapter to a low-in-
23 come, limited-resource borrower shall be determined
24 by the Secretary at a rate that is not—

1 “(A) greater than the sum obtained by
2 adding—

3 “(i) an amount that does not exceed
4 $\frac{1}{2}$ of the current average market yield on
5 outstanding marketable obligations of the
6 United States with a maturity of 5 years;
7 and

8 “(ii) an amount not to exceed 1 per-
9 cent per year, as the Secretary determines
10 is appropriate; or

11 “(B) less than 5 percent per year.

12 “(c) PERIOD FOR REPAYMENT.—The period for re-
13 payment of a loan made under this chapter may not ex-
14 ceed 7 years.

15 “(d) LINE-OF-CREDIT LOANS.—

16 “(1) IN GENERAL.—A loan made or guaranteed
17 by the Secretary under this chapter may be in the
18 form of a line-of-credit loan.

19 “(2) TERM.—A line-of-credit loan under para-
20 graph (1) shall terminate not later than 5 years
21 after the date that the loan is made or guaranteed.

22 “(3) ELIGIBILITY.—For purposes of deter-
23 mining eligibility for an operating loan under this
24 chapter, each year during which a farmer takes an
25 advance or draws on a line-of-credit loan the farmer

1 shall be considered as having received an operating
2 loan for 1 year.

3 “(4) TERMINATION OF DELINQUENT LOANS.—

4 If a borrower does not pay an installment on a line-
5 of-credit loan on schedule, the borrower may not
6 take an advance or draw on the line-of-credit, unless
7 the Secretary determines that—

8 “(A) the failure of the borrower to pay on
9 schedule was due to unusual conditions that the
10 borrower could not control; and

11 “(B) the borrower will reduce the line-of-
12 credit balance to the scheduled level at the end
13 of—

14 “(i) the production cycle; or

15 “(ii) the marketing of the agricultural
16 products of the borrower.

17 “(5) AGRICULTURAL COMMODITIES.—A line-of-
18 credit loan may be used to finance the production or
19 marketing of an agricultural commodity that is eligi-
20 ble for a price support program of the Department.

21 **“CHAPTER 3—EMERGENCY LOANS**

22 **“SEC. 3301. EMERGENCY LOANS.**

23 “(a) IN GENERAL.—The Secretary shall make or
24 guarantee an emergency loan under this chapter to an eli-

1 gible farmer only to the extent and in such amounts as
2 provided in advance in appropriation Acts.

3 “(b) ELIGIBILITY.—An established farmer shall be
4 eligible under subsection (a) only—

5 “(1) if the farmer or an individual holding a
6 majority interest in the farmer—

7 “(A) is a citizen of the United States; and

8 “(B) has experience and resources that the
9 Secretary determines are sufficient to ensure a
10 reasonable prospect of success in the farming
11 operation proposed by the farmer;

12 “(2) in the case of a farmer that is an indi-
13 vidual, if the farmer is—

14 “(A) in the case of a loan for a purpose
15 under chapter 1, an owner, operator, or lessee-
16 operator described in section 3101(b)(2); and

17 “(B) in the case of a loan for a purpose
18 under chapter 2, an operator of a farm that is
19 not larger than a family farm;

20 “(3) in the case of a farmer that is a coopera-
21 tive, corporation, partnership, trust, limited liability
22 company, joint operation, or such other legal entity
23 as the Secretary determines to be appropriate, with
24 respect to the entity and each farm in which the en-
25 tity has an ownership or operator interest—

1 “(A) if—

2 “(i) a majority interest is held by in-
3 dividuals who are related by blood or mar-
4 riage, as defined by the Secretary;

5 “(ii) all of the individuals are or pro-
6 pose to become owners or operators of a
7 farm that is not larger than a family farm;
8 and

9 “(iii) at least 1 of the individuals is or
10 proposes to become an operator of the
11 farm; or

12 “(B) if—

13 “(i) the entire interest is held by indi-
14 viduals who are related by blood or mar-
15 riage, as defined by the Secretary;

16 “(ii) all of the individuals are or pro-
17 pose to become farm operators; and

18 “(iii) the ownership interest of each
19 individual separately constitutes not larger
20 than a family farm, even if the ownership
21 interests of the individuals collectively con-
22 stitute larger than a family farm;

23 “(4) if the entity is owned, in whole or in part,
24 by 1 or more other entities and each individual who
25 is an owner of the family farm involved has a direct

1 or indirect ownership interest in each of the other
2 entities;

3 “(5) if the farmer and any individual that holds
4 a majority interest in the farmer is unable to obtain
5 credit elsewhere; and

6 “(6)(A) if the Secretary finds that the oper-
7 ations of the farmer have been substantially affected
8 by—

9 “(i) a natural or major disaster or emer-
10 gency designated by the President under the
11 Robert T. Stafford Disaster Relief and Emer-
12 gency Assistance Act (42 U.S.C. 5121 et seq.);
13 or

14 “(ii) a quarantine imposed by the Sec-
15 retary under the Plant Protection Act (7 U.S.C.
16 7701 et seq.) or the Animal Health Protection
17 Act (7 U.S.C. 8301 et seq.); or

18 “(B) if the farmer conducts farming operations
19 in a county or a county contiguous to a county in
20 which the Secretary has found that farming oper-
21 ations have been substantially affected by a natural
22 or major disaster or emergency.

23 “(c) TIME FOR ACCEPTING AN APPLICATION.—The
24 Secretary shall accept an application for a loan under this

1 chapter from a farmer at any time during the 8-month
2 period beginning on the date that—

3 “(1) the Secretary determines that farming op-
4 erations of the farmer have been substantially af-
5 fected by—

6 “(A) a quarantine imposed by the Sec-
7 retary under the Plant Protection Act (7 U.S.C.
8 7701 et seq.) or the Animal Health Protection
9 Act (7 U.S.C. 8301 et seq.); or

10 “(B) a natural disaster; or

11 “(2) the President makes a major disaster or
12 emergency designation with respect to the affected
13 county of the farmer referred to in subsection
14 (b)(5)(B).

15 “(d) HAZARD INSURANCE REQUIREMENT.—The Sec-
16 retary may not make a loan to a farmer under this chapter
17 to cover a property loss unless the farmer had hazard in-
18 surance that insured the property at the time of the loss.

19 “(e) FAMILY FARM.—The Secretary shall conduct
20 the loan program under this chapter in a manner that will
21 foster and encourage the family farm system of agri-
22 culture, consistent with the reaffirmation of policy and
23 declaration of the intent of Congress contained in section
24 102(a) of the Food and Agriculture Act of 1977 (7 U.S.C.
25 2266(a)).

1 **“SEC. 3302. PURPOSES OF LOANS.**

2 “Subject to the limitations on the amounts of loans
3 provided in section 3303(a), a loan may be made or guar-
4 anteed under this chapter for—

5 “(1) any purpose authorized for a loan under
6 chapter 1 or 2; and

7 “(2) crop or livestock purposes that are—

8 “(A) necessitated by a quarantine, natural
9 disaster, major disaster, or emergency; and

10 “(B) considered desirable by the farmer.

11 **“SEC. 3303. TERMS OF LOANS.**

12 “(a) **MAXIMUM AMOUNT OF LOAN.**—The Secretary
13 may not make or guarantee a loan under this chapter to
14 a borrower who has suffered a loss in an amount that—

15 “(1) exceeds the actual loss caused by a dis-
16 aster; or

17 “(2) would cause the total indebtedness of the
18 borrower under this chapter to exceed \$500,000.

19 “(b) **INTEREST RATES.**—Any portion of a loan under
20 this chapter up to the amount of the actual loss suffered
21 by a farmer caused by a disaster shall be at a rate pre-
22 scribed by the Secretary, but not in excess of 8 percent
23 per annum.

24 “(c) **INTEREST SUBSIDIES FOR GUARANTEED**
25 **LOANS.**—In the case of a guaranteed loan under this
26 chapter, the Secretary may pay an interest subsidy to the

1 lender for any portion of the loan up to the amount of
2 the actual loss suffered by a farmer caused by a disaster.

3 “(d) TIME FOR REPAYMENT.—

4 “(1) IN GENERAL.—Subject to paragraph (2), a
5 loan under this chapter shall be repayable at such
6 times as the Secretary may determine, considering
7 the purpose of the loan and the nature and effect of
8 the disaster, but not later than the maximum repay-
9 ment period allowed for a loan for a similar purpose
10 under chapters 1 and 2.

11 “(2) EXTENDED REPAYMENT PERIOD.—The
12 Secretary may, if the loan is for a purpose described
13 in chapter 2 and the Secretary determines that the
14 need of the loan applicant justifies the longer repay-
15 ment period, make the loan repayable at the end of
16 a period of more than 7 years, but not more than
17 20 years.

18 “(e) SECURITY FOR LOAN.—

19 “(1) IN GENERAL.—A borrower of a loan made
20 under this chapter shall secure the loan with the full
21 personal liability of the borrower and such other se-
22 curity as the Secretary may prescribe.

23 “(2) ADEQUATE SECURITY.—Subject to para-
24 graph (3), the Secretary may not make or guarantee

1 a loan under this chapter unless the security for the
2 loan is adequate to ensure repayment of the loan.

3 “(3) INADEQUATE SECURITY DUE TO DIS-
4 ASTER.—If adequate security for a loan under this
5 chapter is not available because of a disaster, the
6 Secretary shall accept as security any collateral that
7 is available if the Secretary is confident that the col-
8 lateral and the repayment ability of the farmer are
9 adequate security for the loan.

10 “(4) VALUATION OF FARM ASSETS.—If a farm
11 asset (including land, livestock, or equipment) is
12 used as collateral to secure a loan applied for under
13 this chapter and the governor of the State in which
14 the farm is located requests assistance under this
15 chapter or the Robert T. Stafford Disaster Relief
16 and Emergency Assistance Act (42 U.S.C. 5121 et
17 seq.) for the portion of the State in which the asset
18 is located, the Secretary shall establish the value of
19 the asset as of the day before the occurrence of the
20 natural or major disaster or emergency.

21 “(f) REVIEW OF LOAN.—

22 “(1) IN GENERAL.—In the case of a loan made,
23 but not guaranteed, under section 3301, the Sec-
24 retary shall review the loan 3 years after the loan

1 is made, and every 2 years thereafter for the term
2 of the loan.

3 “(2) TERMINATION OF FEDERAL ASSIST-
4 ANCE.—If, based on a review under paragraph (1),
5 the Secretary determines that the borrower is able to
6 obtain a loan from a non-Federal source at reason-
7 able rates and terms, the borrower shall, on request
8 by the Secretary, apply for, and accept, a non-Fed-
9 eral loan in a sufficient amount to repay the Sec-
10 retary.

11 **“SEC. 3304. PRODUCTION LOSSES.**

12 “(a) IN GENERAL.—The Secretary shall make or
13 guarantee a loan under this chapter to an eligible farmer
14 for production losses if a single enterprise that constitutes
15 a basic part of the farming operation of the farmer has
16 sustained at least a 30 percent loss in normal per acre
17 or per animal production, or such lesser percentage as the
18 Secretary may determine, as a result of a disaster.

19 “(b) BASIS FOR PERCENTAGE.—A percentage loss
20 under subsection (a) shall be based on the average month-
21 ly price in effect for the previous crop or calendar year,
22 as appropriate.

23 “(c) AMOUNT OF LOAN.—A loan under subsection
24 (a) shall be in an amount that is equal to 80 percent, or
25 such greater percentage as the Secretary may determine,

1 of the total calculated actual production loss sustained by
2 the farmer.

3 **“CHAPTER 4—GENERAL FARMER LOAN**
4 **PROVISIONS**

5 **“SEC. 3401. AGRICULTURAL CREDIT INSURANCE FUND.**

6 “The fund established pursuant to section 11(a) of
7 the Bankhead-Jones Farm Tenant Act (60 Stat. 1075,
8 chapter 964) shall be known as the Agricultural Credit
9 Insurance Fund (referred to in this section as the ‘Fund’,
10 unless the context otherwise requires) for the discharge
11 of the obligations of the Secretary under agreements in-
12 suring loans under this subtitle and loans and mortgages
13 insured under prior authority.

14 **“SEC. 3402. GUARANTEED FARMER LOANS.**

15 “(a) IN GENERAL.—The Secretary may provide fi-
16 nancial assistance to a borrower for a purpose provided
17 in this subtitle by guaranteeing a loan made by any Fed-
18 eral or State chartered bank, savings and loan association,
19 cooperative lending agency, or other legally organized
20 lending agency.

21 “(b) INTEREST RATE.—The interest rate payable by
22 a borrower on the portion of a guaranteed loan that is
23 sold by a lender to the secondary market under this sub-
24 title may be lower than the interest rate charged on the
25 portion retained by the lender, but shall not exceed the

1 average interest rate charged by the lender on loans made
2 to farm borrowers.

3 “(c) FEES.—In the case of a loan guarantee on a
4 loan made by a commercial or cooperative lender related
5 to a loan made by the Secretary under section 3107—

6 “(1) the Secretary shall not charge a fee to any
7 person (including a lender); and

8 “(2) a lender may charge a loan origination and
9 servicing fee in an amount not to exceed 1 percent
10 of the amount of the loan.

11 “(d) MAXIMUM GUARANTEE OF 90 PERCENT.—Ex-
12 cept as provided in subsections (e) and (f), a loan guar-
13 antee under this subtitle shall be for not more than 90
14 percent of the principal and interest due on the loan.

15 “(e) REFINANCED LOANS GUARANTEED AT 95 PER-
16 CENT.—The Secretary shall guarantee 95 percent of—

17 “(1) in the case of a loan that solely refinances
18 a direct loan made under this subtitle, the principal
19 and interest due on the loan on the date of the refi-
20 nancing; or

21 “(2) in the case of a loan that is used for mul-
22 tiple purposes, the portion of the loan that refi-
23 nances the principal and interest due on a direct
24 loan made under this subtitle that is outstanding on
25 the date the loan is guaranteed.

1 “(f) BEGINNING FARMER LOANS GUARANTEED UP
2 TO 95 PERCENT.—The Secretary may guarantee not more
3 than 95 percent of—

4 “(1) a farm ownership loan for acquiring a
5 farm to a borrower who is participating in the down-
6 payment loan program under section 3107; or

7 “(2) an operating loan to a borrower who is
8 participating in the downpayment loan program
9 under section 3107 that is made during the period
10 that the borrower has a direct loan outstanding
11 under chapter 1 for acquiring a farm.

12 “(g) GUARANTEE OF LOANS MADE UNDER STATE
13 BEGINNING FARMER PROGRAMS.—The Secretary may
14 guarantee under this subtitle a loan made under a State
15 beginning farmer program, including a loan financed by
16 the net proceeds of a qualified small issue agricultural
17 bond for land or property described in section
18 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.

19 **“SEC. 3403. PROVISION OF INFORMATION TO BORROWERS.**

20 “(a) APPROVAL NOTIFICATION.—The Secretary shall
21 approve or disapprove an application for a loan or loan
22 guarantee made under this subtitle, and notify the appli-
23 cant of such action, not later than 60 days after the date
24 on which the Secretary has received a complete application
25 for the loan or loan guarantee.

1 “(b) LIST OF LENDERS.—The Secretary shall make
2 available to any farmer, on request, a list of lenders in
3 the area that participate in guaranteed farmer program
4 loan programs established under this subtitle, and other
5 lenders in the area that express a desire to participate in
6 the programs and that request inclusion on the list.

7 “(c) OTHER INFORMATION.—

8 “(1) IN GENERAL.—On the request of a bor-
9 rower, the Secretary shall make available to the bor-
10 rower—

11 “(A) a copy of each document signed by
12 the borrower;

13 “(B) a copy of each appraisal performed
14 with respect to the loan; and

15 “(C) any document that the Secretary is
16 required to provide to the borrower under any
17 law in effect on the date of the request.

18 “(2) RULE OF CONSTRUCTION.—Paragraph (1)
19 shall not supersede any duty imposed on the Sec-
20 retary by a law in effect on January 5, 1988, unless
21 the duty directly conflicts with a duty under para-
22 graph (1).

23 **“SEC. 3404. NOTICE OF LOAN SERVICE PROGRAMS.**

24 “(a) REQUIREMENT.—The Secretary shall provide
25 notice by certified mail to each borrower who is at least

1 90 days past due on the payment of principal or interest
2 on a loan made under this subtitle.

3 “(b) CONTENTS.—The notice required under sub-
4 section (a) shall—

5 “(1) include a summary of all primary loan
6 service programs, homestead retention programs,
7 debt settlement programs, and appeal procedures,
8 including the eligibility criteria, and terms and con-
9 ditions of the programs and procedures;

10 “(2) include a summary of the manner in which
11 the borrower may apply, and be considered, for all
12 such programs, except that the Secretary shall not
13 require the borrower to select among the programs
14 or waive any right to be considered for any program
15 carried out by the Secretary;

16 “(3) advise the borrower regarding all filing re-
17 quirements and any deadlines that must be met for
18 requesting loan servicing;

19 “(4) provide any relevant forms, including ap-
20 plicable response forms;

21 “(5) advise the borrower that a copy of regula-
22 tions is available on request; and

23 “(6) be designed to be readable and under-
24 standable by the borrower.

1 “(c) CONTAINED IN REGULATIONS.—All notices re-
2 quired by this section shall be contained in the regulations
3 issued to carry out this title.

4 “(d) TIMING.—The notice described in subsection (b)
5 shall be provided—

6 “(1) at the time an application is made for par-
7 ticipation in a loan service program;

8 “(2) on written request of the borrower; and

9 “(3) before the earliest of the date of—

10 “(A) initiating any liquidation;

11 “(B) requesting the conveyance of security
12 property;

13 “(C) accelerating the loan;

14 “(D) repossessing property;

15 “(E) foreclosing on property; or

16 “(F) taking any other collection action.

17 “(e) CONSIDERATION OF BORROWERS FOR LOAN
18 SERVICE PROGRAMS.—

19 “(1) IN GENERAL.—The Secretary shall con-
20 sider a farmer program loan borrower for all loan
21 service programs if, not later than 60 days after re-
22 ceipt of the notice described in subsection (b), the
23 borrower requests the consideration in writing.

24 “(2) PRIORITY.—In considering a borrower for
25 a loan service program, the Secretary shall place the

1 highest priority on the preservation of the farming
2 operations of the borrower.

3 **“SEC. 3405. PLANTING AND PRODUCTION HISTORY GUIDE-**
4 **LINES.**

5 “(a) IN GENERAL.—The Secretary shall ensure that
6 appropriate procedures, including, to the extent prac-
7 ticable, onsite inspections, or use of county or State yield
8 averages, are used in calculating future yields for an appli-
9 cant for a loan, when an accurate projection cannot be
10 made because the past production history of the farmer
11 has been affected by a natural or major disaster or emer-
12 gency.

13 “(b) CALCULATION OF YIELDS.—

14 “(1) IN GENERAL.—For the purpose of aver-
15 aging the past yields of the farm of a farmer over
16 a period of crop years to calculate the future yield
17 of the farm under this title, the Secretary shall per-
18 mit the farmer to exclude the crop year with the
19 lowest actual or county average yield for the farm
20 from the calculation, if the farmer was affected by
21 a natural or major disaster or emergency during at
22 least 2 of the crop years during the period.

23 “(2) AFFECTED BY A NATURAL OR MAJOR DIS-
24 ASTER OR EMERGENCY.—A farmer was affected by
25 a natural or major disaster or emergency under

1 paragraph (1) if the Secretary finds that the farm-
2 ing operations of the farmer have been substantially
3 affected by a natural or major disaster or emer-
4 gency, including a farmer who has a qualifying loss
5 but is not located in a designated or declared dis-
6 aster area.

7 “(3) APPLICATION OF SUBSECTION.—This sub-
8 section shall apply to any action taken by the Sec-
9 retary that involves—

10 “(A) a loan under chapter 1 or 2; and

11 “(B) the yield of a farm of a farmer, in-
12 cluding making a loan or loan guarantee, serv-
13 icing a loan, or making a credit sale.

14 **“SEC. 3406. SPECIAL CONDITIONS AND LIMITATIONS ON**
15 **LOANS.**

16 “(a) APPLICANT REQUIREMENTS.—In connection
17 with a loan made or guaranteed under this subtitle, the
18 Secretary shall require—

19 “(1) the applicant—

20 “(A) to certify in writing that, and the
21 Secretary shall determine whether, the appli-
22 cant is unable to obtain credit elsewhere; and

23 “(B) to furnish an appropriate written fi-
24 nancial statement;

1 “(2) except for a guaranteed loan, an agree-
2 ment by the borrower that if at any time it appears
3 to the Secretary that the borrower may be able to
4 obtain a loan from a production credit association,
5 a Federal land bank, or other responsible coopera-
6 tive or private credit source (or, in the case of a bor-
7 rower under section 3106, the borrower may be able
8 to obtain a loan under section 3101), at reasonable
9 rates and terms for loans for similar purposes and
10 periods of time, the borrower will, on request by the
11 Secretary, apply for and accept the loan in a suffi-
12 cient amount to repay the Secretary or the insured
13 lender, or both, and to pay for any stock necessary
14 to be purchased in a cooperative lending agency in
15 connection with the loan;

16 “(3) such provision for supervision of the oper-
17 ations of the borrower as the Secretary shall con-
18 sider necessary to achieve the objectives of the loan
19 and protect the interests of the United States; and

20 “(4) the application of a person who is a vet-
21 eran for a loan under chapter 1 or 2 to be given
22 preference over a similar application from a person
23 who is not a veteran if the applications are on file
24 in a county or area office at the same time.

25 “(b) AGENCY PROCESSING REQUIREMENTS.—

1 “(1) NOTIFICATIONS.—

2 “(A) INCOMPLETE APPLICATION NOTIFICA-
3 TION.—If an application for a loan or loan
4 guarantee under this subtitle (other than an op-
5 erating loan or loan guarantee) is incomplete,
6 the Secretary shall inform the applicant of the
7 reasons the application is incomplete not later
8 than 20 days after the date on which the Sec-
9 retary has received the application.

10 “(B) OPERATING LOANS.—

11 “(i) ADDITIONAL INFORMATION
12 NEEDED.—Not later than 10 calendar
13 days after the Secretary receives an appli-
14 cation for an operating loan or loan guar-
15 antee, the Secretary shall notify the appli-
16 cant of any information required before a
17 decision may be made on the application.

18 “(ii) INFORMATION NOT RECEIVED.—
19 If, not later than 20 calendar days after
20 the date a request is made pursuant to
21 clause (i) with respect to an application,
22 the Secretary has not received the informa-
23 tion requested, the Secretary shall notify
24 the applicant and the district office of the

1 Farm Service Agency, in writing, of the
2 outstanding information.

3 “(C) REQUEST INFORMATION.—

4 “(i) IN GENERAL.—On receipt of an
5 application, the Secretary shall request
6 from other parties such information as
7 may be needed in connection with the ap-
8 plication.

9 “(ii) INFORMATION FROM AN AGENCY
10 OF THE DEPARTMENT.—Not later than 15
11 calendar days after the date on which an
12 agency of the Department receives a re-
13 quest for information made pursuant to
14 subparagraph (A), the agency shall provide
15 the Secretary with the requested informa-
16 tion.

17 “(2) REPORT OF PENDING APPLICATIONS.—

18 “(A) IN GENERAL.—A county office shall
19 notify the district office of the Farm Service
20 Agency of each application for an operating
21 loan or loan guarantee that is pending more
22 than 45 days after receipt, and the reasons for
23 which the application is pending.

24 “(B) ACTION ON PENDING APPLICA-
25 TIONS.—A district office that receives a notice

1 provided under subparagraph (A) with respect
2 to an application shall immediately take steps
3 to ensure that final action is taken on the appli-
4 cation not later than 15 days after the date of
5 the receipt of the notice.

6 “(C) PENDING APPLICATION REPORT.—

7 The district office shall report to the State of-
8 fice of the Farm Service Agency on each appli-
9 cation for an operating loan or loan guarantee
10 that is pending more than 45 days after receipt,
11 and the reasons for which the application is
12 pending.

13 “(D) REPORT TO CONGRESS.—Each

14 month, the Secretary shall notify the Com-
15 mittee on Agriculture of the House of Rep-
16 resentatives and the Committee on Agriculture,
17 Nutrition, and Forestry of the Senate, on a
18 State-by-State basis, as to each application for
19 an operating loan or loan guarantee on which
20 final action had not been taken within 60 cal-
21 endar days after receipt by the Secretary, and
22 the reasons for which final action had not been
23 taken.

24 “(3) DISAPPROVALS.—

1 “(A) IN GENERAL.—If an application for a
2 loan or loan guarantee under this subtitle is
3 disapproved by the Secretary, the Secretary
4 shall state the reasons for the disapproval in
5 the notice required under paragraph (1).

6 “(B) DISAPPROVAL DUE TO LACK OF
7 FUNDS.—

8 “(i) IN GENERAL.—Notwithstanding
9 paragraph (1), each application for a loan
10 or loan guarantee under section 3601(e),
11 or for a loan under section 3501(a) or
12 3502(a), that is to be disapproved by the
13 Secretary solely because the Secretary
14 lacks the funds necessary to make the loan
15 or guarantee shall not be disapproved but
16 shall be placed in pending status.

17 “(ii) RECONSIDERATION.—The Sec-
18 retary shall retain each pending application
19 and reconsider the application beginning
20 on the date that sufficient funds become
21 available.

22 “(iii) NOTIFICATION.—Not later than
23 60 days after funds become available re-
24 garding each pending application, the Sec-
25 retary shall notify the applicant of the ap-

1 proval or disapproval of funding for the
2 application.

3 “(4) APPROVALS ON APPEAL.—If an application
4 for a loan or loan guarantee under this subtitle is
5 disapproved by the Secretary, but that action is sub-
6 sequently reversed or revised as the result of an ap-
7 peal within the Department or to the courts of the
8 United States and the application is returned to the
9 Secretary for further consideration, the Secretary
10 shall act on the application and provide the appli-
11 cant with notice of the action not later than 15 days
12 after the date of return of the application to the
13 Secretary.

14 “(5) PROVISION OF PROCEEDS.—

15 “(A) IN GENERAL.—Except as provided in
16 subparagraph (B), if an application for an in-
17 sured loan under this title is approved by the
18 Secretary, the Secretary shall provide the loan
19 proceeds to the applicant not later than 15 days
20 (or such longer period as the applicant may ap-
21 prove) after the application for the loan is ap-
22 proved by the Secretary.

23 “(B) LACK OF FUNDS.—If the Secretary is
24 unable to provide the loan proceeds to the ap-
25 plicant during the 15-day period described in

1 subparagraph (A) because sufficient funds are
2 not available to the Secretary for that purpose,
3 the Secretary shall provide the loan proceeds to
4 the applicant as soon as practicable (but in no
5 event later than 15 days unless the applicant
6 agrees to a longer period) after sufficient funds
7 for that purpose become available to the Sec-
8 retary.

9 **“SEC. 3407. GRADUATION OF BORROWERS.**

10 “(a) GRADUATION OF SEASONED DIRECT LOAN
11 BORROWERS TO THE LOAN GUARANTEE PROGRAM.—

12 “(1) REVIEW OF LOANS.—

13 “(A) IN GENERAL.—The Secretary, or a
14 contracting third party, shall annually review
15 under section 3420 the loans of each seasoned
16 direct loan borrower.

17 “(B) ASSISTANCE.—If, based on the re-
18 view, it is determined that a borrower would be
19 able to obtain a loan, guaranteed by the Sec-
20 retary, from a commercial or cooperative lender
21 at reasonable rates and terms for loans for
22 similar purposes and periods of time, the Sec-
23 retary shall assist the borrower in applying for
24 the commercial or cooperative loan.

25 “(2) PROSPECTUS.—

1 “(A) IN GENERAL.—In accordance with
2 section 3422, the Secretary shall prepare a pro-
3 spectus on each seasoned direct loan borrower
4 determined eligible to obtain a guaranteed loan.

5 “(B) REQUIREMENTS.—The prospectus
6 shall contain a description of the amounts of
7 the loan guarantee and interest assistance that
8 the Secretary will provide to the seasoned direct
9 loan borrower to enable the seasoned direct loan
10 borrower to carry out a financially viable farm-
11 ing plan if a guaranteed loan is made.

12 “(3) VERIFICATION.—

13 “(A) IN GENERAL.—The Secretary shall
14 provide a prospectus of a seasoned direct loan
15 borrower to each approved lender whose lending
16 area includes the location of the seasoned direct
17 loan borrower.

18 “(B) NOTIFICATION.—The Secretary shall
19 notify each borrower of a loan that a prospectus
20 has been provided to a lender under subpara-
21 graph (A).

22 “(C) CREDIT EXTENDED.—If the Sec-
23 retary receives an offer from an approved lend-
24 er to extend credit to the seasoned direct loan
25 borrower under terms and conditions contained

1 in the prospectus, the seasoned direct loan bor-
2 rower shall not be eligible for a loan from the
3 Secretary under chapter 1 or 2, except as other-
4 wise provided in this section.

5 “(4) INSUFFICIENT ASSISTANCE OR OFFERS.—

6 If the Secretary is unable to provide loan guarantees
7 and, if necessary, interest assistance to the seasoned
8 direct loan borrower under this section in amounts
9 sufficient to enable the seasoned direct loan bor-
10 rower to borrow from commercial sources the
11 amount required to carry out a financially viable
12 farming plan, or if the Secretary does not receive an
13 offer from an approved lender to extend credit to a
14 seasoned direct loan borrower under the terms and
15 conditions contained in the prospectus, the Secretary
16 shall make a loan to the seasoned direct loan bor-
17 rower under chapter 1 or 2, whichever is applicable.

18 “(5) INTEREST RATE REDUCTIONS.—To the ex-
19 tent necessary for the borrower to obtain a loan,
20 guaranteed by the Secretary, from a commercial or
21 cooperative lender, the Secretary shall provide inter-
22 est rate reductions as provided for under section
23 3413.

24 “(b) TRANSITION TO PRIVATE COMMERCIAL OR
25 OTHER SOURCES OF CREDIT.—

1 “(1) IN GENERAL.—In making an operating or
2 ownership loan, the Secretary shall establish a plan
3 and promulgate regulations (including performance
4 criteria) that promote the goal of transitioning bor-
5 rowers to private commercial credit and other
6 sources of credit in the shortest period of time prac-
7 ticable.

8 “(2) COORDINATION.—In carrying out this sec-
9 tion, the Secretary shall integrate and coordinate the
10 transition policy described in subsection (a) with—

11 “(A) the borrower training program estab-
12 lished by section 3419;

13 “(B) the loan assessment process estab-
14 lished by section 3420;

15 “(C) the supervised credit requirement es-
16 tablished by section 3421;

17 “(D) the market placement program estab-
18 lished by section 3422; and

19 “(E) other appropriate programs and au-
20 thorities, as determined by the Secretary.

21 “(c) GRADUATION OF BORROWERS WITH OPERATING
22 LOANS OR GUARANTEES TO PRIVATE COMMERCIAL
23 CREDIT.—The Secretary shall establish a plan, in coordi-
24 nation with activities under sections 3419 through 3422,
25 to encourage each borrower with an outstanding loan

1 under this chapter, or with respect to whom there is an
2 outstanding guarantee under this chapter, to graduate to
3 private commercial or other sources of credit.

4 **“SEC. 3408. DEBT ADJUSTMENT AND CREDIT COUNSELING.**

5 “In carrying out this subtitle, the Secretary may—

6 “(1) provide voluntary debt adjustment assist-
7 ance between—

8 “(A) farmers; and

9 “(B) the creditors of the farmers;

10 “(2) cooperate with State, territorial, and local
11 agencies and committees engaged in the debt adjust-
12 ment; and

13 “(3) give credit counseling.

14 **“SEC. 3409. SECURITY SERVICING.**

15 “(a) SALE OF PROPERTY.—

16 “(1) IN GENERAL.—Subject to this subsection
17 and subsection (e)(1), the Secretary shall offer to
18 sell real property that is acquired by the Secretary
19 under this subtitle using the following order and
20 method of sale:

21 “(A) ADVERTISEMENT.—Not later than 15
22 days after acquiring real property, the Sec-
23 retary shall publicly advertise the property for
24 sale.

25 “(B) QUALIFIED BEGINNING FARMER.—

1 “(i) IN GENERAL.—Not later than 75
2 days after acquiring real property, the Sec-
3 retary shall offer to sell the property to a
4 qualified beginning farmer or a socially
5 disadvantaged farmer at current market
6 value based on a current appraisal.

7 “(ii) RANDOM SELECTION.—If more
8 than 1 qualified beginning farmer or so-
9 cially disadvantaged farmer offers to pur-
10 chase the property, the Secretary shall se-
11 lect between the qualified applicants on a
12 random basis.

13 “(iii) APPEAL OF RANDOM SELEC-
14 TION.—A random selection or denial by
15 the Secretary of a qualified beginning
16 farmer or a socially disadvantaged farmer
17 for farm inventory property under this
18 subparagraph shall be final and not admin-
19 istratively appealable.

20 “(C) PUBLIC SALE.—If no acceptable offer
21 is received from a qualified beginning farmer or
22 a socially disadvantaged farmer under subpara-
23 graph (B) not later than 135 days after acquir-
24 ing the real property, the Secretary shall, not
25 later than 30 days after the 135-day period, sell

1 the property after public notice at a public sale,
2 and, if no acceptable bid is received, by nego-
3 tiated sale, at the best price obtainable.

4 “(2) INTEREST.—

5 “(A) IN GENERAL.—Subject to subpara-
6 graph (B), any conveyance of real property
7 under this subsection shall include all of the in-
8 terest of the United States in the property, in-
9 cluding mineral rights.

10 “(B) CONSERVATION.—The Secretary may
11 for conservation purposes grant or sell an ease-
12 ment, restriction, development right, or similar
13 legal right to real property to a State, a polit-
14 ical subdivision of a State, or a private non-
15 profit organization separately from the under-
16 lying fee or other rights to the property owned
17 by the United States.

18 “(3) OTHER LAW.—Subtitle I of title 40,
19 United States Code, and title III of the Federal
20 Property and Administrative Services Act of 1949
21 (41 U.S.C. 251 et seq.) shall not apply to any exer-
22 cise of authority under this subtitle.

23 “(4) LEASE OF PROPERTY.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B), the Secretary may not lease any real
3 property acquired under this subtitle.

4 “(B) EXCEPTION.—

5 “(i) QUALIFIED BEGINNING FARMER
6 OR SOCIALLY DISADVANTAGED FARMER.—

7 The Secretary may lease or contract to sell
8 to a qualified beginning farmer or a so-
9 cially disadvantaged farmer a farm ac-
10 quired by the Secretary under this subtitle
11 if the qualified beginning farmer qualifies
12 for a credit sale or direct farm ownership
13 loan under chapter 1 but credit sale au-
14 thority for loans or direct farm ownership
15 loan funds, respectively, are not available.

16 “(ii) TERM.—The term of a lease or
17 contract to sell to a qualified beginning
18 farmer or a socially disadvantaged farmer
19 under clause (i) shall be until the earlier
20 of—

21 “(I) the date that is 18 months
22 after the date of the lease or sale; or

23 “(II) the date that direct farm
24 ownership loan funds or credit sale
25 authority for loans becomes available

1 to the qualified beginning farmer or
2 socially disadvantaged farmer.

3 “(iii) INCOME-PRODUCING CAPA-
4 BILITY.—In determining the rental rate on
5 real property leased under this subpara-
6 graph, the Secretary shall consider the in-
7 come-producing capability of the property
8 during the term that the property is
9 leased.

10 “(5) EXPEDITED DETERMINATION.—

11 “(A) IN GENERAL.—On the request of an
12 applicant, not later than 30 days after denial of
13 the application, the appropriate State director
14 shall provide an expedited review and deter-
15 mination of whether the applicant is a qualified
16 beginning farmer or a socially disadvantaged
17 farmer for the purpose of acquiring farm inven-
18 tory property.

19 “(B) APPEAL.—The determination of a
20 State Director under subparagraph (A) shall be
21 final and not administratively appealable.

22 “(C) EFFECTS OF DETERMINATIONS.—

23 “(i) IN GENERAL.—The Secretary
24 shall maintain statistical data on the num-
25 ber and results of determinations made

1 under subparagraph (A) and the effect of
2 the determinations on—

3 “(I) selling farm inventory prop-
4 erty to qualified beginning farmers or
5 socially disadvantaged farmers; and

6 “(II) disposing of real property
7 in inventory.

8 “(ii) NOTIFICATION.—The Secretary
9 shall notify the Committee on Agriculture
10 of the House of Representatives and the
11 Committee on Agriculture, Nutrition, and
12 Forestry of the Senate if the Secretary de-
13 termines that the review process under
14 subparagraph (A) is adversely affecting the
15 selling of farm inventory property to quali-
16 fied beginning farmers or socially dis-
17 advantaged farmers or the disposing of
18 real property in inventory.

19 “(b) ROAD AND UTILITY EASEMENTS AND CON-
20 DEMNATIONS.—In the case of any real property adminis-
21 tered under this subtitle, the Secretary may grant or sell
22 easements or rights-of-way for roads, utilities, and other
23 appurtenances that are not inconsistent with the public
24 interest.

25 “(c) SALE OR LEASE OF FARMLAND.—

1 “(1) DISPOSITION OF REAL PROPERTY ON IN-
2 DIAN RESERVATIONS.—

3 “(A) DEFINITION OF INDIAN RESERVA-
4 TION.—In this paragraph, the term ‘Indian res-
5 ervation’ means—

6 “(i) all land located within the limits
7 of any Indian reservation under the juris-
8 diction of the United States, notwith-
9 standing the issuance of any patent, and,
10 including any right-of-way running through
11 the reservation;

12 “(ii) trust or restricted land located
13 within the boundaries of a former reserva-
14 tion of an Indian tribe in the State of
15 Oklahoma; or

16 “(iii) all Indian allotments the Indian
17 titles to which have not been extinguished
18 if the allotments are subject to the juris-
19 diction of an Indian tribe.

20 “(B) DISPOSITION.—Except as provided in
21 paragraph (3), the Secretary shall dispose of or
22 administer the property as provided in this
23 paragraph when—

1 “(i) the Secretary acquires property
2 under this subtitle that is located within an
3 Indian reservation; and

4 “(ii) the borrower-owner is the Indian
5 tribe that has jurisdiction over the reserva-
6 tion in which the real property is located
7 or the borrower-owner is a member of the
8 Indian tribe;

9 “(C) PRIORITY.—Not later than 90 days
10 after acquiring the property, the Secretary shall
11 afford an opportunity to purchase or lease the
12 real property in accordance with the order of
13 priority established under subparagraph (D) to
14 the Indian tribe having jurisdiction over the In-
15 dian reservation within which the real property
16 is located or, if no order of priority is estab-
17 lished by the Indian tribe under subparagraph
18 (D), in the following order:

19 “(i) An Indian member of the Indian
20 tribe that has jurisdiction over the reserva-
21 tion within which the real property is lo-
22 cated.

23 “(ii) An Indian corporate entity.

24 “(iii) The Indian tribe.

1 “(D) REVISION OF PRIORITY AND RE-
2 STRICTION OF ELIGIBILITY.—The governing
3 body of any Indian tribe having jurisdiction
4 over an Indian reservation may revise the order
5 of priority provided in subparagraph (C) under
6 which land located within the reservation shall
7 be offered for purchase or lease by the Sec-
8 retary under subparagraph (C) and may re-
9 strict the eligibility for the purchase or lease
10 to—

11 “(i) persons who are members of the
12 Indian tribe;

13 “(ii) Indian corporate entities that are
14 authorized by the Indian tribe to lease or
15 purchase land within the boundaries of the
16 reservation; or

17 “(iii) the Indian tribe itself.

18 “(E) TRANSFER OF PROPERTY TO SEC-
19 RETARY OF THE INTERIOR.—

20 “(i) IN GENERAL.—If real property
21 described in subparagraph (B) is not pur-
22 chased or leased under subparagraph (C)
23 and the Indian tribe having jurisdiction
24 over the reservation within which the real
25 property is located is unable to purchase or

1 lease the real property, the Secretary shall
2 transfer the real property to the Secretary
3 of the Interior who shall administer the
4 real property as if the real property were
5 held in trust by the United States for the
6 benefit of the Indian tribe.

7 “(ii) USE OF RENTAL INCOME.—From
8 the rental income derived from the lease of
9 the transferred real property, and all other
10 income generated from the transferred real
11 property, the Secretary of the Interior
12 shall pay the State, county, municipal, or
13 other local taxes to which the transferred
14 real property was subject at the time of ac-
15 quisition by the Secretary, until the earlier
16 of—

17 “(I) the expiration of the 4-year
18 period beginning on the date on which
19 the real property is so transferred; or

20 “(II) such time as the land is
21 transferred into trust pursuant to
22 subparagraph (H).

23 “(F) RESPONSIBILITIES OF SECRE-
24 TARIES.—If any real property is transferred to

1 the Secretary of the Interior under subpara-
2 graph (E)—

3 “(i) the Secretary of Agriculture shall
4 have no further responsibility under this
5 title for—

6 “(I) collection of any amounts
7 with regard to the farm program loan
8 that had been secured by the real
9 property;

10 “(II) any lien arising out of the
11 loan transaction; or

12 “(III) repayment of any amount
13 with regard to the loan transaction or
14 lien to the Treasury of the United
15 States; and

16 “(ii) the Secretary of the Interior
17 shall succeed to all right, title, and interest
18 of the Secretary of Agriculture in the real
19 estate arising from the farm program loan
20 transaction, including the obligation to
21 remit to the Treasury of the United States,
22 in repayment of the original loan, the
23 amounts provided in subparagraph (G).

24 “(G) USE OF INCOME.—After the payment
25 of any taxes that are required to be paid under

1 subparagraph (E)(ii), all remaining rental in-
2 come derived from the lease of the real property
3 transferred to the Secretary of the Interior
4 under subparagraph (E)(i), and all other in-
5 come generated from the real property trans-
6 ferred to the Secretary of the Interior under
7 that subparagraph, shall be deposited as mis-
8 cellaneous receipts in the Treasury of the
9 United States until the amount deposited is
10 equal to the lesser of—

11 “(i) the amount of the outstanding
12 lien of the United States against the real
13 property, as of the date the real property
14 was acquired by the Secretary;

15 “(ii) the fair market value of the real
16 property, as of the date of the transfer to
17 the Secretary of the Interior; or

18 “(iii) the capitalized value of the real
19 property, as of the date of the transfer to
20 the Secretary of the Interior.

21 “(H) HOLDING OF TITLE IN TRUST.—If
22 the total amount that is required to be depos-
23 ited under subparagraph (G) with respect to
24 any real property has been deposited into the
25 Treasury of the United States, title to the real

1 property shall be held in trust by the United
2 States for the benefit of the Indian tribe having
3 jurisdiction over the Indian reservation within
4 which the real property is located.

5 “(I) PAYMENT OF REMAINING LIEN OR
6 FAIR MARKET VALUE OF PROPERTY.—

7 “(i) IN GENERAL.—Notwithstanding
8 any other subparagraph of this paragraph,
9 the Indian tribe having jurisdiction over
10 the Indian reservation within which the
11 real property described in subparagraph
12 (B) is located may, at any time after the
13 real property has been transferred to the
14 Secretary of the Interior under subpara-
15 graph (E), offer to pay the remaining
16 amount on the lien or the fair market
17 value of the real property, whichever is
18 less.

19 “(ii) EFFECT OF PAYMENT.—On pay-
20 ment of the amount, title to the real prop-
21 erty shall be held by the United States in
22 trust for the tribe and the trust or re-
23 stricted land that has been acquired by the
24 Secretary under foreclosure or voluntary
25 transfer under a loan made or insured

1 under this subtitle and transferred to an
2 Indian person, entity, or tribe under this
3 paragraph shall be considered to have
4 never lost trust or restricted status.

5 “(J) APPLICABILITY.—

6 “(i) IN GENERAL.—This paragraph
7 shall apply to all land in the land inventory
8 established under this subtitle (as of No-
9 vember 28, 1990) that was (immediately
10 prior to the date) owned by an Indian bor-
11 rower-owner described in subparagraph
12 (B) and that is situated within an Indian
13 reservation, regardless of the date of fore-
14 closure or acquisition by the Secretary.

15 “(ii) OPPORTUNITY TO PURCHASE OR
16 LEASE.—The Secretary shall afford an op-
17 portunity to an Indian person, entity, or
18 tribe to purchase or lease the real property
19 as provided in subparagraph (C).

20 “(iii) TRANSFER.—If the right is not
21 exercised or no expression of intent to ex-
22 ercise the right is received within 180 days
23 after November 28, 1990, the Secretary
24 shall transfer the real property to the Sec-

1 retary of the Interior as provided in sub-
2 paragraph (E).

3 “(2) ADDITIONAL RIGHTS.—The rights pro-
4 vided in this subsection shall be in addition to any
5 right of first refusal under the law of the State in
6 which the property is located.

7 “(3) DISPOSITION OF REAL PROPERTY ON IN-
8 DIAN RESERVATIONS AFTER PROCEDURES EX-
9 HAUSTED.—

10 “(A) IN GENERAL.—The Secretary shall
11 dispose of or administer real property described
12 in paragraph (1)(B) only as provided in para-
13 graph (1), as modified by this paragraph, if—

14 “(i) the real property described in
15 paragraph (1)(B) is located within an In-
16 dian reservation;

17 “(ii) the borrower-owner is an Indian
18 tribe that has jurisdiction over the reserva-
19 tion in which the real property is located
20 or the borrower-owner is a member of an
21 Indian tribe;

22 “(iii) the borrower-owner has obtained
23 a loan made or guaranteed under this title;
24 and

1 “(iv) the borrower-owner and the Sec-
2 retary have exhausted all of the procedures
3 provided for in this title to permit a bor-
4 rower-owner to retain title to the real prop-
5 erty, so that it is necessary for the bor-
6 rower-owner to relinquish title.

7 “(B) NOTICE OF RIGHT TO CONVEY PROP-
8 ERTY.—The Secretary shall provide the bor-
9 rower-owner of real property that is described
10 in subparagraph (A) with written notice of—

11 “(i) the right of the borrower-owner to
12 voluntarily convey the real property to the
13 Secretary; and

14 “(ii) the fact that real property so
15 conveyed will be placed in the inventory of
16 the Secretary.

17 “(C) NOTICE OF RIGHTS AND PROTEC-
18 TIONS.—The Secretary shall provide the bor-
19 rower-owner of the real property with written
20 notice of the rights and protections provided
21 under this title to the borrower-owner, and the
22 Indian tribe that has jurisdiction over the res-
23 ervation in which the real property is located,
24 from foreclosure or liquidation of the real prop-
25 erty, including written notice—

1 “(i) of paragraph (1), this paragraph,
2 and subsection (e)(3);

3 “(ii) if the borrower-owner does not
4 voluntarily convey the real property to the
5 Secretary, that—

6 “(I) the Secretary may foreclose
7 on the property;

8 “(II) in the event of foreclosure,
9 the property will be offered for sale;

10 “(III) the Secretary shall offer a
11 bid for the property that is equal to
12 the fair market value of the property
13 or the outstanding principal and inter-
14 est of the loan, whichever is higher;

15 “(IV) the property may be pur-
16 chased by another party; and

17 “(V) if the property is purchased
18 by another party, the property will not
19 be placed in the inventory of the Sec-
20 retary and the borrower-owner will
21 forfeit the rights and protections pro-
22 vided under this title; and

23 “(iii) of the opportunity of the bor-
24 rower-owner to consult with the Indian
25 tribe that has jurisdiction over the reserva-

1 tion in which the real property is located
2 or counsel to determine if State or tribal
3 law provides rights and protections that
4 are more beneficial than the rights and
5 protections provided the borrower-owner
6 under this title.

7 “(D) ACCEPTANCE OF VOLUNTARY CON-
8 VEYANCE.—

9 “(i) IN GENERAL.—Except as pro-
10 vided in clause (ii), the Secretary shall ac-
11 cept the voluntary conveyance of real prop-
12 erty described in subparagraph (A).

13 “(ii) HAZARDOUS SUBSTANCES.—If a
14 hazardous substance (as defined in section
15 101(14) of the Comprehensive Environ-
16 mental Response, Compensation, and Li-
17 ability Act of 1980 (42 U.S.C. 9601(14)))
18 is located on the property and the Sec-
19 retary takes remedial action to protect
20 human health or the environment if the
21 property is taken into inventory, the Sec-
22 retary shall accept the voluntary convey-
23 ance of the property only if the Secretary
24 determines that the conveyance is in the
25 best interests of the Federal Government.

1 “(E) FORECLOSURE PROCEDURES.—

2 “(i) NOTICE TO BORROWER.—If an
3 Indian borrower-owner does not voluntarily
4 convey to the Secretary real property de-
5 scribed in subparagraph (A), not less than
6 30 days before a foreclosure sale of the
7 property, the Secretary shall provide the
8 Indian borrower-owner with the option
9 of—

10 “(I) requiring the Secretary to
11 assign the loan and security instru-
12 ments to the Secretary of the Interior,
13 if the Secretary of the Interior agrees
14 to an assignment releasing the Sec-
15 retary of Agriculture from all further
16 responsibility for collection of any
17 amounts with regard to the loan se-
18 cured by the real property; or

19 “(II) requiring the Secretary to
20 assign the loan and security instru-
21 ments to the tribe having jurisdiction
22 over the reservation in which the real
23 property is located, if the tribe agrees
24 to assume the loan under the terms
25 specified in clause (iii).

1 “(ii) NOTICE TO TRIBE.—If an Indian
2 borrower-owner does not voluntarily convey
3 to the Secretary real property described in
4 subparagraph (A), not less than 30 days
5 before a foreclosure sale of the property,
6 the Secretary shall provide written notice
7 to the Indian tribe that has jurisdiction
8 over the reservation in which the real prop-
9 erty is located of—

10 “(I) the sale;

11 “(II) the fair market value of the
12 property; and

13 “(III) the requirements of this
14 paragraph.

15 “(iii) ASSUMED LOANS.—If an Indian
16 tribe assumes a loan under clause (i)—

17 “(I) the Secretary shall not fore-
18 close the loan because of any default
19 that occurred prior to the date of the
20 assumption;

21 “(II) the loan shall be for the
22 lesser of the outstanding principal and
23 interest of the loan or the fair market
24 value of the property; and

1 “(III) the loan shall be treated as
2 though the loan was made under Pub-
3 lic Law 91–229 (25 U.S.C. 488 et
4 seq.).

5 “(F) AMOUNT OF BID BY SECRETARY.—

6 “(i) IN GENERAL.—Except as pro-
7 vided in clause (ii), at a foreclosure sale of
8 real property described in subparagraph
9 (A), the Secretary shall offer a bid for the
10 property that is equal to the higher of—

11 “(I) the fair market value of the
12 property; or

13 “(II) the outstanding principal
14 and interest on the loan.

15 “(ii) HAZARDOUS SUBSTANCES.—If a
16 hazardous substance (as defined in section
17 101(14) of the Comprehensive Environ-
18 mental Response, Compensation, and Li-
19 ability Act of 1980 (42 U.S.C. 9601(14)))
20 is located on the property and the Sec-
21 retary takes remedial action to protect
22 human health or the environment if the
23 property is taken into inventory, clause (i)
24 shall apply only if the Secretary determines

1 that bidding is in the best interests of the
2 Federal Government.

3 “(4) DETRIMENTAL EFFECT ON VALUE OF
4 AREA FARMLAND.—The Secretary shall not offer for
5 sale or sell any farmland referred to in paragraphs
6 (1) through (3) if placing the farmland on the mar-
7 ket will have a detrimental effect on the value of
8 farmland in the area.

9 “(5) INSTALLMENT SALES AND MULTIPLE OP-
10 ERATORS.—

11 “(A) IN GENERAL.—The Secretary may
12 sell farmland administered under this title
13 through an installment sale or similar device
14 that contains such terms as the Secretary con-
15 siders necessary to protect the investment of
16 the Federal Government in the land.

17 “(B) SALE OF CONTRACT.—The Secretary
18 may subsequently sell any contract entered into
19 to carry out subparagraph (A).

20 “(6) HIGHLY ERODIBLE LAND.—In the case of
21 farmland administered under this title that is highly
22 erodible land (as defined in section 1201 of the Food
23 Security Act of 1985 (16 U.S.C. 3801)), the Sec-
24 retary may require the use of specified conservation

1 practices on the land as a condition of the sale or
2 lease of the land.

3 “(7) NO EFFECT ON ACREAGE ALLOTMENTS,
4 MARKETING QUOTAS, OR ACREAGE BASES.—Not-
5 withstanding any other law, compliance by the Sec-
6 retary with this subsection shall not cause any acre-
7 age allotment, marketing quota, or acreage base as-
8 signed to the property to lapse, terminate, be re-
9 duced, or otherwise be adversely affected.

10 “(8) NO PREEMPTION OF STATE LAW.—If a
11 conflict exists between any provision of this sub-
12 section and any provision of the law of any State
13 providing a right of first refusal to the owner of
14 farmland or the operator of a farm before the sale
15 or lease of land to any other person, the provision
16 of State law shall prevail.

17 “(d) RELEASE OF NORMAL INCOME SECURITY.—

18 “(1) DEFINITION OF NORMAL INCOME SECU-
19 RITY.—In this subsection:

20 “(A) IN GENERAL.—Except as provided in
21 subparagraph (B), the term ‘normal income se-
22 curity’ means all security not considered basic
23 security, including crops, livestock, poultry
24 products, Farm Service Agency payments and
25 Commodity Credit Corporation payments, and

1 other property covered by Farm Service Agency
2 liens that is sold in conjunction with the oper-
3 ation of a farm or other business.

4 “(B) EXCEPTIONS.—The term ‘normal in-
5 come security’ does not include any equipment
6 (including fixtures in States that have adopted
7 the Uniform Commercial Code), or foundation
8 herd or flock, that is—

9 “(i) the basis of the farming or other
10 operation; and

11 “(ii) the basic security for a farmer
12 program loan.

13 “(2) GENERAL RELEASE.—The Secretary shall
14 release from the normal income security provided for
15 a loan an amount sufficient to pay for the essential
16 household and farm operating expenses of the bor-
17 rower, until such time as the Secretary accelerates
18 the loan.

19 “(3) NOTICE OF REPORTING REQUIREMENTS
20 AND RIGHTS.—If a borrower is required to plan for
21 or to report as to how proceeds from the sale of col-
22 lateral property will be used, the Secretary shall no-
23 tify the borrower of—

24 “(A) the requirement; and

1 “(B) the right to the release of funds
2 under this subsection and the means by which
3 a request for the funds may be made.

4 “(e) EASEMENTS ON INVENTORIED PROPERTY.—

5 “(1) IN GENERAL.—Subject to paragraph (2),
6 in the disposal of real property under this section,
7 the Secretary shall establish perpetual wetland con-
8 servation easements to protect and restore wetland
9 or converted wetland that exists on inventoried prop-
10 erty.

11 “(2) LIMITATION.—The Secretary shall not es-
12 tablish a wetland conservation easement on an
13 inventoried property that—

14 “(A) was cropland on the date the prop-
15 erty entered the inventory of the Secretary; or

16 “(B) was used for farming at any time
17 during the period—

18 “(i) beginning on the date that is 5
19 years before the property entered the in-
20 ventory of the Secretary; and

21 “(ii) ending on the date on which the
22 property entered the inventory of the Sec-
23 retary.

24 “(3) NOTIFICATION.—The Secretary shall pro-
25 vide prior written notification to a borrower consid-

1 ering homestead retention that a wetland conserva-
2 tion easement may be placed on land for which the
3 borrower is negotiating a lease option.

4 “(4) APPRAISED VALUE.—The appraised value
5 of the farm shall reflect the value of the land due
6 to the placement of wetland conservation easements.

7 **“SEC. 3410. CONTRACTS ON LOAN SECURITY PROPERTIES.**

8 “(a) CONTRACTS ON LOAN SECURITY PROP-
9 ERTIES.—Subject to subsection (b), the Secretary may
10 enter into a contract related to real property for conserva-
11 tion, recreation, or wildlife purposes.

12 “(b) LIMITATIONS.—The Secretary may enter into a
13 contract under subsection (a) if—

14 “(1) the property is wetland, upland, or highly
15 erodible land;

16 “(2) the property is determined by the Sec-
17 retary to be suitable for the purpose involved; and

18 “(3)(A) the property secures a loan made under
19 a law administered and held by the Secretary; and

20 “(B) the contract would better enable a quali-
21 fied borrower to repay the loan in a timely manner,
22 as determined by the Secretary.

23 “(c) TERMS AND CONDITIONS.—The terms and con-
24 ditions specified in a contract under subsection (a) shall—

1 “(1) specify the purposes for which the real
2 property may be used;

3 “(2) identify any conservation measure to be
4 taken, and any recreational and wildlife use to be al-
5 lowed, with respect to the real property; and

6 “(3) require the owner to permit the Secretary,
7 and any person or governmental entity designated by
8 the Secretary, to have access to the real property for
9 the purpose of monitoring compliance with the con-
10 tract.

11 “(d) REDUCTION OR FORGIVENESS OF DEBT.—

12 “(1) IN GENERAL.—Subject to this section, the
13 Secretary may reduce or forgive the outstanding
14 debt of a borrower—

15 “(A) in the case of a borrower to whom the
16 Secretary has made an outstanding loan under
17 a law administered by the Secretary, by can-
18 celing that part of the aggregate amount of the
19 outstanding loan that bears the same ratio to
20 the aggregate amount as—

21 “(i) the number of acres of the real
22 property of the borrower that are subject
23 to the contract; bears to

24 “(ii) the aggregate number of acres
25 securing the loan; or

1 “(B) in any other case, by treating as pre-
2 paid that part of the principal amount of a new
3 loan to the borrower issued and held by the
4 Secretary under a law administered by the Sec-
5 retary that bears the same ratio to the principal
6 amount as—

7 “(i) the number of acres of the real
8 property of the borrower that are subject
9 to the contract; bears to

10 “(ii) the aggregate number of acres
11 securing the new loan.

12 “(2) MAXIMUM CANCELED AMOUNT.—The
13 amount canceled or treated as prepaid under para-
14 graph (1) shall not exceed—

15 “(A) in the case of a delinquent loan, the
16 greater of—

17 “(i) the value of the land on which the
18 contract is entered into; or

19 “(ii) the difference between—

20 “(I) the amount of the out-
21 standing loan secured by the land;
22 and

23 “(II) the value of the land; or

1 “(B) in the case of a nondelinquent loan,
2 33 percent of the amount of the loan secured
3 by the land.

4 “(e) CONSULTATION WITH FISH AND WILDLIFE
5 SERVICE.—If the Secretary uses the authority provided by
6 this section, the Secretary shall consult with the Director
7 of the Fish and Wildlife Service for the purposes of—

8 “(1) selecting real property in which the Sec-
9 retary may enter into a contract under this section;

10 “(2) formulating the terms and conditions of
11 the contract; and

12 “(3) enforcing the contract.

13 “(f) ENFORCEMENT.—The Secretary, and any person
14 or governmental entity designated by the Secretary, may
15 enforce a contract entered into by the Secretary under this
16 section.

17 **“SEC. 3411. DEBT RESTRUCTURING AND LOAN SERVICING.**

18 “(a) IN GENERAL.—The Secretary shall modify a de-
19 linquent farmer program loan made under this subtitle,
20 or purchased from the lender or the Federal Deposit In-
21 surance Corporation under section 3902, to the maximum
22 extent practicable—

23 “(1) to avoid a loss to the Secretary on the
24 loan, with priority consideration being placed on
25 writing-down the loan principal and interest (subject

1 to subsections (d) and (e)), and debt set-aside (sub-
2 ject to subsection (e)), to facilitate keeping the bor-
3 rower on the farm, or otherwise through the use of
4 primary loan service programs under this section;
5 and

6 “(2) to ensure that a borrower is able to con-
7 tinue farming operations.

8 “(b) ELIGIBILITY.—To be eligible to obtain assist-
9 ance under subsection (a)—

10 “(1) the delinquency shall be due to a cir-
11 cumstance beyond the control of the borrower, as de-
12 fined in regulations issued by the Secretary, except
13 that the regulations shall require that, if the value
14 of the assets calculated under subsection
15 (c)(2)(A)(ii) that may be realized through liquida-
16 tion or other methods would produce enough income
17 to make the delinquent loan current, the borrower
18 shall not be eligible for assistance under subsection
19 (a);

20 “(2) the borrower shall have acted in good faith
21 with the Secretary in connection with the loan as de-
22 fined in regulations issued by the Secretary;

23 “(3) the borrower shall present a preliminary
24 plan to the Secretary that contains reasonable as-

1 sumptions that demonstrate that the borrower will
2 be able—

3 “(A) to meet the necessary family living
4 and farm operating expenses of the borrower;
5 and

6 “(B) to service all debts of the borrower,
7 including restructured loans; and

8 “(4) the loan, if restructured, shall result in a
9 net recovery to the Federal Government, during the
10 term of the loan as restructured, that would be more
11 than or equal to the net recovery to the Federal
12 Government from an involuntary liquidation or fore-
13 closure on the property securing the loan.

14 “(c) RESTRUCTURING DETERMINATIONS.—

15 “(1) DETERMINATION OF NET RECOVERY.—In
16 determining the net recovery from the involuntary
17 liquidation of a loan under this section, the Sec-
18 retary shall calculate—

19 “(A) the recovery value of the collateral se-
20 curing the loan, in accordance with paragraph
21 (2); and

22 “(B) the value of the restructured loan, in
23 accordance with paragraph (3).

24 “(2) RECOVERY VALUE.—For the purpose of
25 paragraph (1), the recovery value of the collateral

1 securing the loan shall be based on the difference be-
2 tween—

3 “(A)(i) the amount of the current ap-
4 praised value of the interests of the borrower in
5 the property securing the loan; and

6 “(ii) the value of the interests of the bor-
7 rower in all other assets that are—

8 “(I) not essential for necessary family
9 living expenses;

10 “(II) not essential to the operation of
11 the farm; and

12 “(III) not exempt from judgment
13 creditors or in a bankruptcy action under
14 Federal or State law;

15 “(B) the estimated administrative, attor-
16 ney, and other expenses associated with the liq-
17 uidation and disposition of the loan and collat-
18 eral, including—

19 “(i) the payment of prior liens;

20 “(ii) taxes and assessments, deprecia-
21 tion, management costs, the yearly per-
22 centage decrease or increase in the value of
23 the property, and lost interest income, each
24 calculated for the average holding period
25 for the type of property involved;

1 “(iii) resale expenses, such as repairs,
2 commissions, and advertising; and

3 “(iv) other administrative and attor-
4 ney costs; and

5 “(C) the value, as determined by the Sec-
6 retary, of any property not included in subpara-
7 graph (A)(i) if the property is specified in any
8 security agreement with respect to the loan and
9 the Secretary determines that the value of the
10 property should be included for purposes of this
11 section.

12 “(3) VALUE OF THE RESTRUCTURED LOAN.—

13 “(A) IN GENERAL.—For the purpose of
14 paragraph (1), the value of the restructured
15 loan shall be based on the present value of pay-
16 ments that the borrower would make to the
17 Federal Government if the terms of the loan
18 were modified under any combination of pri-
19 mary loan service programs to ensure that the
20 borrower is able to meet the obligations and
21 continue farming operations.

22 “(B) PRESENT VALUE.—For the purpose
23 of calculating the present value referred to in
24 subparagraph (A), the Secretary shall use a dis-
25 count rate of not more than the current rate at

1 the time of the calculation of 90-day Treasury
2 bills.

3 “(C) CASH FLOW MARGIN.—For the pur-
4 pose of assessing under subparagraph (A) the
5 ability of a borrower to meet debt obligations
6 and continue farming operations, the Secretary
7 shall assume that the borrower needs up to 110
8 percent of the amount indicated for payment of
9 farm operating expenses, debt service obliga-
10 tions, and family living expenses.

11 “(4) NOTIFICATION.—Not later than 90 days
12 after receipt of a written request for restructuring
13 from the borrower, the Secretary shall—

14 “(A) make the calculations specified in
15 paragraphs (2) and (3);

16 “(B) notify the borrower in writing of the
17 results of the calculations; and

18 “(C) provide documentation for the cal-
19 culations.

20 “(5) RESTRUCTURING OF LOANS.—

21 “(A) IN GENERAL.—If the value of a re-
22 structured loan is greater than or equal to the
23 recovery value of the collateral securing the
24 loan, not later than 45 days after notifying the
25 borrower under paragraph (4), the Secretary

1 shall offer to restructure the loan obligations of
2 the borrower under this subtitle through pri-
3 mary loan service programs that would enable
4 the borrower to meet the obligations (as modi-
5 fied) under the loan and to continue the farm-
6 ing operations of the borrower.

7 “(B) RESTRUCTURING.—If the borrower
8 accepts an offer under subparagraph (A), not
9 later than 45 days after receipt of notice of ac-
10 ceptance, the Secretary shall restructure the
11 loan accordingly.

12 “(6) TERMINATION OF LOAN OBLIGATIONS.—
13 The obligations of a borrower to the Secretary under
14 a loan shall terminate if—

15 “(A) the borrower satisfies the require-
16 ments of paragraphs (1) and (2) of subsection
17 (b);

18 “(B) the value of the restructured loan is
19 less than the recovery value; and

20 “(C) not later than 90 days after receipt
21 of the notification described in paragraph
22 (4)(B), the borrower pays (or obtains third-
23 party financing to pay) the Secretary an
24 amount equal to the current market value.

25 “(7) NEGOTIATION OF APPRAISAL.—

1 “(A) IN GENERAL.—In making a deter-
2 mination concerning restructuring under this
3 subsection, the Secretary, at the request of the
4 borrower, shall enter into negotiations with the
5 borrower concerning appraisals required under
6 this subsection.

7 “(B) INDEPENDENT APPRAISAL.—

8 “(i) IN GENERAL.—If the borrower,
9 based on a separate current appraisal, ob-
10 jects to the decision of the Secretary re-
11 garding an appraisal, the borrower and the
12 Secretary shall mutually agree, to the ex-
13 tent practicable, on an independent ap-
14 praiser who shall conduct another ap-
15 praisal of the property of the borrower.

16 “(ii) VALUE OF FINAL APPRAISAL.—
17 The average of the 2 appraisals under
18 clause (i) that are closest in value shall be-
19 come the final appraisal under this para-
20 graph.

21 “(iii) COST OF APPRAISAL.—The bor-
22 rower and the Secretary shall each pay $\frac{1}{2}$
23 of the cost of any independent appraisal.

24 “(d) PRINCIPAL AND INTEREST WRITE-DOWN.—

25 “(1) IN GENERAL.—

1 “(A) PRIORITY CONSIDERATION.—In se-
2 lecting the restructuring alternatives to be used
3 in the case of a borrower who has requested re-
4 structuring under this section, the Secretary
5 shall give priority consideration to the use of a
6 principal and interest write-down if other credi-
7 tors of the borrower (other than any creditor
8 who is fully collateralized) representing a sub-
9 stantial portion of the total debt of the bor-
10 rower held by the creditors of the borrower,
11 agree to participate in the development of the
12 restructuring plan or agree to participate in a
13 State mediation program.

14 “(B) FAILURE OF CREDITORS TO
15 AGREE.—Failure of creditors to agree to par-
16 ticipate in the restructuring plan or mediation
17 program shall not preclude the use of a prin-
18 cipal and interest write-down by the Secretary
19 if the Secretary determines that restructuring
20 results in the least cost to the Secretary.

21 “(2) PARTICIPATION OF CREDITORS.—Before
22 eliminating the option to use debt write-down in the
23 case of a borrower, the Secretary shall make a rea-
24 sonable effort to contact the creditors of the bor-
25 rower, either directly or through the borrower, and

1 encourage the creditors to participate with the Sec-
2 retary in the development of a restructuring plan for
3 the borrower.

4 “(e) SHARED APPRECIATION ARRANGEMENTS.—

5 “(1) IN GENERAL.—As a condition of restruc-
6 turing a loan in accordance with this section, the
7 borrower of the loan may be required to enter into
8 a shared appreciation arrangement that requires the
9 repayment of amounts written off or set aside.

10 “(2) TERMS.—A shared appreciation agreement
11 shall—

12 “(A) have a term not to exceed 10 years;

13 and

14 “(B) provide for recapture based on the
15 difference between the appraised values of the
16 real security property at the time of restruc-
17 turing and at the time of recapture.

18 “(3) PERCENTAGE OF RECAPTURE.—The
19 amount of the appreciation to be recaptured by the
20 Secretary shall be—

21 “(A) 75 percent of the appreciation in the
22 value of the real security property if the recap-
23 ture occurs not later than 4 years after the date
24 of restructuring; and

1 “(B) 50 percent if the recapture occurs
2 during the remainder of the term of the agree-
3 ment.

4 “(4) TIME OF RECAPTURE.—Recapture shall
5 take place on the date that is the earliest of—

6 “(A) the end of the term of the agreement;

7 “(B) the conveyance of the real security
8 property;

9 “(C) the repayment of the loans; or

10 “(D) the cessation of farming operations
11 by the borrower.

12 “(5) TRANSFER OF TITLE.—Transfer of title to
13 the spouse of a borrower on the death of the bor-
14 rower shall not be treated as a conveyance for the
15 purpose of paragraph (4).

16 “(6) NOTICE OF RECAPTURE.—Not later than
17 12 months before the end of the term of a shared
18 appreciation arrangement, the Secretary shall notify
19 the borrower involved of the provisions of the ar-
20 rangement.

21 “(7) FINANCING OF RECAPTURE PAYMENT.—

22 “(A) IN GENERAL.—The Secretary may
23 amortize a recapture payment owed to the Sec-
24 retary under this subsection.

1 “(B) TERM.—The term of an amortization
2 under this paragraph may not exceed 25 years.

3 “(C) INTEREST RATE.—The interest rate
4 applicable to an amortization under this para-
5 graph may not exceed the rate applicable to a
6 loan to reacquire homestead property less 100
7 basis points.

8 “(D) REAMORTIZATION.—

9 “(i) IN GENERAL.—The Secretary
10 may modify the amortization of a recap-
11 ture payment referred to in subparagraph
12 (A) of this paragraph on which a payment
13 has become delinquent if—

14 “(I) the default is due to cir-
15 cumstances beyond the control of the
16 borrower; and

17 “(II) the borrower acted in good
18 faith (as determined by the Secretary)
19 in attempting to repay the recapture
20 amount.

21 “(ii) LIMITATIONS.—

22 “(I) TERM OF REAMORTIZA-
23 TION.—The term of a reamortization
24 under this subparagraph may not ex-

1 ceed 25 years from the date of the
2 original amortization agreement.

3 “(II) NO REDUCTION OR PRIN-
4 CIPAL OR UNPAID INTEREST DUE.—A
5 reamortization of a recapture payment
6 under this subparagraph may not pro-
7 vide for reducing the outstanding
8 principal or unpaid interest due on
9 the recapture payment.

10 “(f) INTEREST RATES.—Any loan for farm owner-
11 ship purposes, farm operating purposes, or disaster emer-
12 gency purposes, other than a guaranteed loan, that is de-
13 ferred, consolidated, rescheduled, or reamortized shall,
14 notwithstanding any other provision of this subtitle, bear
15 interest on the balance of the original loan and for the
16 term of the original loan at a rate that is the lowest of—

17 “(1) the rate of interest on the original loan;

18 “(2) the rate being charged by the Secretary
19 for loans, other than guaranteed loans, of the same
20 type at the time at which the borrower applies for
21 a deferral, consolidation, rescheduling, or re-
22 amortization; or

23 “(3) the rate being charged by the Secretary
24 for loans, other than guaranteed loans, of the same

1 type at the time of the deferral, consolidation, re-
2 scheduling, or reamortization.

3 “(g) PERIOD AND EFFECT.—

4 “(1) PERIOD.—The Secretary may consolidate
5 or reschedule outstanding loans for payment over a
6 period not to exceed 7 years (or, in the case of loans
7 for farm operating purposes, 15 years) from the
8 date of the consolidation or rescheduling.

9 “(2) EFFECT.—The amount of unpaid principal
10 and interest of the prior loans so consolidated or re-
11 scheduled shall not create a new charge against any
12 loan levels authorized by law.

13 “(h) PREREQUISITES TO FORECLOSURE OR LIQUIDA-
14 TION.—No foreclosure or other similar action shall be
15 taken to liquidate any loan determined to be ineligible for
16 restructuring by the Secretary under this section—

17 “(1) until the borrower has been given the op-
18 portunity to appeal the decision; and

19 “(2) if the borrower appeals, the appeals proc-
20 ess has been completed, and a determination has
21 been made that the loan is ineligible for restruc-
22 turing.

23 “(i) NOTICE OF INELIGIBILITY FOR RESTRUC-
24 TURING.—

1 “(1) IN GENERAL.—A notice of ineligibility for
2 restructuring shall be sent to the borrower by reg-
3 istered or certified mail not later than 15 days after
4 a determination of ineligibility.

5 “(2) CONTENTS.—The notice required under
6 paragraph (1) shall contain—

7 “(A) the determination and the reasons for
8 the determination;

9 “(B) the computations used to make the
10 determination, including the calculation of the
11 recovery value of the collateral securing the
12 loan; and

13 “(C) a statement of the right of the bor-
14 rower to appeal the decision to the appeals divi-
15 sion, and to appear before a hearing officer.

16 “(j) INDEPENDENT APPRAISALS.—

17 “(1) IN GENERAL.—An appeal may include a
18 request by the borrower for an independent ap-
19 praisal of any property securing the loan.

20 “(2) PROCESS FOR APPRAISAL.—On a request
21 under paragraph (1), the Secretary shall present the
22 borrower with a list of 3 appraisers approved by the
23 county supervisor, from which the borrower shall se-
24 lect an appraiser to conduct the appraisal.

1 “(3) COST.—The cost of an appraisal under
2 this subsection shall be paid by the borrower.

3 “(4) RESULT.—The result of an appraisal
4 under this subsection shall be considered in any final
5 determination concerning the loan.

6 “(5) COPY.—A copy of any appraisal under this
7 subsection shall be provided to the borrower.

8 “(k) PARTIAL LIQUIDATIONS.—If a partial liquida-
9 tion of a delinquent loan is performed (with the prior con-
10 sent of the Secretary) as part of loan servicing by a guar-
11 anteed lender under this title, the Secretary shall not re-
12 quire full liquidation of the loan for the lender to be eligi-
13 ble to receive payment on losses.

14 “(l) ONLY 1 WRITE-DOWN OR NET RECOVERY BUY-
15 OUT PER BORROWER FOR A LOAN MADE AFTER JANU-
16 ARY 6, 1988.—

17 “(1) IN GENERAL.—The Secretary may provide
18 for each borrower not more than 1 write-down or net
19 recovery buy-out under this section with respect to
20 all loans made to the borrower after January 6,
21 1988.

22 “(2) SPECIAL RULE.—For purposes of para-
23 graph (1), the Secretary shall treat any loan made
24 on or before January 6, 1988, with respect to which
25 a restructuring, write-down, or net recovery buy-out

1 is provided under this section after January 6, 1988,
2 as a loan made after January 6, 1988.

3 “(m) LIQUIDATION OF ASSETS.—The Secretary may
4 not use the authority provided by this section to reduce
5 or terminate any portion of the debt of the borrower that
6 the borrower could pay through the liquidation of assets
7 (or through the payment of the loan value of the assets,
8 if the loan value is greater than the liquidation value) de-
9 scribed in subsection (c)(2)(A)(ii).

10 “(n) LIFETIME LIMITATION ON DEBT FORGIVENESS
11 PER BORROWER.—The Secretary may provide each bor-
12 rower not more than \$300,000 in debt forgiveness under
13 this section.

14 **“SEC. 3412. RELIEF FOR MOBILIZED MILITARY RESERVISTS**
15 **FROM CERTAIN AGRICULTURAL LOAN OBLI-**
16 **GATIONS.**

17 “(a) DEFINITION OF MOBILIZED MILITARY RESERV-
18 IST.—In this section, the term ‘mobilized military reserv-
19 ist’ means an individual who—

20 “(1) is on active duty under section 688,
21 12301(a), 12301(g), 12302, 12304, 12306, or
22 12406, or chapter 15 of title 10, United States
23 Code, or any other provision of law during a war or
24 during a national emergency declared by the Presi-

1 dent or Congress, regardless of the location at which
2 the active duty service is performed; or

3 “(2) in the case of a member of the National
4 Guard, is on full-time National Guard duty (as de-
5 fined in section 101(d)(5) of title 10, United States
6 Code) under a call to active service authorized by
7 the President or the Secretary of Defense for a pe-
8 riod of more than 30 consecutive days under section
9 502(f) of title 32, United States Code, for purposes
10 of responding to a national emergency declared by
11 the President and supported by Federal funds.

12 “(b) FORGIVENESS OF INTEREST PAYMENTS DUE
13 WHILE BORROWER IS A MOBILIZED MILITARY RESERV-
14 IST.—Any requirement that a borrower of a direct loan
15 made under this subtitle make any interest payment on
16 the loan that would otherwise be required to be made while
17 the borrower is a mobilized military reservist is rescinded.

18 “(c) DEFERRAL OF PRINCIPAL PAYMENTS DUE
19 WHILE OR AFTER BORROWER IS A MOBILIZED MILITARY
20 RESERVIST.—The due date of any payment of principal
21 on a direct loan made to a borrower under this subtitle
22 that would otherwise be required to be made while or after
23 the borrower is a mobilized military reservist is deferred
24 for a period equal in length to the period for which the
25 borrower is a mobilized military reservist.

1 “(d) NONACCRUAL OF INTEREST.—Interest on a di-
2 rect loan made to a borrower described in this section shall
3 not accrue during the period the borrower is a mobilized
4 military reservist.

5 “(e) BORROWER NOT CONSIDERED TO BE DELIN-
6 QUENT OR RECEIVING DEBT FORGIVENESS.—Notwith-
7 standing section 3425 or any other provision of this title,
8 a borrower who receives assistance under this section shall
9 not, as a result of the assistance, be considered to be delin-
10 quent or receiving debt forgiveness for purposes of receiv-
11 ing a direct or guaranteed loan under this subtitle.

12 **“SEC. 3413. INTEREST RATE REDUCTION PROGRAM.**

13 “(a) ESTABLISHMENT OF PROGRAM.—The Secretary
14 shall establish and carry out in accordance with this sec-
15 tion an interest rate reduction program for any loan guar-
16 anteed under this subtitle.

17 “(b) ENTERING INTO CONTRACTS.—The Secretary
18 shall enter into a contract with, and make payments to,
19 an institution to reduce, during the term of the contract,
20 the interest rate paid by the borrower on the guaranteed
21 loan if—

22 “(1) the borrower—

23 “(A) is unable to obtain credit elsewhere;

24 “(B) is unable to make payments on the

25 loan in a timely manner; and

1 “(C) during the 24-month period beginning
2 on the date on which the contract is entered
3 into, has a total estimated cash income, includ-
4 ing all farm and nonfarm income, that will
5 equal or exceed the total estimated cash ex-
6 penses, including all farm and nonfarm ex-
7 penses, to be incurred by the borrower during
8 the period; and

9 “(2) during the term of the contract, the lender
10 reduces the annual rate of interest payable on the
11 loan by a minimum percentage specified in the con-
12 tract.

13 “(c) PAYMENTS.—

14 “(1) IN GENERAL.—Subject to paragraph (2),
15 in return for a contract entered into by a lender
16 under subsection (b) for the reduction of the interest
17 rate paid on a loan, the Secretary shall make pay-
18 ments to the lender in an amount equal to not more
19 than 100 percent of the cost of reducing the annual
20 rate of interest payable on the loan.

21 “(2) LIMITATION.—Payments under paragraph
22 (1) may not exceed the cost of reducing the rate by
23 more than 400 basis points.

1 “(d) TERM.—The term of a contract entered into
2 under this section to reduce the interest rate on a guaran-
3 teed loan may not exceed the outstanding term of the loan.

4 “(e) CONDITION ON FORECLOSURE.—Notwith-
5 standing any other law, any contract of guarantee on a
6 farm loan entered into under this subtitle shall contain
7 a condition that the lender of the loan may not initiate
8 a foreclosure action on the loan until 60 days after a de-
9 termination is made with respect to the eligibility of the
10 borrower to participate in the program established under
11 this section.

12 **“SEC. 3414. HOMESTEAD PROPERTY.**

13 “(a) DEFINITIONS.—In this section:

14 “(1) ADMINISTRATOR.—The term ‘Adminis-
15 trator’ means the Administrator of the Small Busi-
16 ness Administration.

17 “(2) BORROWER-OWNER.—The term ‘borrower-
18 owner’ means—

19 “(A) a borrower-owner of a loan made or
20 guaranteed by the Secretary or the Adminis-
21 trator who meets the eligibility requirements of
22 subsection (c)(1); or

23 “(B) in a case in which an owner of home-
24 stead property pledged the property to secure

1 the loan and the owner is different than the
2 borrower, the owner.

3 “(3) FARM PROGRAM LOAN.—The term ‘farm
4 program loan’ means a loan made by the Adminis-
5 trator under the Small Business Act (15 U.S.C. 631
6 et seq.) for any of the purposes authorized for loans
7 under chapter 1 or 2.

8 “(4) HOMESTEAD PROPERTY.—The term
9 ‘homestead property’ means—

10 “(A) the principal residence and adjoining
11 property possessed and occupied by a borrower-
12 owner, including a reasonable number of farm
13 outbuildings located on the adjoining land that
14 are useful to any occupant of the homestead;
15 and

16 “(B) not more than 10 acres of adjoining
17 land that is used to maintain the family of the
18 borrower-owner.

19 “(b) RETENTION OF HOMESTEAD PROPERTY.—

20 “(1) IN GENERAL.—The Secretary or the Ad-
21 ministrators shall, on application by a borrower-
22 owner who meets the eligibility requirements of sub-
23 section (c)(1), permit the borrower-owner to retain
24 possession and occupancy of homestead property

1 under the terms set forth, and until the action de-
2 scribed in this section has been completed, if—

3 “(A) the Secretary forecloses or takes into
4 inventory property securing a loan made under
5 this subtitle;

6 “(B) the Administrator forecloses or takes
7 into inventory property securing a farm pro-
8 gram loan made under the Small Business Act
9 (15 U.S.C. 631 et seq.); or

10 “(C) the borrower-owner of a loan made by
11 the Secretary or the Administrator files a peti-
12 tion in bankruptcy that results in the convey-
13 ance of the homestead property to the Secretary
14 or the Administrator, or agrees to voluntarily
15 liquidate or convey the property in whole or in
16 part.

17 “(2) PERIOD OF OCCUPANCY.—Subject to sub-
18 section (c), the Secretary or the Administrator shall
19 not grant a period of occupancy of less than 3 nor
20 more than 5 years.

21 “(c) ELIGIBILITY.—

22 “(1) IN GENERAL.—To be eligible to occupy
23 homestead property, a borrower-owner of a loan
24 made by the Secretary or the Administrator shall—

1 “(A) apply for the occupancy not later
2 than 30 days after the property is acquired by
3 the Secretary or Administrator;

4 “(B) have received from farming oper-
5 ations gross farm income that is reasonably
6 commensurate with—

7 “(i) the size and location of the farm-
8 ing unit of the borrower-owner; and

9 “(ii) local agricultural conditions (in-
10 cluding natural and economic conditions),
11 during at least 2 calendar years of the 6-
12 year period preceding the calendar year in
13 which the application is made;

14 “(C) have received from farming oper-
15 ations at least 60 percent of the gross annual
16 income of the borrower-owner and any spouse
17 of the borrower-owner during at least 2 cal-
18 endar years of the 6-year period described in
19 subparagraph (B);

20 “(D) have continuously occupied the home-
21 stead property during the 6-year period de-
22 scribed in subparagraph (B), except that the re-
23 quirement of this subparagraph may be waived
24 if a borrower-owner, due to circumstances be-
25 yond the control of the borrower-owner, had to

1 leave the homestead property for a period of
2 time not to exceed 12 months during the 6-year
3 period;

4 “(E) during the period of occupancy of the
5 homestead property, pay a reasonable sum as
6 rent for the property to the Secretary or the
7 Administrator in an amount substantially equiv-
8 alent to rents charged for similar residential
9 properties in the area in which the homestead
10 property is located;

11 “(F) during the period of the occupancy of
12 the homestead property, maintain the property
13 in good condition; and

14 “(G) meet such other reasonable and nec-
15 essary terms and conditions as the Secretary
16 may require.

17 “(2) DEFINITION OF FARMING OPERATIONS.—

18 In subparagraphs (B) and (C) of paragraph (1), the
19 term ‘farming operations’ includes rent paid by a
20 lessee of agricultural land during a period in which
21 the borrower-owner, due to circumstances beyond
22 the control of the borrower-owner, is unable to ac-
23 tively farm the land.

24 “(3) TERMINATION OF RIGHTS.—

1 “(A) IN GENERAL.—For purposes of para-
2 graph (1)(E), the failure of the borrower-owner
3 to make a timely rental payment shall con-
4 stitute cause for the termination of all rights of
5 the borrower-owner to possession and occu-
6 pancy of the homestead property under this sec-
7 tion.

8 “(B) PROCEDURE FOR TERMINATION.—In
9 effecting a termination under subparagraph
10 (A), the Secretary shall—

11 “(i) afford the borrower-owner or les-
12 see the notice and hearing procedural
13 rights described in subtitle H of the De-
14 partment of Agriculture Reorganization
15 Act of 1994 (7 U.S.C. 6991 et seq.); and

16 “(ii) comply with any applicable State
17 and local law governing eviction of a per-
18 son from residential property.

19 “(4) RIGHTS OF BORROWER-OWNER.—

20 “(A) PERIOD OF OCCUPANCY.—Subject to
21 subsection (b)(2), the period of occupancy al-
22 lowed the borrower-owner of homestead prop-
23 erty under this section shall be the period re-
24 quested in writing by the borrower-owner.

25 “(B) RIGHT TO REACQUIRE.—

1 “(i) IN GENERAL.—During the period
2 the borrower-owner occupies the homestead
3 property, the borrower-owner shall have a
4 right to reacquire the homestead property
5 on such terms and conditions as the Sec-
6 retary shall determine.

7 “(ii) SOCIALLY DISADVANTAGED BOR-
8 ROWER-OWNER.—During the period of oc-
9 cupancy of a borrower-owner who is a so-
10 cially disadvantaged farmer, the borrower-
11 owner or a member of the immediate fam-
12 ily of the borrower-owner shall have a right
13 of first refusal to reacquire the homestead
14 property on such terms and conditions as
15 the Secretary shall determine.

16 “(iii) INDEPENDENT APPRAISAL.—
17 The Secretary may not demand a payment
18 for the homestead property that is in ex-
19 cess of the current market value of the
20 homestead property as established by an
21 independent appraisal.

22 “(iv) CONDUCT OF APPRAISAL.—An
23 independent appraisal under clause (iii)
24 shall be conducted by an appraiser selected
25 by the borrower-owner, or, in the case of a

1 borrower-owner who is a socially disadvan-
2 taged farmer, the immediate family mem-
3 ber of the borrower-owner, from a list of 3
4 appraisers approved by the county super-
5 visor.

6 “(5) TRANSFER OF RIGHTS.—

7 “(A) IN GENERAL.—Except as provided in
8 subparagraph (B), no right of a borrower-owner
9 under this section, and no agreement entered
10 into between the borrower-owner and the Sec-
11 retary for occupancy of the homestead property,
12 shall be transferable or assignable by the bor-
13 rower-owner or by operation of law.

14 “(B) DEATH OR INCOMPETENCY.—In the
15 case of death or incompetency of the borrower-
16 owner, the right and agreement shall be trans-
17 ferable to a spouse of the borrower-owner if the
18 spouse agrees to comply with any terms and
19 conditions of the right or agreement.

20 “(6) NOTIFICATION.—Not later than the date
21 of acquisition of the property securing a loan made
22 under this title, the Secretary shall notify the bor-
23 rower-owner of the property of the availability of
24 homestead protection rights under this section.

25 “(d) END OF PERIOD OF OCCUPANCY.—

1 “(1) IN GENERAL.—At the end of the period of
2 occupancy allowed a borrower-owner under sub-
3 section (c), the Secretary or the Administrator shall
4 grant to the borrower-owner a right of first refusal
5 to reacquire the homestead property on such terms
6 and conditions (which may include payment of prin-
7 cipal in installments) as the Secretary or the Admin-
8 istrator shall determine.

9 “(2) TERMS AND CONDITIONS.—The terms and
10 conditions granted under paragraph (1) may not be
11 less favorable than those offered by the Secretary or
12 Administrator or intended by the Secretary or Ad-
13 ministrator to be offered to any other buyer.

14 “(e) MAXIMUM PAYMENT OF PRINCIPAL.—

15 “(1) IN GENERAL.—At the time a reacquisition
16 agreement is entered into, the Secretary or the Ad-
17 ministrator may not demand a total payment of
18 principal that is in excess of the value of the home-
19 stead property.

20 “(2) DETERMINATION OF VALUE.—To the max-
21 imum extent practicable, the value of the homestead
22 property shall be determined by an independent ap-
23 praisal made during the 180 day period beginning
24 on the date of receipt of the application of the bor-

1 borrower-owner to retain possession and occupancy of
2 the homestead property.

3 “(f) TITLE NOT NEEDED TO ENTER INTO CON-
4 TRACTS.—The Secretary may enter into a contract au-
5 thorized by this section before the Secretary acquires title
6 to the homestead property that is the subject of the con-
7 tract.

8 “(g) STATE LAW PREVAILS.—In the event of a con-
9 flict between this section and a provision of State law re-
10 lating to the right of a borrower-owner to designate for
11 separate sale or redeem part or all of the real property
12 securing a loan foreclosed on by a lender to the borrower-
13 owner, the provision of State law shall prevail.

14 **“SEC. 3415. TRANSFER OF INVENTORY LAND.**

15 “(a) IN GENERAL.—Subject to subsection (b), the
16 Secretary may transfer to a Federal or State agency, for
17 conservation purposes, any real property, or interest in
18 real property, administered by the Secretary under this
19 subtitle—

20 “(1) with respect to which the rights of all prior
21 owners and operators have expired;

22 “(2) that is eligible to be disposed of in accord-
23 ance with section 3409; and

24 “(3) that—

1 “(A) has marginal value for agricultural
2 production;

3 “(B) is environmentally sensitive; or

4 “(C) has special management importance.

5 “(b) CONDITIONS.—The Secretary may not transfer
6 any property or interest in property under subsection (a)
7 unless—

8 “(1) at least 2 public notices are given of the
9 transfer;

10 “(2) if requested, at least 1 public meeting is
11 held prior to the transfer; and

12 “(3) the Governor and at least 1 elected county
13 official of the State and county in which the prop-
14 erty is located are consulted prior to the transfer.

15 **“SEC. 3416. TARGET PARTICIPATION RATES.**

16 “(a) ESTABLISHMENT.—

17 “(1) IN GENERAL.—The Secretary shall estab-
18 lish annual target participation rates, on a county-
19 wide basis, that shall ensure that members of so-
20 cially disadvantaged groups shall—

21 “(A) receive loans made or guaranteed
22 under chapter 1; and

23 “(B) have the opportunity to purchase or
24 lease farmland acquired by the Secretary under
25 this subtitle.

1 “(2) GROUP POPULATION.—Except as provided
2 in paragraph (3), in establishing the target rates,
3 the Secretary shall take into consideration—

4 “(A) the portion of the population of the
5 county made up of the socially disadvantaged
6 groups; and

7 “(B) the availability of inventory farmland
8 in the county.

9 “(3) GENDER.—In the case of gender, target
10 participation rates shall take into consideration the
11 number of current and potential socially disadvan-
12 taged farmers in a State in proportion to the total
13 number of farmers in the State.

14 “(b) RESERVATION AND ALLOCATION.—

15 “(1) RESERVATION.—To the maximum extent
16 practicable, the Secretary shall reserve sufficient
17 loan funds made available under chapter 1 for use
18 by members of socially disadvantaged groups identi-
19 fied under target participation rates established
20 under subsection (a).

21 “(2) ALLOCATION.—The Secretary shall allo-
22 cate the loans on the basis of the proportion of
23 members of socially disadvantaged groups in a coun-
24 ty and the availability of inventory farmland, with
25 the greatest amount of loan funds being distributed

1 in the county with the greatest proportion of socially
2 disadvantaged group members and the greatest
3 quantity of available inventory farmland.

4 “(3) INDIAN RESERVATIONS.—In distributing
5 loan funds in counties within the boundaries of an
6 Indian reservation, the Secretary shall allocate the
7 funds on a reservation-wide basis.

8 “(c) OPERATING LOANS.—

9 “(1) ESTABLISHMENT.—

10 “(A) IN GENERAL.—The Secretary shall
11 establish annual target participation rates that
12 shall ensure that socially disadvantaged farmers
13 receive loans made or guaranteed under chapter
14 2.

15 “(B) CONSIDERATIONS.—In establishing
16 the target rates, the Secretary shall consider
17 the number of socially disadvantaged farmers in
18 a State in proportion to the total number of
19 farmers in the State.

20 “(2) RESERVATION AND ALLOCATION.—

21 “(A) IN GENERAL.—To the maximum ex-
22 tent practicable, the Secretary shall reserve and
23 allocate the proportion of the loan funds of each
24 State made available under chapter 2 that is
25 equal to the target participation rate of the

1 State for use by the socially disadvantaged
2 farmers in the State.

3 “(B) DISTRIBUTION.—To the maximum
4 extent practicable, the Secretary shall distribute
5 the total loan funds reserved under subpara-
6 graph (A) on a county-by-county basis accord-
7 ing to the number of socially disadvantaged
8 farmers in the county.

9 “(C) REALLOCATION OF UNUSED
10 FUNDS.—Any funds reserved and allocated
11 under this paragraph but not used within a
12 State shall, to the extent necessary to satisfy
13 pending applications under this title, be avail-
14 able for use by socially disadvantaged farmers
15 in other States, as determined by the Secretary,
16 and any remaining funds shall be reallocated
17 within the State.

18 “(d) REPORT.—The Secretary shall prepare and sub-
19 mit to the Committee on Agriculture of the House of Rep-
20 resentatives and the Committee on Agriculture, Nutrition,
21 and Forestry of the Senate a report that describes the an-
22 nual target participation rates and the success in meeting
23 the rates.

24 “(e) IMPLEMENTATION CONSISTENT WITH SUPREME
25 COURT HOLDING.—Not later than 180 days after April

1 4, 1996, the Secretary shall ensure that the implementa-
2 tion of this section is consistent with the holding of the
3 Supreme Court in *Adarand Constructors, Inc. v. Federico*
4 *Pena*, Secretary of Transportation, 115 S. Ct. 2097
5 (1995).

6 **“SEC. 3417. COMPROMISE OR ADJUSTMENT OF DEBTS OR**
7 **CLAIMS BY GUARANTEED LENDER.**

8 “(a) **LOSS BY LENDER.**—If the lender of a guaran-
9 teed farmer program loan takes any action described in
10 section 3903(a)(4) with respect to the loan and the Sec-
11 retary approves the action, for purposes of the guarantee,
12 the lender shall be treated as having sustained a loss equal
13 to the amount by which—

14 “(1) the outstanding balance of the loan imme-
15 diately before the action; exceeds

16 “(2) the outstanding balance of the loan imme-
17 diately after the action.

18 “(b) **NET PRESENT VALUE OF LOAN.**—The Sec-
19 retary shall approve the taking of an action described in
20 section 3903(a)(4) by the lender of a guaranteed farmer
21 program loan with respect to the loan if the action reduces
22 the net present value of the loan to an amount equal to
23 not less than the greater of—

24 “(1) the greatest net present value of a loan the
25 borrower could reasonably be expected to repay; and

1 “(2) the difference between—

2 “(A) the greatest amount that the lender
3 of the loan could reasonably expect to recover
4 from the borrower through bankruptcy, or liq-
5 uidation of the property securing the loan; and

6 “(B) all reasonable and necessary costs
7 and expenses that the lender of the loan could
8 reasonably expect to incur to preserve or dis-
9 pose of the property (including all associated
10 legal and property management costs) in the
11 course of such a bankruptcy or liquidation.

12 “(c) NO LIMITATION ON AUTHORITY.—This section
13 shall not limit the authority of the Secretary to enter into
14 a shared appreciation arrangement with a borrower under
15 section 3411(e).

16 **“SEC. 3418. WAIVER OF MEDIATION RIGHTS BY BOR-**
17 **ROWERS.**

18 “The Secretary may not make or guarantee any
19 farmer program loan to a farm borrower on the condition
20 that the borrower waive any right under the mediation
21 program of any State.

22 **“SEC. 3419. BORROWER TRAINING.**

23 “(a) IN GENERAL.—The Secretary shall contract to
24 provide educational training to all borrowers of direct

1 loans made under this subtitle in financial and farm man-
2 agement concepts associated with commercial farming.

3 “(b) CONTRACT.—

4 “(1) IN GENERAL.—The Secretary may con-
5 tract with a State or private provider of farm man-
6 agement and credit counseling services (including a
7 community college, the extension service of a State,
8 a State department of agriculture, or a nonprofit or-
9 ganization) to carry out this section.

10 “(2) CONSULTATION.—The Secretary may con-
11 sult with the chief executive officer of a State con-
12 cerning the identity of the contracting organization
13 and the process for contracting.

14 “(c) ELIGIBILITY FOR LOANS.—

15 “(1) IN GENERAL.—Subject to paragraph (2),
16 to be eligible to obtain a direct or guaranteed loan
17 under this subtitle, a borrower shall be required to
18 obtain management assistance under this section,
19 appropriate to the management ability of the bor-
20 rower during the determination of eligibility for the
21 loan.

22 “(2) LOAN CONDITIONS.—The need of a bor-
23 rower who satisfies the criteria set out in section
24 3101(b)(1)(B) or 3201(b)(1)(B) for management as-
25 sistance under this section shall not be cause for de-

1 nial of eligibility of the borrower for a direct or
2 guaranteed loan under this subtitle.

3 “(d) GUIDELINES AND CURRICULUM.—The Sec-
4 retary shall issue regulations establishing guidelines and
5 curriculum for the borrower training program established
6 under this section.

7 “(e) PAYMENT.—A borrower—

8 “(1) shall pay for training received under this
9 section; and

10 “(2) may use funds from operating loans made
11 under chapter 2 to pay for the training.

12 “(f) WAIVERS.—

13 “(1) IN GENERAL.—The Secretary may waive
14 the requirements of this section for an individual
15 borrower on a determination that the borrower dem-
16 onstrates adequate knowledge in areas described in
17 this section.

18 “(2) CRITERIA.—The Secretary shall establish
19 criteria providing for the application of paragraph
20 (1) consistently in all counties nationwide.

21 **“SEC. 3420. LOAN ASSESSMENTS.**

22 “(a) IN GENERAL.—After an applicant is determined
23 to be eligible for assistance under this subtitle, the Sec-
24 retary shall evaluate, in accordance with regulations issued

1 by the Secretary, the farming plan and financial situation
2 of each qualified farmer applicant.

3 “(b) DETERMINATIONS.—In evaluating the farming
4 plan and financial situation of an applicant under this sec-
5 tion, the Secretary shall determine—

6 “(1) the amount that the applicant needs to
7 borrow to carry out the proposed farming plan;

8 “(2) the rate of interest that the applicant
9 would need to be able to cover expenses and build
10 an adequate equity base;

11 “(3) the goals of the proposed farming plan of
12 the applicant;

13 “(4) the financial viability of the plan and any
14 changes that are necessary to make the plan viable;
15 and

16 “(5) whether assistance is necessary under this
17 title and, if so, the amount of the assistance.

18 “(c) CONTRACT.—The Secretary may contract with
19 a third party (including an entity that is eligible to provide
20 borrower training under section 3419(b)) to conduct a
21 loan assessment under this section.

22 “(d) REVIEW OF LOANS.—

23 “(1) IN GENERAL.—Loan assessments con-
24 ducted under this section shall include biannual re-
25 view of direct loans, and periodic review (as deter-

1 mined necessary by the Secretary) of guaranteed
2 loans, made under this title to assess the progress
3 of a borrower in meeting the goals for the farm op-
4 eration.

5 “(2) CONTRACTS.—The Secretary may contract
6 with an entity that is eligible to provide borrower
7 training under section 3419(b) to conduct a loan re-
8 view under paragraph (1).

9 “(3) PROBLEM ASSESSMENTS.—If a borrower is
10 delinquent in payments on a direct or guaranteed
11 loan made under this title, the Secretary or the con-
12 tracting entity shall determine the cause of, and ac-
13 tion necessary to correct, the delinquency.

14 “(e) GUIDELINES.—The Secretary shall issue regula-
15 tions providing guidelines for loan assessments conducted
16 under this section.

17 **“SEC. 3421. SUPERVISED CREDIT.**

18 “The Secretary shall provide adequate training to
19 employees of the Farm Service Agency on credit analysis
20 and financial and farm management—

21 “(1) to better acquaint the employees with what
22 constitutes adequate financial data on which to base
23 a direct or guaranteed loan approval decision; and

24 “(2) to ensure proper supervision of farmer
25 program loans.

1 **“SEC. 3422. MARKET PLACEMENT.**

2 “The Secretary shall establish a market placement
3 program for a qualified beginning farmer and any other
4 borrower of farmer program loans that the Secretary be-
5 lieves has a reasonable chance of qualifying for commercial
6 credit with a guarantee provided under this subtitle.

7 **“SEC. 3423. RECORDKEEPING OF LOANS BY GENDER OF**
8 **BORROWER.**

9 “The Secretary shall classify, by gender, records of
10 applicants for loans and loan guarantees under this sub-
11 title.

12 **“SEC. 3424. CROP INSURANCE REQUIREMENT.**

13 “(a) IN GENERAL.—As a condition of obtaining any
14 benefit (including a direct loan, loan guarantee, or pay-
15 ment) described in subsection (b), a borrower shall be re-
16 quired to obtain at least catastrophic risk protection insur-
17 ance coverage under section 508 of the Federal Crop In-
18 surance Act (7 U.S.C. 1508) for the crop and crop year
19 for which the benefit is sought, if the coverage is offered
20 by the Federal Crop Insurance Corporation.

21 “(b) APPLICABLE BENEFITS.—Subsection (a) shall
22 apply to—

23 “(1) a farm ownership loan under section 3102;

24 “(2) an operating loan under section 3202; and

25 “(3) an emergency loan under section 3301.

1 **“SEC. 3425. LOAN AND LOAN SERVICING LIMITATIONS.**

2 “(a) DELINQUENT BORROWERS PROHIBITED FROM
3 OBTAINING DIRECT OPERATING LOANS.—The Secretary
4 may not make a direct operating loan under chapter 2
5 to a borrower who is delinquent on any loan made or guar-
6 anteed under this subtitle.

7 “(b) LOANS PROHIBITED FOR BORROWERS THAT
8 HAVE RECEIVED DEBT FORGIVENESS.—

9 “(1) PROHIBITIONS.—Except as provided in
10 paragraph (2)—

11 “(A) the Secretary may not make a loan
12 under this subtitle to a borrower that has re-
13 ceived debt forgiveness on a loan made or guar-
14 anteed under this subtitle; and

15 “(B) the Secretary may not guarantee a
16 loan under this subtitle to a borrower that has
17 received—

18 “(i) debt forgiveness after April 4,
19 1996, on a loan made or guaranteed under
20 this subtitle; or

21 “(ii) received debt forgiveness on more
22 than 3 occasions on or before April 4,
23 1996.

24 “(2) EXCEPTIONS.—

25 “(A) IN GENERAL.—The Secretary may
26 make a direct or guaranteed farm operating

1 loan for paying annual farm operating expenses
2 of a borrower who—

3 “(i) was restructured with a write-
4 down under section 3411;

5 “(ii) is current on payments under a
6 confirmed reorganization plan under chap-
7 ters 11, 12, or 13 of title 11 of the
8 United States Code; or

9 “(iii) received debt forgiveness on not
10 more than 1 occasion resulting directly and
11 primarily from a major disaster or emer-
12 gency designated by the President on or
13 after April 4, 1996, under the Robert T.
14 Stafford Disaster Relief and Emergency
15 Assistance Act (42 U.S.C. 5121 et seq.).

16 “(B) EMERGENCY LOANS.—The Secretary
17 may make an emergency loan under section
18 3301 to a borrower that—

19 “(i) on or before April 4, 1996, re-
20 ceived not more than 1 debt forgiveness on
21 a loan made or guaranteed under this sub-
22 title; and

23 “(ii) after April 4, 1996, has not re-
24 ceived debt forgiveness on a loan made or
25 guaranteed under this subtitle.

1 program carried out by a qualified entity under the
2 pilot program established in subsection (b)(1).

3 “(2) ELIGIBLE PARTICIPANT.—The term ‘eligi-
4 ble participant’ means a qualified beginning farmer
5 that—

6 “(A) lacks significant financial resources
7 or assets; and

8 “(B) has an income that is less than—

9 “(i) 80 percent of the median income
10 of the State in which the farmer resides; or

11 “(ii) 200 percent of the most recent
12 annual Federal Poverty Income Guidelines
13 published by the Department of Health
14 and Human Services for the State.

15 “(3) INDIVIDUAL DEVELOPMENT ACCOUNT.—
16 The term ‘individual development account’ means a
17 savings account described in subsection (b)(4)(A).

18 “(4) QUALIFIED ENTITY.—

19 “(A) IN GENERAL.—The term ‘qualified
20 entity’ means—

21 “(i) 1 or more organizations—

22 “(I) described in section
23 501(c)(3) of the Internal Revenue
24 Code of 1986; and

1 “(II) exempt from taxation under
2 section 501(a) of such Code; or

3 “(ii) a State, local, or tribal govern-
4 ment submitting an application jointly with
5 an organization described in clause (i).

6 “(B) NO PROHIBITION ON COLLABORA-
7 TION.—An organization described in subpara-
8 graph (A)(i) may collaborate with a financial
9 institution or for-profit community development
10 corporation to carry out the purposes of this
11 section.

12 “(b) PILOT PROGRAM.—

13 “(1) IN GENERAL.—The Secretary shall estab-
14 lish a pilot program to be known as the ‘New Farm-
15 er Individual Development Accounts Pilot Program’
16 under which the Secretary shall work through quali-
17 fied entities to establish demonstration programs—

18 “(A) of at least 5 years in duration; and

19 “(B) in at least 15 States.

20 “(2) COORDINATION.—The Secretary shall op-
21 erate the pilot program through and in coordination
22 with the farmer program loans of the Farm Service
23 Agency.

24 “(3) RESERVE FUNDS.—

1 “(A) IN GENERAL.—A qualified entity car-
2 rying out a demonstration program under this
3 section shall establish a reserve fund consisting
4 of a non-Federal match of 50 percent of the
5 total amount of the grant awarded to the dem-
6 onstration program under this section.

7 “(B) FEDERAL FUNDS.—After the quali-
8 fied entity has deposited the non-Federal
9 matching funds described in subparagraph (A)
10 in the reserve fund, the Secretary shall provide
11 the total amount of the grant awarded under
12 this section to the demonstration program for
13 deposit in the reserve fund.

14 “(C) USE OF FUNDS.—Of the funds depos-
15 ited under subparagraph (B) in the reserve
16 fund established for a demonstration program,
17 the qualified entity carrying out the demonstra-
18 tion program—

19 “(i) may use up to 10 percent for ad-
20 ministrative expenses; and

21 “(ii) shall use the remainder in mak-
22 ing matching awards described in para-
23 graph (4)(B)(ii)(I).

24 “(D) INTEREST.—Any interest earned on
25 amounts in a reserve fund established under

1 subparagraph (A) may be used by the qualified
2 entity as additional matching funds for, or to
3 administer, the demonstration program.

4 “(E) GUIDANCE.—The Secretary shall
5 issue guidance regarding the investment re-
6 quirements of reserve funds established under
7 this paragraph.

8 “(F) REVERSION.—On the date on which
9 all funds remaining in any individual develop-
10 ment account established by a qualified entity
11 have reverted under paragraph (5)(B)(ii) to the
12 reserve fund established by the qualified entity,
13 there shall revert to the Treasury of the United
14 States a percentage of the amount (if any) in
15 the reserve fund equal to—

16 “(i) the amount of Federal funds de-
17 posited in the reserve fund under subpara-
18 graph (B) that were not used for adminis-
19 trative expenses; divided by

20 “(ii) the total amount of funds depos-
21 ited in the reserve fund.

22 “(4) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

23 “(A) IN GENERAL.—A qualified entity re-
24 ceiving a grant under this section shall establish

1 and administer individual development accounts
2 for eligible participants.

3 “(B) CONTRACT REQUIREMENTS.—To be
4 eligible to receive funds under this section from
5 a qualified entity, an eligible participant shall
6 enter into a contract with only 1 qualified enti-
7 ty under which—

8 “(i) the eligible participant agrees—

9 “(I) to deposit a certain amount
10 of funds of the eligible participant in
11 a personal savings account, as pre-
12 scribed by the contractual agreement
13 between the eligible participant and
14 the qualified entity;

15 “(II) to use the funds described
16 in subclause (I) only for 1 or more eli-
17 gible expenditures described in para-
18 graph (5)(A); and

19 “(III) to complete financial train-
20 ing; and

21 “(ii) the qualified entity agrees—

22 “(I) to deposit, not later than 1
23 month after an amount is deposited
24 pursuant to clause (i)(I), at least a
25 100-percent, and up to a 200-percent,

1 match of that amount into the indi-
2 vidual development account estab-
3 lished for the eligible participant; and

4 “(II) with uses of funds proposed
5 by the eligible participant.

6 “(C) LIMITATION.—

7 “(i) IN GENERAL.—A qualified entity
8 administering a demonstration program
9 under this section may provide not more
10 than \$6,000 for each fiscal year in match-
11 ing funds to the individual development ac-
12 count established by the qualified entity
13 for an eligible participant.

14 “(ii) TREATMENT OF AMOUNT.—An
15 amount provided under clause (i) shall not
16 be considered to be a gift or loan for mort-
17 gage purposes.

18 “(5) ELIGIBLE EXPENDITURES.—

19 “(A) IN GENERAL.—An eligible expendi-
20 ture described in this subparagraph is an ex-
21 penditure—

22 “(i) to purchase farmland or make a
23 down payment on an accepted purchase
24 offer for farmland;

1 “(ii) to make mortgage payments on
2 farmland purchased pursuant to clause (i),
3 for up to 180 days after the date of the
4 purchase;

5 “(iii) to purchase breeding stock, fruit
6 or nut trees, or trees to harvest for timber;
7 and

8 “(iv) for other similar expenditures,
9 as determined by the Secretary.

10 “(B) TIMING.—

11 “(i) IN GENERAL.—An eligible partici-
12 pant may make an eligible expenditure at
13 any time during the 2-year period begin-
14 ning on the date on which the last match-
15 ing funds are provided under paragraph
16 (4)(B)(ii)(I) to the individual development
17 account established for the eligible partici-
18 pant.

19 “(ii) UNEXPENDED FUNDS.—At the
20 end of the period described in clause (i),
21 any funds remaining in an individual devel-
22 opment account established for an eligible
23 participant shall revert to the reserve fund
24 of the demonstration program under which
25 the account was established.

1 “(c) APPLICATIONS.—

2 “(1) IN GENERAL.—A qualified entity that
3 seeks to carry out a demonstration program under
4 this section may submit to the Secretary an applica-
5 tion at such time, in such form, and containing such
6 information as the Secretary may prescribe.

7 “(2) CRITERIA.—In considering whether to ap-
8 prove an application to carry out a demonstration
9 program under this section, the Secretary shall as-
10 sess—

11 “(A) the degree to which the demonstra-
12 tion program described in the application is
13 likely to aid eligible participants in successfully
14 pursuing new farming opportunities;

15 “(B) the experience and ability of the
16 qualified entity to responsibly administer the
17 demonstration program;

18 “(C) the experience and ability of the
19 qualified entity in recruiting, educating, and as-
20 sisting eligible participants to increase economic
21 independence and pursue or advance farming
22 opportunities;

23 “(D) the aggregate amount of direct funds
24 from non-Federal public sector and private
25 sources that are formally committed to the

1 demonstration program as matching contribu-
2 tions;

3 “(E) the adequacy of the plan of the quali-
4 fied entity to provide information relevant to an
5 evaluation of the demonstration program; and

6 “(F) such other factors as the Secretary
7 considers to be appropriate.

8 “(3) PREFERENCES.—In considering an appli-
9 cation to conduct a demonstration program under
10 this section, the Secretary shall give preference to an
11 application from a qualified entity that dem-
12 onstrates—

13 “(A) a track record of serving clients tar-
14 geted by the program, including, as appro-
15 priate, socially disadvantaged farmers; and

16 “(B) expertise in dealing with financial
17 management aspects of farming.

18 “(4) APPROVAL.—Not later than 1 year after
19 the date of enactment of this section, in accordance
20 with this section, the Secretary shall, on a competi-
21 tive basis, approve such applications to conduct dem-
22 onstration programs as the Secretary considers ap-
23 propriate.

24 “(5) TERM OF AUTHORITY.—If the Secretary
25 approves an application to carry out a demonstration

1 program, the Secretary shall authorize the applicant
2 to carry out the project for a period of 5 years, plus
3 an additional 2 years to make eligible expenditures
4 in accordance with subsection (b)(5)(B).

5 “(d) GRANT AUTHORITY.—

6 “(1) IN GENERAL.—The Secretary shall make a
7 grant to a qualified entity authorized to carry out a
8 demonstration program under this section.

9 “(2) MAXIMUM AMOUNT OF GRANTS.—The ag-
10 gregate amount of grant funds provided to a dem-
11 onstration program carried out under this section
12 shall not exceed \$250,000.

13 “(3) TIMING OF GRANT PAYMENTS.—The Sec-
14 retary shall pay the amounts awarded under a grant
15 made under this section—

16 “(A) on the awarding of the grant; or

17 “(B) pursuant to such payment plan as
18 the qualified entity may specify.

19 “(e) REPORTS.—

20 “(1) ANNUAL PROGRESS REPORTS.—

21 “(A) IN GENERAL.—Not later than 60
22 days after the end of the calendar year in which
23 the Secretary authorizes a qualified entity to
24 carry out a demonstration program under this
25 section, and annually thereafter until the con-

1 elusion of the demonstration program, the
2 qualified entity shall prepare an annual report
3 that includes, for the period covered by the re-
4 port—

5 “(i) an evaluation of the progress of
6 the demonstration program;

7 “(ii) information about the dem-
8 onstration program, including the eligible
9 participants and the individual develop-
10 ment accounts that have been established;
11 and

12 “(iii) such other information as the
13 Secretary may require.

14 “(B) SUBMISSION OF REPORTS.—A quali-
15 fied entity shall submit each report required
16 under subparagraph (A) to the Secretary.

17 “(2) REPORTS BY THE SECRETARY.—Not later
18 than 1 year after the date on which all demonstra-
19 tion programs under this section are concluded, the
20 Secretary shall submit to Congress a final report
21 that describes the results and findings of all reports
22 and evaluations carried out under this section.

23 “(f) ANNUAL REVIEW.—The Secretary may conduct
24 an annual review of the financial records of a qualified
25 entity—

1 “(1) to assess the financial soundness of the
2 qualified entity; and

3 “(2) to determine the use of grant funds made
4 available to the qualified entity under this section.

5 “(g) REGULATIONS.—In carrying out this section,
6 the Secretary may promulgate regulations to ensure that
7 the program includes provisions for—

8 “(1) the termination of demonstration pro-
9 grams;

10 “(2) control of the reserve funds in the case of
11 such a termination;

12 “(3) transfer of demonstration programs to
13 other qualified entities; and

14 “(4) remissions from a reserve fund to the Sec-
15 retary in a case in which a demonstration program
16 is terminated without transfer to a new qualified en-
17 tity.

18 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
19 is authorized to be appropriated to carry out this section
20 \$5,000,000 for each of fiscal years 2012 through 2017.

21 **“SEC. 3429. FARMER LOAN PILOT PROJECTS.**

22 “(a) IN GENERAL.—The Secretary may conduct pilot
23 projects of limited scope and duration that are consistent
24 with this subtitle to evaluate processes and techniques that

1 may improve the efficiency and effectiveness of the pro-
2 grams carried out under this subtitle

3 “(b) NOTIFICATION.—The Secretary shall—

4 “(1) not less than 60 days before the date on
5 which the Secretary initiates a pilot project under
6 subsection (a), submit notice of the proposed pilot
7 project to the Committee on Agriculture of the
8 House of Representatives and the Committee on Ag-
9 riculture, Nutrition, and Forestry of the Senate; and

10 “(2) consider any recommendations or feedback
11 provided to the Secretary in response to the notice
12 provided under paragraph (1).

13 **“SEC. 3430. AUTHORIZATION OF APPROPRIATIONS AND AL-**
14 **LOCATION OF FUNDS.**

15 “(a) AUTHORIZATION FOR LOANS.—

16 “(1) IN GENERAL.—The Secretary may make
17 or guarantee loans under chapters 1 and 2 from the
18 Agricultural Credit Insurance Fund for not more
19 than \$4,226,000,000 for each of fiscal years 2012
20 through 2017, of which, for each fiscal year—

21 “(A) \$1,200,000,000 shall be for direct
22 loans, of which—

23 “(i) \$350,000,000 shall be for farm
24 ownership loans; and

1 “(ii) \$850,000,000 shall be for oper-
2 ating loans; and

3 “(B) \$3,026,000,000 shall be for guaran-
4 teed loans, of which—

5 “(i) \$1,000,000,000 shall be for guar-
6 antees of farm ownership loans; and

7 “(ii) \$2,026,000,000 shall be for
8 guarantees of operating loans.

9 “(2) BEGINNING FARMERS.—

10 “(A) DIRECT LOANS.—

11 “(i) FARM OWNERSHIP LOANS.—

12 “(I) IN GENERAL.—Of the
13 amounts made available under para-
14 graph (1) for direct farm ownership
15 loans, the Secretary shall reserve an
16 amount that is not less than 75 per-
17 cent of the total amount for qualified
18 beginning farmers.

19 “(II) DOWN PAYMENT LOANS;
20 JOINT FINANCING ARRANGEMENTS.—

21 Of the amounts reserved for a fiscal
22 year under subclause (I), the Sec-
23 retary shall reserve an amount not
24 less than $\frac{2}{3}$ of the amount for the
25 down payment loan program under

1 section 3107 and joint financing ar-
2 rangements under section 3105 until
3 April 1 of the fiscal year.

4 “(ii) OPERATING LOANS.—Of the
5 amounts made available under paragraph
6 (1) for direct operating loans, the Sec-
7 retary shall reserve for qualified beginning
8 farmers for each of fiscal years 2012
9 through 2017, an amount that is not less
10 than 50 percent of the total amount.

11 “(iii) FUNDS RESERVED UNTIL SEP-
12 TEMBER 1.—Except as provided in clause
13 (i)(II), funds reserved for qualified begin-
14 ning farmers under this subparagraph for
15 a fiscal year shall be reserved only until
16 September 1 of the fiscal year.

17 “(B) GUARANTEED LOANS.—

18 “(i) FARM OWNERSHIP LOANS.—Of
19 the amounts made available under para-
20 graph (1) for guarantees of farm owner-
21 ship loans, the Secretary shall reserve an
22 amount that is not less than 40 percent of
23 the total amount for qualified beginning
24 farmers.

1 “(ii) OPERATING LOANS.—Of the
2 amounts made available under paragraph
3 (1) for guarantees of operating loans, the
4 Secretary shall reserve 40 percent for
5 qualified beginning farmers.

6 “(iii) FUNDS RESERVED UNTIL APRIL
7 1.—Funds reserved for qualified beginning
8 farmers under this subparagraph for a fis-
9 cal year shall be reserved only until April
10 1 of the fiscal year.

11 “(C) RESERVED FUNDS FOR ALL QUALI-
12 FIED BEGINNING FARMERS.—If a qualified be-
13 ginning farmer meets the eligibility criteria for
14 receiving a direct or guaranteed loan under sec-
15 tion 3101, 3107, or 3201, the Secretary shall
16 make or guarantee the loan if sufficient funds
17 reserved under this paragraph are available to
18 make or guarantee the loan.

19 “(3) TRANSFER FOR DOWN PAYMENT LOANS.—

20 “(A) IN GENERAL.—Subject to subpara-
21 graph (B)—

22 “(i) beginning on August 1 of each
23 fiscal year, the Secretary shall use avail-
24 able unsubsidized guaranteed farm oper-
25 ating loan funds to provide direct farm

1 ownership loans approved by the Secretary
2 to qualified beginning farmers under the
3 down payment loan program established
4 under section 3107, if sufficient direct
5 farm ownership loan funds are not other-
6 wise available; and

7 “(ii) beginning on September 1 of
8 each fiscal year, the Secretary shall use
9 available unsubsidized guaranteed farm op-
10 erating loan funds to provide direct farm
11 ownership loans approved by the Secretary
12 to qualified beginning farmers, if sufficient
13 direct farm ownership loan funds are not
14 otherwise available.

15 “(B) LIMITATION.—The Secretary shall
16 limit the transfer of funds under subparagraph
17 (A) so that all guaranteed farm operating loans
18 that have been approved, or will be approved,
19 by the Secretary during the fiscal year will be
20 made to the extent of available amounts.

21 “(4) TRANSFER FOR CREDIT SALES OF FARM
22 INVENTORY PROPERTY.—

23 “(A) IN GENERAL.—Subject to subpara-
24 graphs (B) and (C), beginning on September 1
25 of each fiscal year, the Secretary may use avail-

1 able funds made available under chapter 3 for
2 the fiscal year to fund the credit sale of farm
3 real estate in the inventory of the Secretary.

4 “(B) SUPPLEMENTAL APPROPRIATIONS.—
5 The transfer authority provided under subpara-
6 graph (A) shall not apply to any funds made
7 available to the Secretary for any fiscal year
8 under an Act making supplemental appropria-
9 tions.

10 “(C) LIMITATION.—The Secretary shall
11 limit the transfer of funds under subparagraph
12 (A) so that all emergency disaster loans that
13 have been approved, or will be approved, by the
14 Secretary during the fiscal year will be made to
15 the extent of available amounts.

16 “(5) AVAILABILITY OF FUNDS.—Funds made
17 available to carry out this subtitle shall remain avail-
18 able until expended.

19 “(b) COST PROJECTIONS.—

20 “(1) IN GENERAL.—The Secretary shall develop
21 long-term cost projections for loan program author-
22 izations required under subsection (a).

23 “(2) ANALYSIS.—Each projection under para-
24 graph (1) shall include analyses of—

1 “(A) the long-term costs of the lending lev-
2 els that the Secretary requests to be authorized
3 under subsection (a); and

4 “(B) the long-term costs for increases in
5 lending levels beyond those requested to be au-
6 thorized, based on increments of \$10,000,000
7 or such other levels as the Secretary considers
8 appropriate.

9 “(3) SUBMISSION TO CONGRESS.—The Sec-
10 retary shall submit to the Committees on Agri-
11 culture and Appropriations of the House of Rep-
12 resentatives and the Committees on Agriculture, Nu-
13 trition, and Forestry and Appropriations of the Sen-
14 ate reports containing the long-term cost projections
15 for the 3-year period beginning with fiscal year 1983
16 and each 3-year period thereafter at the time the re-
17 quests for authorizations for those periods are sub-
18 mitted to Congress.

19 “(c) LOW-INCOME, LIMITED-RESOURCE BOR-
20 ROWERS.—

21 “(1) RESERVE.—Notwithstanding any other
22 provision of law, not less than 25 percent of the
23 loans for farm ownership purposes for each fiscal
24 year under this subtitle shall be for low-income, lim-
25 ited-resource borrowers.

1 “(2) NOTIFICATION.—The Secretary shall pro-
2 vide notification to farm borrowers under this sub-
3 title in the normal course of loan making and loan
4 servicing operations, of the provisions of this subtitle
5 relating to low-income, limited-resource borrowers
6 and the procedures by which persons may apply for
7 loans under the low-income, limited-resource bor-
8 rower program.”.

9 **Subtitle B—Miscellaneous**

10 **SEC. 5101. STATE AGRICULTURAL MEDIATION PROGRAMS.**

11 Section 506 of the Agricultural Credit Act of 1987
12 (7 U.S.C. 5106) is amended by striking “2015” and in-
13 serting “2017”.

14 **SEC. 5102. LOANS TO PURCHASERS OF HIGHLY** 15 **FRACTIONATED LAND.**

16 The first section of Public Law 91–229 (25 U.S.C.
17 488) is amended in subsection (b)(1) by inserting “or to
18 intermediaries in order to establish revolving loan funds
19 for the purchase of highly fractionated land under that
20 section” before the period at the end.

21 **SEC. 5103. REMOVAL OF DUPLICATIVE APPRAISALS.**

22 Notwithstanding any other law (including regula-
23 tions), in making loans under the first section of Public
24 Law 91–229 (25 U.S.C. 488), borrowers who are Indian
25 tribes, members of Indian tribes, or tribal corporations

1 shall only be required to obtain 1 appraisal under an ap-
 2 praisal standard recognized as of the date of enactment
 3 of this Act by the Secretary or the Secretary of the Inte-
 4 rior.

5 **TITLE VI—RURAL**
 6 **DEVELOPMENT**

7 **Subtitle A—Reorganization of the**
 8 **Consolidated Farm and Rural**
 9 **Development Act**

10 **SEC. 6001. REORGANIZATION OF THE CONSOLIDATED FARM**
 11 **AND RURAL DEVELOPMENT ACT.**

12 Title III of the Agricultural Act of 1961 (7 U.S.C.
 13 1921 et seq.) is amended to read as follows:

14 **“TITLE III—AGRICULTURAL**
 15 **CREDIT**

16 **“SEC. 3001. SHORT TITLE; TABLE OF CONTENTS.**

17 “(a) **SHORT TITLE.**—This title may be cited as the
 18 ‘Consolidated Farm and Rural Development Act’.

19 “(b) **TABLE OF CONTENTS.**—The table of contents
 20 of this title is as follows:

“TITLE III—AGRICULTURAL CREDIT

“Sec. 3001. Short title; table of contents.

“Sec. 3002. Definitions.

“Subtitle A—Farmer Loans, Servicing, and Other Assistance

“CHAPTER 1—FARM OWNERSHIP LOANS

“Sec. 3101. Farm ownership loans.

“Sec. 3102. Purposes of loans.

“Sec. 3103. Conservation loan and loan guarantee program.

“Sec. 3104. Loan maximums.

- “See. 3105. Repayment requirements for farm ownership loans.
- “See. 3106. Limited-resource loans.
- “See. 3107. Downpayment loan program.
- “See. 3108. Beginning farmer and socially disadvantaged farmer contract land sales program.

“CHAPTER 2—OPERATING LOANS

- “See. 3201. Operating loans.
- “See. 3202. Purposes of loans.
- “See. 3203. Restrictions on loans.
- “See. 3204. Terms of loans.

“CHAPTER 3—EMERGENCY LOANS

- “See. 3301. Emergency loans.
- “See. 3302. Purposes of loans.
- “See. 3303. Terms of loans.
- “See. 3304. Production losses.

“CHAPTER 4—GENERAL FARMER LOAN PROVISIONS

- “See. 3401. Agricultural Credit Insurance Fund.
- “See. 3402. Guaranteed farmer loans.
- “See. 3403. Provision of information to borrowers.
- “See. 3404. Notice of loan service programs.
- “See. 3405. Planting and production history guidelines.
- “See. 3406. Special conditions and limitations on loans.
- “See. 3407. Graduation of borrowers.
- “See. 3408. Debt adjustment and credit counseling.
- “See. 3409. Security servicing.
- “See. 3410. Contracts on loan security properties.
- “See. 3411. Debt restructuring and loan servicing.
- “See. 3412. Relief for mobilized military reservists from certain agricultural loan obligations.
- “See. 3413. Interest rate reduction program.
- “See. 3414. Homestead property.
- “See. 3415. Transfer of inventory land.
- “See. 3416. Target participation rates.
- “See. 3417. Compromise or adjustment of debts or claims by guaranteed lender.
- “See. 3418. Waiver of mediation rights by borrowers.
- “See. 3419. Borrower training.
- “See. 3420. Loan assessments.
- “See. 3421. Supervised credit.
- “See. 3422. Market placement.
- “See. 3423. Recordkeeping of loans by gender of borrower.
- “See. 3424. Crop insurance requirement.
- “See. 3425. Loan and loan servicing limitations.
- “See. 3426. Short form certification of farm program borrower compliance.
- “See. 3427. Underwriting forms and standards.
- “See. 3428. Beginning farmer individual development accounts pilot program.
- “See. 3429. Farmer loan pilot projects.
- “See. 3430. Authorization of appropriations and allocation of funds.

“Subtitle B—Rural Development

“CHAPTER 1—RURAL COMMUNITY PROGRAMS

- “Sec. 3501. Water and waste disposal loans, loan guarantees, and grants.
- “Sec. 3502. Community facilities loans, loan guarantees, and grants.
- “Sec. 3503. Health care services.

“CHAPTER 2—RURAL BUSINESS AND COOPERATIVE DEVELOPMENT

- “Sec. 3601. Business programs.
- “Sec. 3602. Rural business investment program.

“CHAPTER 3—GENERAL RURAL DEVELOPMENT PROVISIONS

- “Sec. 3701. General provisions for loans and grants.
- “Sec. 3702. Strategic economic and community development.
- “Sec. 3703. Guaranteed rural development loans.
- “Sec. 3704. Rural Development Insurance Fund.
- “Sec. 3705. Rural economic area partnership zones.
- “Sec. 3706. Streamlining applications and improving accessibility of rural development programs.

“CHAPTER 4—DELTA REGIONAL AUTHORITY

- “Sec. 3801. Definitions.
- “Sec. 3802. Delta Regional Authority.
- “Sec. 3803. Economic and community development grants.
- “Sec. 3804. Supplements to Federal grant programs.
- “Sec. 3805. Local development districts; certification and administrative expenses.
- “Sec. 3806. Distressed counties and areas and nondistressed counties.
- “Sec. 3807. Development planning process.
- “Sec. 3808. Program development criteria.
- “Sec. 3809. Approval of development plans and projects.
- “Sec. 3810. Consent of States.
- “Sec. 3811. Records.
- “Sec. 3812. Annual report.
- “Sec. 3813. Authorization of appropriations.
- “Sec. 3814. Termination of authority.

“CHAPTER 5—NORTHERN GREAT PLAINS REGIONAL AUTHORITY

- “Sec. 3821. Definitions.
- “Sec. 3822. Northern Great Plains Regional Authority.
- “Sec. 3823. Interstate cooperation for economic opportunity and efficiency.
- “Sec. 3824. Economic and community development grants.
- “Sec. 3825. Supplements to Federal grant programs.
- “Sec. 3826. Multistate and local development districts and organizations and Northern Great Plains Inc.
- “Sec. 3827. Distressed counties and areas and nondistressed counties.
- “Sec. 3828. Development planning process.
- “Sec. 3829. Program development criteria.
- “Sec. 3830. Approval of development plans and projects.
- “Sec. 3831. Consent of States.
- “Sec. 3832. Records.
- “Sec. 3833. Annual report.
- “Sec. 3834. Authorization of appropriations.
- “Sec. 3835. Termination of authority.

“Subtitle C—General Provisions

- “Sec. 3901. Full faith and credit.
- “Sec. 3902. Purchase and sale of guaranteed portions of loans.
- “Sec. 3903. Administration.
- “Sec. 3904. Loan moratorium and policy on foreclosures.
- “Sec. 3905. Oil and gas royalty payments on loans.
- “Sec. 3906. Taxation.
- “Sec. 3907. Conflicts of interest.
- “Sec. 3908. Loan summary statements.
- “Sec. 3909. Certified lenders program.
- “Sec. 3910. Loans to resident aliens.
- “Sec. 3911. Expedited clearing of title to inventory property.
- “Sec. 3912. Prohibition on use of loans for certain purposes.
- “Sec. 3913. Transfer of land to Secretary.
- “Sec. 3914. Competitive sourcing limitations.
- “Sec. 3915. Regulations.

1 **“SEC. 3002. DEFINITIONS.**

2 “In this title (unless the context otherwise requires):

3 “(1) ABLE TO OBTAIN CREDIT ELSEWHERE.—

4 The term ‘able to obtain credit elsewhere’ means
 5 able to obtain a loan from a production credit asso-
 6 ciation, a Federal land bank, or other responsible co-
 7 operative or private credit source (or, in the case of
 8 a borrower under section 3106, the borrower may be
 9 able to obtain a loan under section 3101) at reason-
 10 able rates and terms, taking into consideration pre-
 11 vailing private and cooperative rates and terms in
 12 the community in or near which the applicant re-
 13 sides for loans for similar purposes and periods of
 14 time.

15 “(2) AGRICULTURAL CREDIT INSURANCE
 16 FUND.—The term ‘Agricultural Credit Insurance

1 Fund' means the fund established under section
2 3401.

3 “(3) APPROVED LENDER.—The term ‘approved
4 lender’ means—

5 “(A) a lender approved prior to October
6 28, 1992, by the Secretary under the approved
7 lender program established by exhibit A to sub-
8 part B of part 1980 of title 7, Code of Federal
9 Regulations (as in effect on January 1, 1991);
10 or

11 “(B) a lender certified under section 3909.

12 “(4) AQUACULTURE.—The term ‘aquaculture’
13 means the culture or husbandry of aquatic animals
14 or plants by private industry for commercial pur-
15 poses, including the culture and growing of fish by
16 private industry for the purpose of creating or aug-
17 menting publicly owned and regulated stocks of fish.

18 “(5) BEGINNING FARMER.—The term ‘begin-
19 ning farmer’ has the meaning given the term by the
20 Secretary.

21 “(6) BORROWER.—

22 “(A) IN GENERAL.—Except as provided in
23 subparagraph (B), the term ‘borrower’ means
24 an individual or entity who has an outstanding
25 obligation to the Secretary under any loan

1 made or guaranteed under this title, without re-
2 gard to whether the loan has been accelerated.

3 “(B) EXCLUSIONS.—The term ‘borrower’
4 does not include an individual or entity all of
5 whose loans and accounts have been foreclosed
6 on or liquidated, voluntarily or otherwise.

7 “(7) COUNTY COMMITTEE.—The term ‘county
8 committee’ means the appropriate county committee
9 established under section 8(b)(5) of the Soil Con-
10 servation and Domestic Allotment Act (16 U.S.C.
11 590h(b)(5)).

12 “(8) DEBT FORGIVENESS.—

13 “(A) IN GENERAL.—Except as provided in
14 subparagraph (B), the term ‘debt forgiveness’
15 means reducing or terminating a loan made or
16 guaranteed under this title, in a manner that
17 results in a loss to the Secretary, through—

18 “(i) writing down or writing off a loan
19 under section 3411;

20 “(ii) compromising, adjusting, reduc-
21 ing, or charging-off a debt or claim under
22 section 3903;

23 “(iii) paying a loss on a guaranteed
24 loan under this title; or

1 “(iv) discharging a debt as a result of
2 bankruptcy.

3 “(B) LOAN RESTRUCTURING.—The term
4 ‘debt forgiveness’ does not include consolida-
5 tion, rescheduling, reamortization, or deferral.

6 “(9) DEPARTMENT.—The term ‘Department’
7 means the Department of Agriculture.

8 “(10) DIRECT LOAN.—The term ‘direct loan’
9 means a loan made by the Secretary from appro-
10 priated funds.

11 “(11) ENTITY.—The term ‘entity’ means a cor-
12 poration, farm cooperative, partnership, joint oper-
13 ation, governmental entity, or other legal organiza-
14 tion, as determined by the Secretary.

15 “(12) FARM.—The term ‘farm’ means an oper-
16 ation involved in—

17 “(A) the production of an agricultural
18 commodity;

19 “(B) ranching; or

20 “(C) aquaculture.

21 “(13) FARMER.—The term ‘farmer’ means an
22 individual or entity engaged primarily and directly
23 in—

24 “(A) the production of an agricultural
25 commodity;

1 “(B) ranching; or

2 “(C) aquaculture.

3 “(14) FARMER PROGRAM LOAN.—The term
4 ‘farmer program loan’ means—

5 “(A) a farm ownership loan under section
6 3101;

7 “(B) a conservation loan under section
8 3103;

9 “(C) an operating loan under section 3201;

10 “(D) an emergency loan under section
11 3301;

12 “(E) an economic emergency loan under
13 section 202 of the Emergency Agricultural
14 Credit Adjustment Act of 1978 (7 U.S.C. prec.
15 1961 note; Public Law 95-334);

16 “(F) a loan for a farm service building
17 under section 502 of the Housing Act of 1949
18 (42 U.S.C. 1472);

19 “(G) an economic opportunity loan under
20 section 602 of the Economic Opportunity Act of
21 1964 (Public Law 88-452; 42 U.S.C. 2942
22 note) (as it existed before the amendment made
23 by section 683(a) of the Omnibus Budget Rec-
24 onciliation Act of 1981 (Public Law 97-35; 95
25 Stat. 519));

1 “(H) a softwood timber loan under section
2 608 of the Agricultural Programs Adjustment
3 Act of 1984 (7 U.S.C. 1981 note; Public Law
4 98–258); or

5 “(I) any other loan described in section
6 343(a)(10) of this title (as it existed before the
7 amendment made by section 2 of the Agri-
8 culture Reform, Food, and Jobs Act of 2012)
9 that is outstanding on the date of enactment of
10 that Act.

11 “(15) FARM SERVICE AGENCY.—The term
12 ‘Farm Service Agency’ means the offices of the
13 Farm Service Agency to which the Secretary dele-
14 gates responsibility to carry out this title.

15 “(16) GOVERNMENTAL ENTITY.—The term
16 ‘governmental entity’ means any agency of the
17 United States, a State, or a unit of local government
18 of a State, or subdivision thereof.

19 “(17) GUARANTEE.—The term ‘guarantee’
20 means guaranteeing the payment of a loan origi-
21 nated, held, and serviced by a private financial agen-
22 cy, or lender, approved by the Secretary.

23 “(18) HIGHLY ERODIBLE LAND.—The term
24 ‘highly erodible land’ has the meaning given the

1 term in section 1201(a) of the Food Security Act of
2 1985 (16 U.S.C. 3801(a)).

3 “(19) HOMESTEAD RETENTION.—The term
4 ‘homestead retention’ means homestead retention as
5 authorized under section 3414.

6 “(20) INDIAN TRIBE.—The term ‘Indian tribe’
7 means a Federal and State-recognized Indian tribe
8 or other federally recognized Indian tribal group (in-
9 cluding a Tribal College or University, as defined in
10 section 316(b) of the Higher Education Act of 1965
11 (20 U.S.C. 1059c(b)).

12 “(21) LOAN SERVICE PROGRAM.—The term
13 ‘loan service program’ means, with respect to a
14 farmer program loan borrower, a primary loan serv-
15 ice program or a homestead retention program.

16 “(22) NATURAL OR MAJOR DISASTER OR EMER-
17 GENCY.—The term ‘natural or major disaster or
18 emergency’ means—

19 “(A) a disaster due to nonmanmade causes
20 declared by the Secretary; or

21 “(B) a major disaster or emergency des-
22 ignated by the President under the Robert T.
23 Stafford Disaster Relief and Emergency Assist-
24 ance Act (42 U.S.C. 5121 et seq.).

1 “(23) PRIMARY LOAN SERVICE PROGRAM.—The
2 term ‘primary loan service program’ means, with re-
3 spect to a farmer program loan—

4 “(A) loan consolidation, rescheduling, or
5 reamortization;

6 “(B) interest rate reduction, including the
7 use of the limited resource program;

8 “(C) loan restructuring, including deferral,
9 set aside, or writing down of the principal or
10 accumulated interest charges, or both, of the
11 loan; or

12 “(D) any combination of actions described
13 in subparagraphs (A), (B), and (C).

14 “(24) PRIME FARMLAND.—The term ‘prime
15 farmland’ means prime farmland and unique farm-
16 land (as defined in subsections (a) and (b) of section
17 657.5 of title 7, Code of Federal Regulations
18 (1980)).

19 “(25) PROJECT.—For purposes of section
20 3501, the term ‘project’ includes a facility providing
21 central service or a facility serving an individual
22 property, or both.

23 “(26) QUALIFIED BEGINNING FARMER.—The
24 term ‘qualified beginning farmer’ means an appli-

1 cant, regardless of whether the applicant is partici-
2 pating in a program under section 3107, who—

3 “(A) is eligible for assistance under this
4 title;

5 “(B) has not operated a farm, or has oper-
6 ated a farm for not more than 10 years;

7 “(C) in the case of a cooperative, corpora-
8 tion, partnership, or joint operation, has mem-
9 bers, stockholders, partners, or joint operators
10 who are all related to each other by blood or
11 marriage;

12 “(D) in the case of a farmer who is the
13 owner and operator of a farm—

14 “(i) in the case of a loan made to an
15 individual, individually or with the imme-
16 diate family of the applicant—

17 “(I) materially and substantially
18 participates in the operation of the
19 farm; and

20 “(II) provides substantial day-to-
21 day labor and management of the
22 farm, consistent with the practices in
23 the State or county in which the farm
24 is located; or

1 “(ii)(I) in the case of a loan made to
2 a cooperative, corporation, partnership, or
3 joint operation, has members, stockholders,
4 partners, or joint operators who materially
5 and substantially participate in the oper-
6 ation of the farm; and

7 “(II) in the case of a loan made to a
8 corporation, has stockholders who all qual-
9 ify individually as beginning farmers;

10 “(E) in the case of an applicant seeking to
11 become an owner and operator of a farm—

12 “(i) in the case of a loan made to an
13 individual, individually or with the imme-
14 diate family of the applicant, will—

15 “(I) materially and substantially
16 participate in the operation of the
17 farm; and

18 “(II) provide substantial day-to-
19 day labor and management of the
20 farm, consistent with the practices in
21 the State or county in which the farm
22 is located; or

23 “(ii)(I) in the case of a loan made to
24 a cooperative, corporation, partnership, or
25 joint operation, will have members, stock-

1 holders, partners, or joint operators who
2 will materially and substantially participate
3 in the operation of the farm; and

4 “(II) in the case of a loan made to a
5 corporation, has stockholders who will all
6 qualify individually as beginning farmers;

7 “(F) agrees to participate in such loan as-
8 sessment, borrower training, and financial man-
9 agement programs as the Secretary may re-
10 quire;

11 “(G)(i) does not own farm land; or

12 “(ii) directly or through interests in family
13 farm corporations, owns farm land, the aggre-
14 gate acreage of which does not exceed 30 per-
15 cent of the average acreage of the farms, as the
16 case may be, in the county in which the farm
17 operations of the applicant are located, as re-
18 ported in the most recent census of agriculture
19 taken in accordance with the Census of Agri-
20 culture Act of 1997 (7 U.S.C. 2204g et seq.),
21 except that this subparagraph shall not apply to
22 a loan made or guaranteed under chapter 2 of
23 subtitle A; and

24 “(H) demonstrates that the available re-
25 sources of the applicant and any spouse of the

1 applicant are not sufficient to enable the appli-
2 cant to farm on a viable scale.

3 “(27) RECREATIONAL PURPOSE.—For purposes
4 of section 3410, the term ‘recreational purpose’ has
5 the meaning provided by the Secretary, but shall in-
6 clude hunting.

7 “(28) RURAL AND RURAL AREA.—

8 “(A) IN GENERAL.—Subject to any deter-
9 mination made under subparagraph (B), the
10 terms ‘rural’ and ‘rural area’ mean any area
11 other than—

12 “(i) a city or town that has a popu-
13 lation of greater than 50,000 inhabitants;
14 and

15 “(ii) any urbanized area contiguous
16 and adjacent to a city or town described in
17 clause (i).

18 “(B) DETERMINATION OF AREAS RURAL IN
19 CHARACTER.—

20 “(i) IN GENERAL.—On petition of a
21 unit of local government in an urbanized
22 area described in subparagraph (A)(ii), or
23 on the initiative of the Secretary, acting
24 through the Under Secretary for Rural De-
25 velopment (referred to in this subpara-

1 graph as the ‘Under Secretary’), the
2 Under Secretary may determine that part
3 of an area described in subparagraph
4 (A)(ii) is a rural area based on the criteria
5 described in clause (ii).

6 “(ii) CRITERIA.—In making a deter-
7 mination under clause (i), the Under Sec-
8 retary shall consider—

9 “(I) population density, favoring
10 a rural area determination for the
11 most sparsely populated areas;

12 “(II) economic conditions, favor-
13 ing a rural area determination for
14 areas facing—

15 “(aa) chronic unemployment
16 in excess of statewide averages;

17 “(bb) sudden loss of employ-
18 ment from natural disaster or the
19 loss of a significant employer in
20 the area; or

21 “(cc) chronic poverty dem-
22 onstrated at the census block or
23 county level compared to state-
24 wide median household income;

1 “(III) commuting patterns, favor-
2 ing a rural area determination for
3 areas that can demonstrate higher
4 proportions of the population living
5 and working in the area; and

6 “(IV) whether the area was eligi-
7 ble under the definitions of the terms
8 ‘rural’ and ‘rural area’ in section 343
9 (as in effect before the date of enact-
10 ment of the Agriculture Reform,
11 Food, and Jobs Act of 2012) for com-
12 munity facility, water and waste dis-
13 posal, and broadband programs.

14 “(iii) ADMINISTRATION.—In carrying
15 out this subparagraph, the Under Sec-
16 retary shall—

17 “(I) not delegate the authority to
18 carry out this subparagraph;

19 “(II) consult with the applicable
20 rural development State or regional
21 director of the Department and the
22 Governor of the respective State;

23 “(III) provide to the petitioner
24 an opportunity to appeal to the Under

1 Secretary a determination made under
2 this subparagraph;

3 “(IV) release to the public notice
4 of a petition filed or initiative of the
5 Under Secretary under this subpara-
6 graph not later than 30 days after re-
7 ceipt of the petition or the commence-
8 ment of the initiative, as appropriate;

9 “(V) make a determination under
10 this subparagraph not less than 15
11 days, and not more than 60 days,
12 after the release of the notice under
13 subclause (IV);

14 “(VI) submit to the Committee
15 on Agriculture of the House of Rep-
16 resentatives and the Committee on
17 Agriculture, Nutrition, and Forestry
18 of the Senate an annual report on ac-
19 tions taken to carry out this subpara-
20 graph; and

21 “(VII) terminate a determination
22 under this subparagraph that part of
23 an area is a rural area on the date
24 that data is available for the next de-
25 cennial census conducted under sec-

1 tion 141(a) of title 13, United States
2 Code.

3 “(iv) HAWAII AND PUERTO RICO.—

4 Notwithstanding any other provision of
5 this subsection, within the areas of the
6 County of Honolulu, Hawaii, and the Com-
7 monwealth of Puerto Rico, the Under Sec-
8 retary may designate any part of the areas
9 as a rural area if the Under Secretary de-
10 termines that the part is not urban in
11 character, other than any area included in
12 the Honolulu Census Designated Place or
13 the San Juan Census Designated Place.

14 “(C) EXCLUSIONS.—Notwithstanding any
15 other provision of this paragraph, in deter-
16 mining which census blocks in an urbanized
17 area are not in a rural area (as defined in this
18 paragraph), the Secretary shall exclude any
19 cluster of census blocks that would otherwise be
20 considered not in a rural area only because the
21 cluster is adjacent to not more than 2 census
22 blocks that are otherwise considered not in a
23 rural area under this paragraph.

24 “(29) SEASONED DIRECT LOAN BORROWER.—

25 The term ‘seasoned direct loan borrower’ means a

1 borrower who could reasonably be expected to qual-
2 ify for commercial credit using criteria determined
3 by the Secretary.

4 “(30) SECRETARY.—The term ‘Secretary’
5 means the Secretary of Agriculture.

6 “(31) SOCIALLY DISADVANTAGED FARMER.—
7 The term ‘socially disadvantaged farmer’ means a
8 farmer who is a member of a socially disadvantaged
9 group.

10 “(32) SOCIALLY DISADVANTAGED GROUP.—The
11 term ‘socially disadvantaged group’ means a group
12 whose members have been subjected to racial, ethnic,
13 or gender prejudice because of the identity of the
14 members as members of a group without regard to
15 the individual qualities of the members.

16 “(33) SOLAR ENERGY.—The term ‘solar energy’
17 means energy derived from sources (other than fossil
18 fuels) and technologies included in the Federal Non-
19 nuclear Energy Research and Development Act of
20 1974 (42 U.S.C. 5901 et seq.).

21 “(34) STATE.—The term ‘State’ means—

22 “(A) in this title (other than subtitle A),
23 each of the 50 States, the Commonwealth of
24 Puerto Rico, the Virgin Islands, Guam, Amer-
25 ican Samoa, the Commonwealth of the North-

1 ern Mariana Islands, the Republic of the Mar-
2 shall Islands, the Federated States of Micro-
3 nesia, and the Republic of Palau; and

4 “(B) in subtitle A, each of the 50 States,
5 the Commonwealth of Puerto Rico, the Virgin
6 Islands, Guam, American Samoa, the Common-
7 wealth of the Northern Mariana Islands, and,
8 to the extent the Secretary determines it to be
9 feasible and appropriate, the Republic of the
10 Marshall Islands, the Federated States of Mi-
11 cronesia, and the Republic of Palau.

12 “(35) STATE BEGINNING FARMER PROGRAM.—
13 The term ‘State beginning farmer program’ means
14 any program that is—

15 “(A) carried out by, or under contract
16 with, a State; and

17 “(B) designed to assist qualified beginning
18 farmers in obtaining the financial assistance
19 necessary to enter agriculture and establish via-
20 ble farming operations.

21 “(36) VETERAN.—The term ‘veteran’ has the
22 meaning given the term in section 101 of title 38,
23 United States Code.

1 “(37) WETLAND.—The term ‘wetland’ has the
2 meaning given the term in section 1201(a) of the
3 Food Security Act of 1985 (16 U.S.C. 3801(a)).

4 “(38) WILDLIFE.—The term ‘wildlife’ means
5 fish or wildlife (as defined in section 2(a) of the
6 Lacey Act Amendments of 1981 (16 U.S.C.
7 3371(a))).

8 **“Subtitle B—Rural Development**

9 **“CHAPTER 1—RURAL COMMUNITY**

10 **PROGRAMS**

11 **“SEC. 3501. WATER AND WASTE DISPOSAL LOANS, LOAN** 12 **GUARANTEES, AND GRANTS.**

13 “(a) IN GENERAL.—The Secretary may make grants
14 and loans and issue loan guarantees (including a guar-
15 antee of a loan financed by the net proceeds of a bond
16 described in section 142(a) of the Internal Revenue Code
17 of 1986) to eligible entities described in subsection (b) for
18 projects in rural areas that primarily serve rural residents
19 to provide for—

20 “(1) the development, storage, treatment, puri-
21 fication, or distribution of water or the collection,
22 treatment, or disposal of waste; and

23 “(2) financial assistance and other aid in the
24 planning of projects for purposes described in para-
25 graph (1).

1 “(b) ELIGIBLE ENTITIES.—Entities eligible for as-
2 sistance described in subsection (a) are—

3 “(1) associations (including corporations not
4 operated for profit);

5 “(2) Indian tribes;

6 “(3) public and quasi-public agencies; and

7 “(4) in the case of a project to attach an indi-
8 vidual property in a rural area to a water system to
9 alleviate a health risk, an individual.

10 “(c) LOAN AND LOAN GUARANTEE REQUIRE-
11 MENTS.—In connection with loans made or guaranteed
12 under this section, the Secretary shall require the appli-
13 cant—

14 “(1) to certify in writing, and the Secretary
15 shall determine, that the applicant is unable to ob-
16 tain sufficient credit elsewhere to finance the actual
17 needs of the applicant at reasonable rates and terms,
18 taking into consideration prevailing private and co-
19 operative rates and terms in the community in or
20 near which the applicant resides for loans for similar
21 purposes and periods of time; and

22 “(2) to furnish an appropriate written financial
23 statement.

24 “(d) GRANT AMOUNTS.—

1 “(1) MAXIMUM.—Except as otherwise provided
2 in this subsection, the amount of any grant made
3 under this section shall not exceed 75 percent of the
4 development cost of the project for which the grant
5 is provided.

6 “(2) GRANT RATE.—The Secretary shall estab-
7 lish the grant rate for each project in conformity
8 with regulations issued by the Secretary that shall
9 provide for a graduated scale of grant rates that es-
10 tablish higher rates for projects in communities that
11 have—

12 “(A) low community population;

13 “(B) high rates of outmigration; and

14 “(C) low income levels.

15 “(3) LOCAL SHARE REQUIREMENTS.—Grants
16 made under this section may be used to pay the
17 local share requirements of another Federal grant-
18 in-aid program to the extent permitted under the
19 law providing for the grant-in-aid program.

20 “(e) SPECIAL GRANTS.—

21 “(1) REVOLVING FUNDS FOR FINANCING
22 WATER AND WASTEWATER PROJECTS.—

23 “(A) IN GENERAL.—The Secretary may
24 make grants to qualified, nonprofit entities in
25 rural areas to capitalize revolving funds for the

1 purpose of providing financing to eligible enti-
2 ties for—

3 “(i) predevelopment costs associated
4 with proposed water and wastewater
5 projects or with existing water and waste-
6 water systems; and

7 “(ii) short-term costs incurred for re-
8 placement equipment, small-scale extension
9 services, or other small capital projects
10 that are not part of the regular operations
11 and maintenance activities of existing
12 water and wastewater systems.

13 “(B) MAXIMUM AMOUNT OF FINANCING.—

14 The amount of financing made to an eligible
15 entity under this paragraph shall not exceed—

16 “(i) \$100,000 for costs described in
17 subparagraph (A)(i); and

18 “(ii) \$100,000 for costs described in
19 subparagraph (A)(ii).

20 “(C) TERM.—The term of financing pro-
21 vided to an eligible entity under this paragraph
22 shall not exceed 10 years.

23 “(D) ADMINISTRATION.—The Secretary
24 shall limit the amount of grant funds that may

1 be used by a grant recipient for administrative
2 costs incurred under this paragraph.

3 “(E) ANNUAL REPORT.—A nonprofit enti-
4 ty receiving a grant under this paragraph shall
5 submit to the Secretary an annual report that
6 describes the number and size of communities
7 served and the type of financing provided.

8 “(F) AUTHORIZATION OF APPROPRIA-
9 TIONS.—There is authorized to be appropriated
10 to carry out this paragraph \$30,000,000 for
11 each of fiscal years 2013 through 2017.

12 “(2) EMERGENCY AND IMMINENT COMMUNITY
13 WATER ASSISTANCE PROGRAM.—

14 “(A) IN GENERAL.—The Secretary shall
15 provide grants in accordance with this para-
16 graph to assist the residents of rural areas and
17 small communities to secure adequate quan-
18 tities of safe water—

19 “(i) after a significant decline in the
20 quantity or quality of water available from
21 the water supplies of the rural areas and
22 small communities, or when such a decline
23 is imminent; or

1 “(ii) when repairs, partial replace-
2 ment, or significant maintenance efforts on
3 established water systems would remedy—

4 “(I) an acute or imminent short-
5 age of quality water; or

6 “(II) a significant or imminent
7 decline in the quantity or quality of
8 water that is available.

9 “(B) PRIORITY.—In carrying out subpara-
10 graph (A), the Secretary shall—

11 “(i) give priority to projects described
12 in subparagraph (A)(i); and

13 “(ii) provide at least 70 percent of all
14 grants under this paragraph to those
15 projects.

16 “(C) ELIGIBILITY.—To be eligible to ob-
17 tain a grant under this paragraph, an applicant
18 shall—

19 “(i) be a public or private nonprofit
20 entity; and

21 “(ii) in the case of a grant made
22 under subparagraph (A)(i), demonstrate to
23 the Secretary that the decline referred to
24 in that subparagraph occurred, or will
25 occur, not later than 2 years after the date

1 on which the application was filed for the
2 grant.

3 “(D) USES.—

4 “(i) IN GENERAL.—Grants made
5 under this paragraph may be used—

6 “(I) for waterline extensions from
7 existing systems, laying of new
8 waterlines, repairs, significant maintenance,
9 digging of new wells, equipment replacement,
10 and hook and tap
11 fees;

12 “(II) for any other appropriate
13 purpose associated with developing
14 sources of, treating, storing, or distributing
15 water;

16 “(III) to assist communities in
17 complying with the requirements of
18 the Federal Water Pollution Control
19 Act (33 U.S.C. 1251 et seq.) or the
20 Safe Drinking Water Act (42 U.S.C.
21 300f et seq.); and

22 “(IV) to provide potable water to
23 communities through other means.

24 “(ii) JOINT PROPOSALS.—

1 “(I) IN GENERAL.—Subject to
2 the restrictions in subparagraph (E),
3 nothing in this paragraph precludes
4 rural communities from submitting
5 joint proposals for emergency water
6 assistance.

7 “(II) CONSIDERATION OF RE-
8 STRICTIONS.—The restrictions in sub-
9 paragraph (E) shall be considered in
10 the aggregate, depending on the num-
11 ber of communities involved.

12 “(E) RESTRICTIONS.—

13 “(i) MAXIMUM INCOME.—No grant
14 provided under this paragraph shall be
15 used to assist any rural area or community
16 that has a median household income in ex-
17 cess of the State nonmetropolitan median
18 household income according to the most re-
19 cent decennial census of the United States.

20 “(ii) SET-ASIDE FOR SMALLER COM-
21 MUNITIES.—Not less than 50 percent of
22 the funds allocated under this paragraph
23 shall be allocated to rural communities
24 with populations that do not exceed 3,000
25 inhabitants.

1 “(F) MAXIMUM GRANTS.—Grants made
2 under this paragraph may not exceed—

3 “(i) in the case of each grant made
4 under subparagraph (A)(i), \$500,000; and

5 “(ii) in the case of each grant made
6 under subparagraph (A)(ii), \$150,000.

7 “(G) FULL FUNDING.—Subject to sub-
8 paragraph (F), grants under this paragraph
9 shall be made in an amount equal to 100 per-
10 cent of the costs of the projects conducted
11 under this paragraph.

12 “(H) APPLICATION.—

13 “(i) NATIONALLY COMPETITIVE AP-
14 PPLICATION PROCESS.—

15 “(I) IN GENERAL.—The Sec-
16 retary shall develop a nationally com-
17 petitive application process to award
18 grants under this paragraph.

19 “(II) REQUIREMENTS.—The
20 process shall include criteria for evalu-
21 ating applications, including popu-
22 lation, median household income, and
23 the severity of the decline, or immi-
24 nent decline, in the quantity or qual-
25 ity of water.

1 “(ii) TIMING OF REVIEW OF APPLICA-
2 TIONS.—

3 “(I) SIMPLIFIED APPLICATION.—

4 The application process developed by
5 the Secretary under clause (i) shall in-
6 clude a simplified application form
7 that will permit expedited consider-
8 ation of an application for a grant
9 filed under this paragraph.

10 “(II) PRIORITY REVIEW.—In
11 processing applications for any water
12 or waste grant or loan authorized
13 under this section, the Secretary shall
14 afford priority processing to an appli-
15 cation for a grant under this para-
16 graph to the extent funds will be
17 available for an award on the applica-
18 tion at the conclusion of priority proc-
19 essing.

20 “(III) TIMING.—The Secretary
21 shall, to the maximum extent prac-
22 ticable, review and act on an applica-
23 tion under this paragraph not later
24 than 60 days after the date on which

1 the application is submitted to the
2 Secretary.

3 “(I) FUNDING.—

4 “(i) RESERVATION.—

5 “(I) IN GENERAL.—For each fis-
6 cal year, not less than 3 nor more
7 than 5 percent of the total amount
8 made available to carry out this sec-
9 tion for the fiscal year shall be re-
10 served for grants under this para-
11 graph.

12 “(II) RELEASE.—Funds reserved
13 under subclause (I) for a fiscal year
14 shall be reserved only until July 1 of
15 the fiscal year.

16 “(ii) AUTHORIZATION OF APPROPRIA-
17 TIONS.—In addition to funds made avail-
18 able under clause (i), there is authorized to
19 be appropriated to carry out this para-
20 graph \$35,000,000 for each of fiscal years
21 2013 through 2017.

22 “(3) WATER AND WASTE FACILITY LOANS AND
23 GRANTS TO ALLEVIATE HEALTH RISKS.—

24 “(A) DEFINITION OF COOPERATIVE.—In
25 this paragraph, the term ‘cooperative’ means a

1 cooperative formed specifically for the purpose
2 of the installation, expansion, improvement, or
3 operation of water supply or waste disposal fa-
4 cilities or systems.

5 “(B) LOANS AND GRANTS TO PERSONS
6 OTHER THAN INDIVIDUALS.—

7 “(i) IN GENERAL.—The Secretary
8 shall make or guarantee loans and make
9 grants to provide for the conservation, de-
10 velopment, use, and control of water (in-
11 cluding the extension or improvement of
12 existing water supply systems) and the in-
13 stallation or improvement of drainage or
14 waste disposal facilities and essential com-
15 munity facilities, including necessary re-
16 lated equipment, training, and technical
17 assistance to—

18 “(I) rural water supply corpora-
19 tions, cooperatives, or similar entities;

20 “(II) Indian tribes;

21 “(III) rural or native villages in
22 the State of Alaska;

23 “(IV) native tribal health Consor-
24 tiums;

25 “(V) public agencies; and

1 “(VI) Native Hawaiian Home
2 Lands.

3 “(ii) ELIGIBLE PROJECTS.—Loans
4 and grants described in clause (i) shall be
5 available only to provide the described
6 water and waste facilities and services to
7 communities whose residents face signifi-
8 cant health risks, as determined by the
9 Secretary, due to the fact that a significant
10 proportion of the residents of the commu-
11 nity do not have access to, or are not
12 served by, adequate affordable—

13 “(I) water supply systems; or

14 “(II) waste disposal facilities.

15 “(iii) MATCHING REQUIREMENTS.—
16 For entities described under subclauses
17 (III), (IV), or (V) of clause (i) to be eligi-
18 ble to receive a grant for water supply sys-
19 tems or waste disposal facilities, the State
20 in which the project will occur shall pro-
21 vide 25 percent in matching funds from
22 non-Federal sources.

23 “(iv) CERTAIN AREAS TARGETED.—

24 “(I) IN GENERAL.—Loans and
25 grants under clause (i) shall be made

1 only if the loan or grant funds will be
2 used primarily to provide water or
3 waste services, or both, to residents of
4 a county or census area—

5 “(aa) the per capita income
6 of the residents of which is not
7 more than 70 percent of the na-
8 tional average per capita income,
9 as determined by the Department
10 of Commerce; and

11 “(bb) the unemployment
12 rate of the residents of which is
13 not less than 125 percent of the
14 national average unemployment
15 rate, as determined by the Bu-
16 reau of Labor Statistics.

17 “(II) EXCEPTION.—Notwith-
18 standing subclause (I), loans and
19 grants under clause (i) may also be
20 made if the loan or grant funds will
21 be used primarily to provide water or
22 waste services, or both, to residents of
23 a rural area that was recognized as a
24 colonia as of October 1, 1989.

1 “(C) LOANS AND GRANTS TO INDIVID-
2 UALS.—

3 “(i) IN GENERAL.—The Secretary
4 shall make or guarantee loans and make
5 grants to individuals who reside in a com-
6 munity described in subparagraph (B)(i)
7 for the purpose of extending water supply
8 and waste disposal systems, connecting the
9 systems to the residences of the individ-
10 uals, or installing plumbing and fixtures
11 within the residences of the individuals to
12 facilitate the use of the water supply and
13 waste disposal systems.

14 “(ii) INTEREST.—Loans described in
15 clause (i) shall be at a rate of interest no
16 greater than the Federal Financing Bank
17 rate on loans of a similar term at the time
18 the loans are made.

19 “(iii) AMORTIZATION.—The repay-
20 ment of loans described in clause (i) shall
21 be amortized over the expected life of the
22 water supply or waste disposal system to
23 which the residence of the borrower will be
24 connected.

1 “(iv) MANNER IN WHICH LOANS AND
2 GRANTS ARE TO BE MADE.—Loans and
3 grants to individuals under clause (i) shall
4 be made—

5 “(I) directly to the individuals by
6 the Secretary; or

7 “(II) to the individuals through
8 the rural water supply corporation,
9 cooperative, or similar entity, or pub-
10 lic agency, providing the water supply
11 or waste disposal services, pursuant to
12 regulations issued by the Secretary.

13 “(D) PREFERENCE.—The Secretary shall
14 give preference in the awarding of loans and
15 grants under subparagraphs (B) and (C) to en-
16 tities described in clause (i) of subparagraph
17 (B) that propose to provide water supply or
18 waste disposal services to the residents of In-
19 dian reservations, rural or native villages in the
20 State of Alaska, Native Hawaiian Home Lands,
21 and those rural subdivisions commonly referred
22 to as colonias, that are characterized by sub-
23 standard housing, inadequate roads and drain-
24 age, and a lack of adequate water or waste fa-
25 cilities.

1 “(E) AUTHORIZATION OF APPROPRIA-
2 TIONS.—There are authorized to be appro-
3 priated—

4 “(i) for grants under this paragraph,
5 \$60,000,000 for each fiscal year;

6 “(ii) for loans under this paragraph,
7 \$60,000,000 for each fiscal year; and

8 “(iii) in addition to grants provided
9 under clause (i), for grants under this sec-
10 tion to benefit Indian tribes, \$20,000,000
11 for each fiscal year.

12 “(4) SOLID WASTE MANAGEMENT GRANTS.—

13 “(A) IN GENERAL.—The Secretary may
14 make grants to nonprofit organizations for the
15 provision of regional technical assistance to
16 local and regional governments and related
17 agencies for the purpose of reducing or elimi-
18 nating pollution of water resources and improv-
19 ing the planning and management of solid
20 waste disposal facilities in rural areas.

21 “(B) TECHNICAL ASSISTANCE GRANT
22 AMOUNTS.—Grants made under this paragraph
23 for the provision of technical assistance shall be
24 made for 100 percent of the cost of the tech-
25 nical assistance.

1 “(C) AUTHORIZATION OF APPROPRIA-
2 TIONS.—There is authorized to be appropriated
3 to carry out this paragraph \$10,000,000 for
4 each of fiscal years 2013 through 2017

5 “(5) RURAL WATER AND WASTEWATER TECH-
6 NICAL ASSISTANCE AND TRAINING PROGRAMS.—

7 “(A) GRANTS TO NONPROFITS.—

8 “(i) IN GENERAL.—The Secretary
9 may make grants to nonprofit organiza-
10 tions to enable the organizations to provide
11 to associations that provide water and
12 wastewater services in rural areas technical
13 assistance and training—

14 “(I) to identify, and evaluate al-
15 ternative solutions to, problems relat-
16 ing to the obtaining, storage, treat-
17 ment, purification, or distribution of
18 water or the collection, treatment, or
19 disposal of waste in rural areas;

20 “(II) to prepare applications to
21 receive financial assistance for any
22 purpose specified in subsection (a)(1)
23 from any public or private source; and

24 “(III) to improve the operation
25 and maintenance practices at any ex-

1 isting works for the storage, treat-
2 ment, purification, or distribution of
3 water or the collection, treatment, or
4 disposal of waste in rural areas.

5 “(ii) SELECTION PRIORITY.—In se-
6 lecting recipients of grants to be made
7 under clause (i), the Secretary shall give
8 priority to nonprofit organizations that
9 have experience in providing the technical
10 assistance and training described in clause
11 (i) to associations serving rural areas in
12 which—

13 “(I) residents have low income;

14 and

15 “(II) water supply systems or
16 waste facilities are unhealthful.

17 “(iii) FUNDING.—

18 “(I) IN GENERAL.—Except as
19 provided in subclause (II), not less
20 than 1 nor more than 3 percent of
21 any funds made available to carry out
22 water and waste disposal projects de-
23 scribed in subsection (a) for any fiscal
24 year shall be reserved for grants
25 under this paragraph.

1 “(II) EXCEPTION.—The min-
2 imum amount specified in subclause
3 (I) shall not apply if the aggregate
4 amount of grant funds requested by
5 applications that qualify for grants re-
6 ceived by the Secretary from eligible
7 nonprofit organizations for the fiscal
8 year totals less than 1 percent of
9 those funds.

10 “(B) RURAL WATER AND WASTEWATER
11 CIRCUIT RIDER PROGRAM.—

12 “(i) IN GENERAL.—The Secretary
13 shall continue a national rural water and
14 wastewater circuit rider program that—

15 “(I) is consistent with the activi-
16 ties and results of the program con-
17 ducted before January 1, 2012, as de-
18 termined by the Secretary; and

19 “(II) received funding from the
20 Secretary, acting through the Admin-
21 istrator of the Rural Utilities Service.

22 “(ii) AUTHORIZATION OF APPROPRIA-
23 TIONS.—There is authorized to be appro-
24 priated to carry out this subparagraph

1 \$25,000,000 for fiscal year 2013 and each
2 fiscal year thereafter.

3 “(6) SEARCH PROGRAM.—

4 “(A) IN GENERAL.—The Secretary may es-
5 tablish a Special Evaluation Assistance for
6 Rural Communities and Households
7 (SEARCH) program to make predevelopment
8 planning grants for feasibility studies, design
9 assistance, and technical assistance, to finan-
10 cially distressed communities in rural areas
11 with populations of 2,500 or fewer inhabitants
12 for water and waste disposal projects described
13 in this section.

14 “(B) TERMS.—

15 “(i) DOCUMENTATION.—With respect
16 to grants made under this paragraph, the
17 Secretary shall require the lowest quantity
18 of documentation practicable.

19 “(ii) MATCHING.—Notwithstanding
20 any other provision of this section, the Sec-
21 retary may fund up to 100 percent of the
22 eligible costs of grants provided under this
23 paragraph, as determined by the Secretary.

24 “(iii) FUNDING.—The Secretary may
25 use not more than 4 percent of the total

1 amount of funds made available for a fiscal
2 year for water, waste disposal, and essen-
3 tial community facility activities under this
4 chapter to carry out this paragraph.

5 “(C) RELATIONSHIP TO OTHER AUTHOR-
6 ITY.—

7 “(i) IN GENERAL.—The funds and au-
8 thorities provided under this paragraph are
9 in addition to any other funds or authori-
10 ties the Secretary may have to carry out
11 activities described in this section.

12 “(ii) AUTHORIZED ACTIVITIES.—The
13 Secretary may furnish financial assistance
14 or other aid in planning projects for the
15 purposes described in subparagraph (A).

16 “(f) PRIORITY.—In making grants and loans, and
17 guaranteeing loans, for water, wastewater, and waste dis-
18 posal projects under this section, the Secretary shall give
19 priority consideration to projects that serve rural commu-
20 nities that, as determined by the Secretary—

21 “(1) have a population of less than 5,500 per-
22 manent residents;

23 “(2) have a community water, wastewater, or
24 waste disposal system that—

25 “(A) is experiencing—

1 “(i) an unanticipated reduction in the
2 quality of water, the quantity of water, or
3 the ability to deliver water; or

4 “(ii) some other deterioration in the
5 supply of water to the community;

6 “(B) is not adequate to meet the needs of
7 the community; and

8 “(C) requires immediate corrective action;

9 “(3) are experiencing outmigration;

10 “(4) have a high percentage of low-income resi-
11 dents; or

12 “(5) are isolated from other significant popu-
13 lation centers.

14 “(g) CURTAILMENT OR LIMITATION OF SERVICE
15 PROHIBITED.—The service provided or made available
16 through any such association shall not be curtailed or lim-
17 ited by inclusion of the area served by such association
18 within the boundaries of any municipal corporation or
19 other public body, or by the granting of any private fran-
20 chise for similar service within such area during the term
21 of such loan; nor shall the happening of any such event
22 be the basis of requiring such association to secure any
23 franchise, license, or permit as a condition to continuing
24 to serve the area served by the association at the time
25 of the occurrence of such event.

1 Native American Programs Act of 1974 (42 U.S.C.
2 2992c)); and

3 “(3) public and quasi-public agencies.

4 “(c) LOAN AND LOAN GUARANTEE REQUIRE-
5 MENTS.—

6 “(1) IN GENERAL.—In connection with loans
7 made or guaranteed under this section, the Sec-
8 retary shall require the applicant—

9 “(A) to certify in writing, and the Sec-
10 retary shall determine, that the applicant is un-
11 able to obtain sufficient credit elsewhere to fi-
12 nance the actual needs of the applicant; and

13 “(B) to furnish an appropriate written fi-
14 nancial statement.

15 “(2) DEBT RESTRUCTURING AND LOAN SERV-
16 ICING FOR COMMUNITY FACILITY LOANS.—The Sec-
17 retary shall establish and implement a program that
18 is similar to the program established under section
19 3411, except that the debt restructuring and loan
20 servicing procedures shall apply to delinquent com-
21 munity facility program loans to a hospital or health
22 care facility under subsection (a).

23 “(d) GRANT AMOUNTS.—

24 “(1) MAXIMUM.—Except as otherwise provided
25 in this subsection, the amount of any grant made

1 under this section shall not exceed 75 percent of the
2 development cost of the project for which the grant
3 is provided.

4 “(2) GRANT RATE.—The Secretary shall estab-
5 lish the grant rate for each project in conformity
6 with regulations issued by the Secretary that shall
7 provide for a graduated scale of grant rates that es-
8 tablish higher rates for projects in communities that
9 have—

10 “(A) low community population;

11 “(B) high rates of outmigration; and

12 “(C) low income levels.

13 “(3) LOCAL SHARE REQUIREMENTS.—Grants
14 made under this section may be used to pay the
15 local share requirements of another Federal grant-
16 in-aid program to the extent permitted under the
17 law providing for the grant-in-aid program.

18 “(e) PRIORITY.—In making grants and loans, and
19 guaranteeing loans under this section, the Secretary shall
20 give priority consideration to projects that serve rural
21 communities that—

22 “(1) have a population of less than 20,000 per-
23 manent residents;

24 “(2) are experiencing outmigration;

1 “(3) have a high percentage of low-income resi-
2 dents; or

3 “(4) are isolated from other significant popu-
4 lation centers.

5 “(f) TRIBAL COLLEGES AND UNIVERSITIES.—

6 “(1) IN GENERAL.—The Secretary may make
7 grants to an entity that is a Tribal College or Uni-
8 versity (as defined in section 316(b) of the Higher
9 Education Act of 1965 (20 U.S.C. 1059c(b))) to
10 provide the Federal share of the cost of developing
11 specific Tribal College or University essential com-
12 munity facilities in rural areas.

13 “(2) FEDERAL SHARE.—The Secretary shall es-
14 tablish the maximum percentage of the cost of the
15 project that may be covered by a grant under this
16 subsection, except that the Secretary may not re-
17 quire non-Federal financial support in an amount
18 that is greater than 5 percent of the total cost of the
19 project.

20 “(3) AUTHORIZATION OF APPROPRIATIONS.—

21 There is authorized to be appropriated to carry out
22 this subsection \$10,000,000 for each of fiscal years
23 2013 through 2017.

24 “(g) TECHNICAL ASSISTANCE FOR COMMUNITY FA-
25 CILITIES PROJECTS.—

1 “(1) IN GENERAL.—Subject to paragraph (2),
2 the Secretary may use funds made available for com-
3 munity facilities programs authorized under this sec-
4 tion to provide technical assistance to applicants and
5 participants for community facilities programs.

6 “(2) FUNDING.—The Secretary may use not
7 more than 3 percent of the amount of funds made
8 available to participants for a fiscal year for a com-
9 munity facilities program to provide technical assist-
10 ance described in paragraph (1).

11 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
12 are authorized to be appropriated to carry out this section
13 such sums as are necessary.

14 **“SEC. 3503. HEALTH CARE SERVICES.**

15 “(a) PURPOSE.—The purpose of this section is to ad-
16 dress the continued unmet health needs in the Delta re-
17 gion through cooperation among health care professionals,
18 institutions of higher education, research institutions, and
19 other individuals and entities in the region.

20 “(b) DEFINITION OF ELIGIBLE ENTITY.—In this sec-
21 tion, the term ‘eligible entity’ means a consortium of re-
22 gional institutions of higher education, academic health
23 and research institutes, and economic development entities
24 located in the Delta region that have experience in ad-
25 dressing the health care issues in the region.

1 “(c) GRANTS.—To carry out the purpose described
2 in subsection (a), the Secretary may award a grant to an
3 eligible entity for—

4 “(1) the development of—

5 “(A) health care services;

6 “(B) health education programs; and

7 “(C) health care job training programs;

8 and

9 “(2) the development and expansion of public
10 health-related facilities in the Delta region to ad-
11 dress longstanding and unmet health needs of the
12 region.

13 “(d) USE.—As a condition of the receipt of the grant,
14 the eligible entity shall use the grant to fund projects and
15 activities described in subsection (c), based on input sol-
16 ited from local governments, public health care providers,
17 and other entities in the Delta region.

18 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
19 is authorized to be appropriated to the Secretary to carry
20 out this section \$3,000,000 for each of fiscal years 2013
21 through 2017.

22 **“CHAPTER 2—RURAL BUSINESS AND**
23 **COOPERATIVE DEVELOPMENT**

24 **“SEC. 3601. BUSINESS PROGRAMS.**

25 “(a) RURAL BUSINESS DEVELOPMENT GRANTS.—

1 “(1) IN GENERAL.—The Secretary may make
2 grants under this subsection to eligible entities de-
3 scribed in paragraph (2) in rural areas that pri-
4 marily serve rural areas for purposes described in
5 paragraph (3).

6 “(2) ELIGIBLE ENTITIES.—The Secretary may
7 make grants under this subsection to—

8 “(A) governmental entities;

9 “(B) Indian tribes; and

10 “(C) nonprofit entities.

11 “(3) ELIGIBLE PURPOSES FOR GRANTS.—Eligi-
12 ble entities that receive grants under this subsection
13 may use the grant funds for—

14 “(A) business opportunity projects that—

15 “(i) identify and analyze business op-
16 portunities;

17 “(ii) identify, train, and provide tech-
18 nical assistance to existing or prospective
19 rural entrepreneurs and managers;

20 “(iii) assist in the establishment of
21 new rural businesses and the maintenance
22 of existing businesses, including through
23 business support centers;

24 “(iv) conduct regional, community,
25 and local economic development planning

1 and coordination, and leadership develop-
2 ment; and

3 “(v) establish centers for training,
4 technology, and trade that will provide
5 training to rural businesses in the use of
6 interactive communications technologies to
7 develop international trade opportunities
8 and markets; and

9 “(B) projects that support the development
10 of business enterprises that finance or facili-
11 tate—

12 “(i) the development of small and
13 emerging private business enterprise;

14 “(ii) the establishment, expansion,
15 and operation of rural distance learning
16 networks;

17 “(iii) the development of rural learn-
18 ing programs that provide educational in-
19 struction or job training instruction related
20 to potential employment or job advance-
21 ment to adult students; and

22 “(iv) the provision of technical assist-
23 ance and training to rural communities for
24 the purpose of improving passenger trans-
25 portation services or facilities.

1 “(4) AUTHORIZATION OF APPROPRIATIONS.—

2 There is authorized to be appropriated to the Sec-
3 retary to carry out this subsection \$65,000,000 for
4 each of fiscal years 2013 through 2017, to remain
5 available until expended.

6 “(b) VALUE-ADDED AGRICULTURAL PRODUCER
7 GRANTS.—

8 “(1) DEFINITIONS.—In this subsection:

9 “(A) MID-TIER VALUE CHAIN.—The term
10 ‘mid-tier value chain’ means a local and re-
11 gional supply network that links independent
12 producers with businesses and cooperatives that
13 market value-added agricultural products in a
14 manner that—

15 “(i) targets and strengthens the prof-
16 itability and competitiveness of small- and
17 medium-sized farms that are structured as
18 family farms; and

19 “(ii) obtains agreement from an eligi-
20 ble agricultural producer group, farmer co-
21 operative, or majority-controlled producer-
22 based business venture that is engaged in
23 the value chain on a marketing strategy.

24 “(B) PRODUCER.—The term ‘producer’
25 means a farmer.

1 “(C) VALUE-ADDED AGRICULTURAL PROD-
2 UCT.—The term ‘value-added agricultural prod-
3 uct’ means any agricultural commodity or prod-
4 uct—

5 “(i) that—

6 “(I) has undergone a change in
7 physical state;

8 “(II) was produced in a manner
9 that enhances the value of the agricul-
10 tural commodity or product, as dem-
11 onstrated through a business plan
12 that shows the enhanced value, as de-
13 termined by the Secretary;

14 “(III) is physically segregated in
15 a manner that results in the enhance-
16 ment of the value of the agricultural
17 commodity or product;

18 “(IV) is a source of farm-based
19 renewable energy, including E-85
20 fuel; or

21 “(V) is aggregated and marketed
22 as a locally produced agricultural food
23 product; and

24 “(ii) for which, as a result of the
25 change in physical state or the manner in

1 which the agricultural commodity or prod-
2 uct was produced, marketed, or seg-
3 regated—

4 “(I) the customer base for the
5 agricultural commodity or product is
6 expanded; and

7 “(II) a greater portion of the rev-
8 enue derived from the marketing,
9 processing, or physical segregation of
10 the agricultural commodity or product
11 is available to the producer of the
12 commodity or product.

13 “(2) GRANTS.—

14 “(A) IN GENERAL.—The Secretary may
15 make grants under this subsection to—

16 “(i) independent producers of value-
17 added agricultural products; and

18 “(ii) an agricultural producer group,
19 farmer cooperative, or majority-controlled
20 producer-based business venture, as deter-
21 mined by the Secretary.

22 “(B) GRANTS TO A PRODUCER.—A grantee
23 under subparagraph (A)(i) shall use the
24 grant—

1 “(i) to develop a business plan or per-
2 form a feasibility study to establish a via-
3 ble marketing opportunity (including
4 through mid-tier value chains) for value-
5 added agricultural products; or

6 “(ii) to provide capital to establish al-
7 liances or business ventures that allow the
8 producer to better compete in domestic or
9 international markets.

10 “(C) GRANTS TO AN AGRICULTURAL PRO-
11 DUCER GROUP, COOPERATIVE OR PRODUCER-
12 BASED BUSINESS VENTURE.—A grantee under
13 subparagraph (A)(ii) shall use the grant—

14 “(i) to develop a business plan for via-
15 ble marketing opportunities in emerging
16 markets for a value-added agricultural
17 product; or

18 “(ii) to develop strategies that are in-
19 tended to create marketing opportunities
20 in emerging markets for the value-added
21 agricultural product.

22 “(D) AWARD SELECTION.—

23 “(i) PRIORITY.—In awarding grants
24 under this subsection, the Secretary shall
25 give priority to projects—

1 “(I) that contribute to increasing
2 opportunities for operators of small-
3 and medium-sized farms that are
4 structured as family farms; or

5 “(II) at least $\frac{1}{4}$ of the recipients
6 of which are beginning farmers or so-
7 cially disadvantaged farmers.

8 “(ii) RANKING.—In evaluating and
9 ranking proposals under this subsection,
10 the Secretary shall provide substantial
11 weight to the priorities described in clause
12 (i).

13 “(E) AMOUNT OF GRANT.—

14 “(i) IN GENERAL.—The total amount
15 provided to a grant recipient under this
16 subsection shall not exceed \$500,000.

17 “(ii) MAJORITY-CONTROLLED, PRO-
18 DUCER-BASED BUSINESS VENTURES.—The
19 total amount of all grants provided to ma-
20 jority-controlled, producer-based business
21 ventures under this subsection for a fiscal
22 year shall not exceed 10 percent of the
23 amount of funds used to make all grants
24 for the fiscal year under this subsection.

1 “(F) TERM.—The term of a grant under
2 this paragraph shall not exceed 3 years.

3 “(G) SIMPLIFIED APPLICATION.—The Sec-
4 retary shall offer a simplified application form
5 and process for project proposals requesting
6 less than \$50,000 under this subsection.

7 “(3) FUNDING.—

8 “(A) AUTHORIZATION OF APPROPRIA-
9 TIONS.—There is authorized to be appropriated
10 to carry out this subsection \$40,000,000 for
11 each of fiscal years 2013 through 2017.

12 “(B) RESERVATION OF FUNDS FOR
13 PROJECTS TO BENEFIT BEGINNING FARMERS,
14 SOCIALLY DISADVANTAGED FARMERS, AND MID-
15 TIER VALUE CHAINS.—

16 “(i) IN GENERAL.—The Secretary
17 shall reserve 10 percent of the amounts
18 made available for each fiscal year under
19 this subsection to fund projects that ben-
20 efit beginning farmers or socially disadvan-
21 taged farmers.

22 “(ii) MID-TIER VALUE CHAINS.—The
23 Secretary shall reserve 10 percent of the
24 amounts made available for each fiscal
25 year under this subsection to fund applica-

1 tions of eligible entities described in para-
 2 graph (2) that propose to develop mid-tier
 3 value chains.

4 “(iii) UNOBLIGATED AMOUNTS.—Any
 5 amounts in the reserves for a fiscal year
 6 established under clauses (i) and (ii) that
 7 are not obligated by June 30 of the fiscal
 8 year shall be available to the Secretary to
 9 make grants under this subsection to eligi-
 10 ble entities in any State, as determined by
 11 the Secretary.

12 “(c) RURAL COOPERATIVE DEVELOPMENT
 13 GRANTS.—

14 “(1) DEFINITIONS.—In this subsection:

15 “(A) NONPROFIT INSTITUTION.—The term
 16 ‘nonprofit institution’ means any organization
 17 or institution, including an accredited institu-
 18 tion of higher education, no part of the net
 19 earnings of which inures, or may lawfully inure,
 20 to the benefit of any private shareholder or in-
 21 dividual.

22 “(B) UNITED STATES.—The term ‘United
 23 States’ means—

24 “(i) the several States; and

25 “(ii) the District of Columbia.

1 “(2) GRANTS.—The Secretary shall make
2 grants under this subsection to nonprofit institutions
3 for the purpose of enabling the nonprofit institutions
4 to establish and operate centers for rural cooperative
5 development.

6 “(3) GOALS.—The goals of a center funded
7 under this subsection shall be to facilitate the cre-
8 ation of jobs in rural areas through the development
9 of new rural cooperatives, value -added processing,
10 and rural businesses.

11 “(4) APPLICATION.—

12 “(A) IN GENERAL.—Any nonprofit institu-
13 tion seeking a grant under paragraph (2) shall
14 submit to the Secretary an application con-
15 taining a plan for the establishment and oper-
16 ation by the institution of 1 or more centers for
17 cooperative development.

18 “(B) REQUIREMENTS.—The Secretary
19 may approve an application if the plan contains
20 the following:

21 “(i) A provision that substantiates
22 that the center will effectively serve rural
23 areas in the United States.

24 “(ii) A provision that the primary ob-
25 jective of the center will be to improve the

1 economic condition of rural areas through
2 cooperative development.

3 “(iii) A description of the activities
4 that the center will carry out to accomplish
5 the objective, which may include pro-
6 grams—

7 “(I) for applied research and fea-
8 sibility studies that may be useful to
9 individuals, cooperatives, small busi-
10 nesses, and other similar entities in
11 rural areas served by the center;

12 “(II) for the collection, interpre-
13 tation, and dissemination of informa-
14 tion that may be useful to individuals,
15 cooperatives, small businesses, and
16 other similar entities in rural areas
17 served by the center;

18 “(III) providing training and in-
19 struction for individuals, cooperatives,
20 small businesses, and other similar
21 entities in rural areas served by the
22 center;

23 “(IV) providing loans and grants
24 to individuals, cooperatives, small

1 businesses, and other similar entities
2 in rural areas served by the center;

3 “(V) providing technical assist-
4 ance, research services, and advisory
5 services to individuals, cooperatives,
6 small businesses, and other similar
7 entities in rural areas served by the
8 center; and

9 “(VI) providing for the coordina-
10 tion of services and sharing of infor-
11 mation by the center.

12 “(iv) A description of the contribu-
13 tions that the activities are likely to make
14 to the improvement of the economic condi-
15 tions of the rural areas for which the cen-
16 ter will provide services.

17 “(v) Provisions that the center, in car-
18 rying out the activities, will seek, if appro-
19 priate, the advice, participation, expertise,
20 and assistance of representatives of busi-
21 ness, industry, educational institutions, the
22 Federal Government, and State and local
23 governments.

24 “(vi) Provisions that the center will
25 take all practicable steps to develop con-

1 tinuing sources of financial support for the
2 center, particularly from sources in the pri-
3 vate sector.

4 “(vii) Provisions for—

5 “(I) monitoring and evaluating
6 the activities by the nonprofit institu-
7 tion operating the center; and

8 “(II) accounting for funds re-
9 ceived by the institution under this
10 section.

11 “(5) AWARDING GRANTS.—

12 “(A) IN GENERAL.—Grants made under
13 paragraph (2) shall be made on a competitive
14 basis.

15 “(B) PREFERENCE.—In making grants
16 under paragraph (2), the Secretary shall give
17 preference to grant applications providing for
18 the establishment of centers for rural coopera-
19 tive development that—

20 “(i) demonstrate a proven track
21 record in carrying out activities to promote
22 and assist the development of cooperatively
23 and mutually owned businesses;

24 “(ii) demonstrate previous expertise in
25 providing technical assistance in rural

1 areas to promote and assist the develop-
2 ment of cooperatively and mutually owned
3 businesses;

4 “(iii) demonstrate the ability to assist
5 in the retention of businesses, facilitate the
6 establishment of cooperatives and new co-
7 operative approaches, and generate em-
8 ployment opportunities that will improve
9 the economic conditions of rural areas;

10 “(iv) commit to providing technical
11 assistance and other services to under-
12 served and economically distressed areas in
13 rural areas of the United States;

14 “(v) demonstrate a commitment to—

15 “(I) networking with and sharing
16 the results of the efforts of the center
17 with other cooperative development
18 centers and other organizations in-
19 volved in rural economic development
20 efforts; and

21 “(II) developing multiorganiza-
22 tion and multistate approaches to ad-
23 dressing the economic development
24 and cooperative needs of rural areas;
25 and

1 “(vi) commit to providing a 25 per-
2 cent matching contribution with private
3 funds and in-kind contributions, except
4 that the Secretary shall not require non-
5 Federal financial support in an amount
6 that is greater than 5 percent in the case
7 of a 1994 institution (as defined in section
8 532 of the Equity in Educational Land-
9 Grant Status Act of 1994 (7 U.S.C. 301
10 note; Public Law 103–382)).

11 “(6) GRANT PERIOD.—

12 “(A) IN GENERAL.—A grant awarded to a
13 center that has received no prior funding under
14 this subsection shall be made for a period of 1
15 year.

16 “(B) MULTIYEAR GRANTS.—If the Sec-
17 retary determines it to be in the best interest
18 of the program, the Secretary shall award
19 grants for a period of more than 1 year, but
20 not more than 3 years, to a center that has suc-
21 cessfully met the requirements of paragraph
22 (5)(B), as determined by the Secretary.

23 “(7) AUTHORITY TO EXTEND GRANT PERIOD.—

24 The Secretary may extend for 1 additional 12-month

1 period the period during which a grantee may use a
2 grant made under this subsection.

3 “(8) TECHNICAL ASSISTANCE TO PREVENT EX-
4 CESSIVE UNEMPLOYMENT OR UNDEREMPLOY-
5 MENT.—

6 “(A) IN GENERAL.—In carrying out this
7 subsection, the Secretary may provide technical
8 assistance to alleviate or prevent conditions of
9 excessive unemployment, underemployment,
10 outmigration, or low employment growth in eco-
11 nomically distressed rural areas that the Sec-
12 retary determines have a substantial need for
13 the assistance.

14 “(B) INCLUSIONS.—The assistance may
15 include planning and feasibility studies, man-
16 agement and operational assistance, and studies
17 evaluating the need for the development poten-
18 tial of projects that increase employment and
19 improve economic growth in the areas.

20 “(9) GRANTS TO DEFRAY ADMINISTRATIVE
21 COSTS.—

22 “(A) IN GENERAL.—The Secretary may
23 make grants to defray not to exceed 75 percent
24 of the costs incurred by organizations and pub-

1 lic bodies to carry out projects for which grants
2 or loans are made under this subsection.

3 “(B) COST-SHARING.—For purposes of de-
4 termining the non-Federal share of the costs,
5 the Secretary shall include contributions in cash
6 and in kind, fairly evaluated, including prem-
7 ises, equipment, and services.

8 “(10) COOPERATIVE RESEARCH PROGRAM.—
9 The Secretary shall offer to enter into a cooperative
10 research agreement with 1 or more qualified aca-
11 demic institutions in each fiscal year to conduct re-
12 search on the effects of all types of cooperatives on
13 the national economy.

14 “(11) ADDRESSING NEEDS OF MINORITY COM-
15 MUNITIES.—

16 “(A) IN GENERAL.—If the total amount
17 appropriated under paragraph (13) for a fiscal
18 year exceeds \$7,500,000, the Secretary shall re-
19 serve an amount equal to 20 percent of the
20 total amount appropriated for grants for coop-
21 erative development centers, individual coopera-
22 tives, or groups of cooperatives—

23 “(i) that serve socially disadvantaged
24 groups; and

1 “(ii) a majority of the boards of direc-
2 tors or governing boards of which are com-
3 prised of individuals who are members of
4 socially disadvantaged groups.

5 “(B) INSUFFICIENT APPLICATIONS.—To
6 the extent there are insufficient applications to
7 carry out subparagraph (A), the Secretary shall
8 use the funds as otherwise authorized by this
9 subsection.

10 “(12) INTERAGENCY WORKING GROUP.—Not
11 later than 90 days after the date of enactment of
12 the Agriculture Reform, Food, and Jobs Act of
13 2012, the Secretary shall coordinate and chair an
14 interagency working group to foster cooperative de-
15 velopment and ensure coordination with Federal
16 agencies and national and local cooperative organiza-
17 tions that have cooperative programs and interests.

18 “(13) AUTHORIZATION OF APPROPRIATIONS.—
19 There is authorized to be appropriated to carry out
20 this subsection \$50,000,000 for each of fiscal years
21 2013 through 2017.

22 “(d) APPROPRIATE TECHNOLOGY TRANSFER FOR
23 RURAL AREAS PROGRAM.—

24 “(1) DEFINITION OF NATIONAL NONPROFIT AG-
25 RICULTURAL ASSISTANCE INSTITUTION.—In this

1 subsection, the term ‘national nonprofit agricultural
2 assistance institution’ means an organization that—

3 “(A) is described in section 501(c)(3) of
4 the Internal Revenue Code of 1986 and exempt
5 from taxation under 501(a) of that Code;

6 “(B) has staff and offices in multiple re-
7 gions of the United States;

8 “(C) has experience and expertise in oper-
9 ating national agricultural technical assistance
10 programs;

11 “(D) expands markets for the agricultural
12 commodities produced by producers through the
13 use of practices that enhance the environment,
14 natural resource base, and quality of life; and

15 “(E) improves the economic viability of ag-
16 ricultural operations.

17 “(2) ESTABLISHMENT.—The Secretary shall es-
18 tablish a national appropriate technology transfer
19 for rural areas program to assist agricultural pro-
20 ducers that are seeking information—

21 “(A) to reduce input costs;

22 “(B) to conserve energy resources;

23 “(C) to diversify operations through new
24 energy crops and energy generation facilities;
25 and

1 “(D) to expand markets for agricultural
2 commodities produced by the producers by
3 using practices that enhance the environment,
4 natural resource base, and quality of life.

5 “(3) IMPLEMENTATION.—

6 “(A) IN GENERAL.—The Secretary shall
7 carry out the program under this subsection by
8 making a grant to, or offering to enter into a
9 cooperative agreement with, a national non-
10 profit agricultural assistance institution.

11 “(B) GRANT AMOUNT.—A grant made, or
12 cooperative agreement entered into, under sub-
13 paragraph (A) shall provide 100 percent of the
14 cost of providing information described in para-
15 graph (2).

16 “(4) AUTHORIZATION OF APPROPRIATIONS.—
17 There is authorized to be appropriated to carry out
18 this subsection \$5,000,000 for each of fiscal years
19 2013 through 2017.

20 “(e) BUSINESS AND INDUSTRY DIRECT AND GUAR-
21 ANTEED LOANS.—

22 “(1) DEFINITION OF BUSINESS AND INDUSTRY
23 LOAN.—In this section, the term ‘business and in-
24 dustry loan’ means a direct loan that is made, or a

1 loan that is guaranteed, by the Secretary under this
2 subsection.

3 “(2) LOAN PURPOSES.—The Secretary may
4 make business and industry loans to public, private,
5 or cooperative organizations organized for profit or
6 nonprofit, private investment funds that invest pri-
7 marily in cooperative organizations, or to individ-
8 uals—

9 “(A) to improve, develop, or finance busi-
10 ness, industry, and employment and improve
11 the economic and environmental climate in
12 rural communities, including pollution abate-
13 ment and control;

14 “(B) to conserve, develop, and use water
15 for aquaculture purposes in rural areas; and

16 “(C) to reduce the reliance on nonrenew-
17 able energy resources by encouraging the devel-
18 opment and construction of renewable energy
19 systems (including solar energy systems, wind
20 energy systems, and anaerobic digestors for the
21 purpose of energy generation), including the
22 modification of existing systems, in rural areas.

23 “(3) LOAN GUARANTEES FOR CERTAIN
24 LOANS.—The Secretary may guarantee loans made

1 under this subsection to finance the issuance of
2 bonds for the projects described in paragraph (2).

3 “(4) MAXIMUM AMOUNT OF PRINCIPAL.—

4 “(A) IN GENERAL.—Except as otherwise
5 provided in this paragraph, no loan may be
6 made or guaranteed under this subsection that
7 exceeds \$25,000,000 in principal amount.

8 “(B) LIMITATIONS ON LOAN GUARANTEES
9 FOR COOPERATIVE ORGANIZATIONS.—

10 “(i) PRINCIPAL AMOUNT.—Subject to
11 clause (ii), the principal amount of a busi-
12 ness and industry loan made to a coopera-
13 tive organization and guaranteed under
14 this subsection shall not exceed
15 \$40,000,000.

16 “(ii) USE.—To be eligible for a guar-
17 antee under this subsection for a business
18 and industry loan made to a cooperative
19 organization, the principal amount of the
20 loan in excess of \$25,000,000 shall be used
21 to carry out a project that is in a rural
22 area and—

23 “(I) provides for the value-added
24 processing of agricultural commod-
25 ities; or

1 “(II) significantly benefits 1 or
2 more entities eligible for assistance for
3 the purposes described in paragraph
4 (2), as determined by the Secretary.

5 “(iii) APPLICATIONS.—If a coopera-
6 tive organization submits an application
7 for a guarantee under this paragraph, the
8 Secretary shall make the determination
9 whether to approve the application, and
10 the Secretary may not delegate this au-
11 thority.

12 “(iv) MAXIMUM AMOUNT.—The total
13 amount of business and industry loans
14 made to cooperative organizations and
15 guaranteed for a fiscal year under this
16 subsection with principal amounts that are
17 in excess of \$25,000,000 may not exceed
18 10 percent of the total amount of business
19 and industry loans guaranteed for the fis-
20 cal year under this subsection.

21 “(5) FEES.—The Secretary may assess a 1-
22 time fee and an annual renewal fee for any guaran-
23 teed business and industry loan in an amount that
24 does not exceed 3 percent of the guaranteed prin-
25 cipal portion of the loan.

1 “(6) INTANGIBLE ASSETS.—In determining
2 whether a cooperative organization is eligible for a
3 guaranteed business and industry loan, the Sec-
4 retary may consider the market value of a properly
5 appraised brand name, patent, or trademark of the
6 cooperative.

7 “(7) LOAN APPRAISALS.—The Secretary may
8 require that any appraisal made in connection with
9 a business and industry loan be conducted by a spe-
10 cialized appraiser that uses standards that are com-
11 parable to standards used for similar purposes in the
12 private sector, as determined by the Secretary.

13 “(8) LOAN GUARANTEES FOR THE PURCHASE
14 OF COOPERATIVE STOCK.—

15 “(A) IN GENERAL.—The Secretary may
16 guarantee a business and industry loan to indi-
17 vidual farmers to purchase capital stock of a
18 farmer cooperative established for the purpose
19 of processing an agricultural commodity.

20 “(B) PROCESSING CONTRACTS DURING INI-
21 TIAL PERIOD.—A cooperative described in sub-
22 paragraph (A) for which a farmer receives a
23 guarantee to purchase stock under that sub-
24 paragraph may contract for services to process
25 agricultural commodities or otherwise process

1 value added for the period beginning on the
2 date of the startup of the cooperative in order
3 to provide adequate time for the planning and
4 construction of the processing facility of the co-
5 operative.

6 “(C) FINANCIAL INFORMATION.—Financial
7 information required by the Secretary from a
8 farmer as a condition of making a business and
9 industry loan guarantee under this paragraph
10 shall be provided in the manner generally re-
11 quired by commercial agricultural lenders in the
12 applicable area.

13 “(9) LOANS TO COOPERATIVES.—

14 “(A) ELIGIBILITY.—

15 “(i) IN GENERAL.—The Secretary
16 may make or guarantee a business and in-
17 dustry loan to a cooperative organization
18 that is headquartered in a metropolitan
19 area if the loan is—

20 “(I) used for a project or venture
21 described in paragraph (2) that is lo-
22 cated in a rural area; or

23 “(II) a loan guarantee that meets
24 the requirements of paragraph (10).

1 “(ii) EQUITY.—The Secretary may
2 guarantee a loan made for the purchase of
3 preferred stock or similar equity issued by
4 a cooperative organization or a fund that
5 invests primarily in cooperative organiza-
6 tions, if the guarantee significantly bene-
7 fits 1 or more entities eligible for assist-
8 ance for the purposes described in para-
9 graph (2)(A), as determined by the Sec-
10 retary.

11 “(B) REFINANCING.—A cooperative orga-
12 nization that is eligible for a business and in-
13 dustry loan shall be eligible to refinance an ex-
14 isting business and industry loan with a lender
15 if—

16 “(i) the cooperative organization—

17 “(I) is current and performing
18 with respect to the existing loan; and

19 “(II)(aa) is not, and has not
20 been, in payment default, with respect
21 to the existing loan; or

22 “(bb) has not converted any of
23 the collateral with respect to the exist-
24 ing loan; and

1 “(ii) there is adequate security or full
2 collateral for the refinanced loan.

3 “(10) LOAN GUARANTEES IN NONRURAL
4 AREAS.—The Secretary may guarantee a business
5 and industry loan to a cooperative organization for
6 a facility that is not located in a rural area if—

7 “(A) the primary purpose of the loan guar-
8 antee is for a facility to provide value-added
9 processing for agricultural producers that are
10 located within 80 miles of the facility;

11 “(B) the applicant demonstrates to the
12 Secretary that the primary benefit of the loan
13 guarantee will be to provide employment for
14 residents of a rural area; and

15 “(C) the total amount of business and in-
16 dustry loans guaranteed for a fiscal year under
17 this paragraph does not exceed 10 percent of
18 the business and industry loans guaranteed for
19 the fiscal year under this subsection.

20 “(11) LOCALLY OR REGIONALLY PRODUCED AG-
21 RICULTURAL FOOD PRODUCTS.—

22 “(A) DEFINITIONS.—In this paragraph:

23 “(i) LOCALLY OR REGIONALLY PRO-
24 DUCED AGRICULTURAL FOOD PRODUCT.—

25 The term ‘locally or regionally produced

1 agricultural food product’ means any agri-
2 cultural food product that is raised, pro-
3 duced, and distributed in—

4 “(I) the locality or region in
5 which the final product is marketed,
6 so that the total distance that the
7 product is transported is less than
8 400 miles from the origin of the prod-
9 uct; or

10 “(II) the State in which the
11 product is produced.

12 “(ii) UNDERSERVED COMMUNITY.—
13 The term ‘underserved community’ means
14 a community (including an urban or rural
15 community and an Indian tribal commu-
16 nity) that, as determined by the Secretary,
17 has—

18 “(I) limited access to affordable,
19 healthy foods, including fresh fruits
20 and vegetables, in grocery retail stores
21 or farmer-to-consumer direct markets;
22 and

23 “(II) a high rate of hunger or
24 food insecurity or a high poverty rate.

1 “(B) LOAN AND LOAN GUARANTEE PRO-
2 GRAM.—

3 “(i) IN GENERAL.—The Secretary
4 shall make or guarantee loans to individ-
5 uals, cooperatives, cooperative organiza-
6 tions, businesses, and other entities to es-
7 tablish and facilitate enterprises that proc-
8 ess, distribute, aggregate, store, and mar-
9 ket locally or regionally produced agricul-
10 tural food products to support community
11 development and farm income.

12 “(ii) REQUIREMENT.—The recipient
13 of a loan or loan guarantee under this
14 paragraph shall include in an appropriate
15 agreement with retail and institutional fa-
16 cilities to which the recipient sells locally
17 or regionally produced agricultural food
18 products a requirement to inform con-
19 sumers of the retail or institutional facili-
20 ties that the consumers are purchasing or
21 consuming locally or regionally produced
22 agricultural food products.

23 “(iii) PRIORITY.—In making or guar-
24 anteeing a loan under this paragraph, the
25 Secretary shall give priority to projects

1 that have components benefitting under-
2 served communities.

3 “(iv) REPORTS.—Not later than 2
4 years after the date of enactment of the
5 Agriculture Reform, Food, and Jobs Act of
6 2012 and annually thereafter, the Sec-
7 retary shall submit to the Committee on
8 Agriculture of the House of Representa-
9 tives and the Committee on Agriculture,
10 Nutrition, and Forestry of the Senate, and
11 publish on the Internet, a report that de-
12 scribes projects carried out using loans or
13 loan guarantees made under clause (i), in-
14 cluding—

15 “(I) summary information about
16 all projects;

17 “(II) the characteristics of the
18 communities served; and

19 “(III) resulting benefits.

20 “(v) RESERVATION OF FUNDS.—For
21 each of fiscal years 2012 through 2017,
22 the Secretary shall reserve not less than 5
23 percent of the total amount of funds made
24 available to carry out this subsection to

1 carry out this paragraph until April 1 of
2 the fiscal year.

3 “(vi) OUTREACH.—The Secretary
4 shall develop and implement an outreach
5 plan to publicize the availability of loans
6 and loan guarantees under this paragraph,
7 working closely with rural cooperative de-
8 velopment centers, credit unions, commu-
9 nity development financial institutions, re-
10 gional economic development authorities,
11 and other financial and economic develop-
12 ment entities.

13 “(12) AUTHORIZATION OF APPROPRIATIONS.—

14 There is authorized to be appropriated to carry out
15 this subsection \$75,000,000 for each of fiscal years
16 2013 through 2017.

17 “(f) RELENDING PROGRAMS.—

18 “(1) INTERMEDIATE RELENDING PROGRAM.—

19 “(A) IN GENERAL.—The Secretary may
20 make or guarantee loans to eligible entities de-
21 scribed in subparagraph (B) so that the eligible
22 entities may relend the funds to individuals and
23 entities for the purposes described in subpara-
24 graph (C).

1 “(B) ELIGIBLE ENTITIES.—Entities eligi-
2 ble for loans and loan guarantees described in
3 subparagraph (A) are—

4 “(i) public agencies;

5 “(ii) Indian tribes;

6 “(iii) cooperatives; and

7 “(iv) nonprofit corporations.

8 “(C) ELIGIBLE PURPOSES.—The proceeds
9 from loans made or guaranteed by the Sec-
10 retary pursuant to subparagraph (A) may be
11 relent by eligible entities for projects that—

12 “(i) predominately serve communities
13 in rural areas; and

14 “(ii) as determined by the Secretary—

15 “(I) promote community develop-
16 ment;

17 “(II) establish new businesses;

18 “(III) establish and support
19 microlending programs; and

20 “(IV) create or retain employ-
21 ment opportunities.

22 “(D) AUTHORIZATION OF APPROPRIA-
23 TIONS.—There is authorized to be appropriated
24 to carry out this subsection \$50,000,000 for
25 each of fiscal years 2013 through 2017.

1 “(2) RURAL MICROENTREPRENEUR ASSISTANCE
2 PROGRAM.—

3 “(A) DEFINITIONS.—In this paragraph:

4 “(i) MICROENTREPRENEUR.—The
5 term ‘microentrepreneur’ means an owner
6 and operator, or prospective owner and op-
7 erator, of a rural microenterprise who is
8 unable to obtain sufficient training, tech-
9 nical assistance, or credit other than under
10 this subsection, as determined by the Sec-
11 retary.

12 “(ii) MICROENTERPRISE DEVELOP-
13 MENT ORGANIZATION.—The term ‘micro-
14 enterprise development organization’
15 means an organization that is—

16 “(I) a nonprofit entity;

17 “(II) an Indian tribe, the tribal
18 government of which certifies to the
19 Secretary that—

20 “(aa) no microenterprise de-
21 velopment organization serves the
22 Indian tribe; and

23 “(bb) no rural microentre-
24 preneur assistance program ex-

1 ists under the jurisdiction of the
2 Indian tribe;

3 “(III) a public institution of
4 higher education; or

5 “(IV) a collaboration of rural
6 nonprofit entities serving a region or
7 State, if 1 lead nonprofit entity is the
8 sole underwriter of all loans and is re-
9 sponsible for associated risks.

10 “(iii) MICROLOAN.—The term
11 ‘microloan’ means a business loan of not
12 more than \$50,000 that is provided to a
13 rural microenterprise.

14 “(iv) PROGRAM.—The term ‘program’
15 means the rural microentrepreneur assist-
16 ance program established under subpara-
17 graph (B).

18 “(v) RURAL MICROENTERPRISE.—The
19 term ‘rural microenterprise’ means a busi-
20 ness entity with not more than 10 full-time
21 equivalent employees located in a rural
22 area.

23 “(vi) TRAINING.—The term ‘training’
24 means teaching broad business principles

1 or general business skills in a group or
2 public setting.

3 “(vii) TECHNICAL ASSISTANCE.—The
4 term ‘technical assistance’ means working
5 with a business client in a 1-to-1 manner
6 to provide business and financial manage-
7 ment counseling, assist in the preparation
8 of business or marketing plans, or provide
9 other skills tailored to an individual micro-
10 entrepreneur.

11 “(B) RURAL MICROENTREPRENEUR AS-
12 SISTANCE PROGRAM.—

13 “(i) ESTABLISHMENT.—The Secretary
14 shall establish a rural microentrepreneur
15 assistance program to provide loans and
16 grants to support microentrepreneurs in
17 the development and ongoing success of
18 rural microenterprises.

19 “(ii) PURPOSE.—The purpose of the
20 program is to provide microentrepreneurs
21 with—

22 “(I) the skills necessary to estab-
23 lish new rural microenterprises; and

24 “(II) continuing technical and fi-
25 nancial assistance related to the suc-

1 successful operation of rural microenter-
2 prises.

3 “(iii) LOANS.—

4 “(I) IN GENERAL.—The Sec-
5 retary shall make loans to microenter-
6 prise development organizations for
7 the purpose of providing fixed-interest
8 rate microloans to microentrepreneurs
9 for startup and growing rural micro-
10 enterprises.

11 “(II) LOAN TERMS.—A loan
12 made by the Secretary to a microen-
13 terprise development organization
14 under this subparagraph shall—

15 “(aa) be for a term not to
16 exceed 20 years; and

17 “(bb) bear an annual inter-
18 est rate of at least 1 percent.

19 “(III) LOAN LOSS RESERVE
20 FUND.—The Secretary shall require
21 each microenterprise development or-
22 ganization that receives a loan under
23 this subparagraph to—

24 “(aa) establish a loan loss
25 reserve fund; and

1 “(bb) maintain the reserve
2 fund in an amount equal to at
3 least 5 percent of the outstanding
4 balance of such loans owed by
5 the microenterprise development
6 organization, until all obligations
7 owed to the Secretary under this
8 subparagraph are repaid.

9 “(IV) DEFERRAL OF INTEREST
10 AND PRINCIPAL.—The Secretary may
11 permit the deferral of payments on
12 principal and interest due on a loan to
13 a microenterprise development organi-
14 zation made under this paragraph for
15 a 2-year period beginning on the date
16 on which the loan is made.

17 “(iv) GRANTS TO SUPPORT RURAL MI-
18 CROENTERPRISE DEVELOPMENT.—

19 “(I) IN GENERAL.—The Sec-
20 retary shall make grants to microen-
21 terprise development organizations—

22 “(aa) to provide training
23 and technical assistance, and
24 other related services to rural
25 microentrepreneurs; and

1 “(bb) to carry out such
2 other projects and activities as
3 the Secretary determines appro-
4 priate to further the purposes of
5 the program.

6 “(II) SELECTION.—In making
7 grants under subclause (I), the Sec-
8 retary shall—

9 “(aa) place an emphasis on
10 microenterprise development or-
11 ganizations that serve micro-
12 entrepreneurs that are located in
13 rural areas that have suffered
14 significant outward migration, as
15 determined by the Secretary; and

16 “(bb) ensure, to the max-
17 imum extent practicable, that
18 grant recipients include microen-
19 terprise development organiza-
20 tions of varying sizes and that
21 serve racially and ethnically di-
22 verse populations.

23 “(v) GRANTS TO ASSIST MICROENTRE-
24 PRENEURS.—

1 “(I) IN GENERAL.—The Sec-
2 retary shall make annual grants to
3 microenterprise development organiza-
4 tions to provide technical assistance to
5 microentrepreneurs that—

6 “(aa) received a loan from
7 the microenterprise development
8 organization under subparagraph
9 (B)(iii); or

10 “(bb) are seeking a loan
11 from the microenterprise develop-
12 ment organization under sub-
13 paragraph (B)(iii).

14 “(II) MAXIMUM AMOUNT OF
15 TECHNICAL ASSISTANCE GRANT.—The
16 maximum amount of a grant under
17 this clause shall be in an amount
18 equal to not more than 25 percent of
19 the total outstanding balance of
20 microloans made by the microenter-
21 prise development organization under
22 clause (iii), as of the date the grant is
23 awarded.

24 “(vi) ADMINISTRATIVE EXPENSES.—
25 Not more than 10 percent of a grant re-

1 ceived by a microenterprise development
2 organization for a fiscal year under this
3 subparagraph may be used to pay adminis-
4 trative expenses.

5 “(C) ADMINISTRATION.—

6 “(i) MATCHING REQUIREMENT.—As a
7 condition of any grant made under clauses
8 (iv) and (v) of subparagraph (B), the Sec-
9 retary shall require the microenterprise de-
10 velopment organization to match not less
11 than 15 percent of the total amount of the
12 grant in the form of matching funds (in-
13 cluding community development block
14 grants), indirect costs, or in-kind goods or
15 services.

16 “(ii) OVERSIGHT.—At a minimum,
17 not later than December 1 of each fiscal
18 year, a microenterprise development orga-
19 nization that receives a loan or grant
20 under this section shall provide to the Sec-
21 retary such information as the Secretary
22 may require to ensure that assistance pro-
23 vided under this section is used for the
24 purposes for which the loan or grant was
25 made.

1 “(D) AUTHORIZATION OF APPROPRIA-
2 TIONS.—There is authorized to be appropriated
3 to carry out this paragraph \$40,000,000 for
4 each of fiscal years 2013 through 2017.

5 **“SEC. 3602. RURAL BUSINESS INVESTMENT PROGRAM.**

6 “(a) DEFINITIONS.—In this section:

7 “(1) ARTICLES.—The term ‘articles’ means ar-
8 ticles of incorporation for an incorporated body or
9 the functional equivalent or other similar documents
10 specified by the Secretary for other business entities.

11 “(2) DEVELOPMENTAL VENTURE CAPITAL.—
12 The term ‘developmental venture capital’ means cap-
13 ital in the form of equity capital investments in rural
14 business investment companies with an objective of
15 fostering economic development in rural areas.

16 “(3) EMPLOYEE WELFARE BENEFIT PLAN;
17 PENSION PLAN.—

18 “(A) IN GENERAL.—The terms ‘employee
19 welfare benefit plan’ and ‘pension plan’ have
20 the meanings given the terms in section 3 of
21 the Employee Retirement Income Security Act
22 of 1974 (29 U.S.C. 1002).

23 “(B) INCLUSIONS.—The terms ‘employee
24 welfare benefit plan’ and ‘pension plan’ in-
25 clude—

1 “(i) public and private pension or re-
2 tirement plans subject to this subtitle; and

3 “(ii) similar plans not covered by this
4 subtitle that have been established, and
5 that are maintained, by the Federal Gov-
6 ernment or any State (including by a polit-
7 ical subdivision, agency, or instrumentality
8 of the Federal Government or a State) for
9 the benefit of employees.

10 “(4) EQUITY CAPITAL.—The term ‘equity cap-
11 ital’ means common or preferred stock or a similar
12 instrument, including subordinated debt with equity
13 features.

14 “(5) LEVERAGE.—The term ‘leverage’ in-
15 cludes—

16 “(A) debentures purchased or guaranteed
17 by the Secretary;

18 “(B) participating securities purchased or
19 guaranteed by the Secretary; and

20 “(C) preferred securities outstanding as of
21 the date of enactment of the Agriculture Re-
22 form, Food, and Jobs Act of 2012.

23 “(6) LICENSE.—The term ‘license’ means a li-
24 cense issued by the Secretary in accordance with in
25 subsection (d)(5).

1 “(7) LIMITED LIABILITY COMPANY.—The term
2 ‘limited liability company’ means a business entity
3 that is organized and operating in accordance with
4 a State limited liability company law approved by
5 the Secretary.

6 “(8) MEMBER.—The term ‘member’ means,
7 with respect to a rural business investment company
8 that is a limited liability company, a holder of an
9 ownership interest, or a person otherwise admitted
10 to membership in the limited liability company.

11 “(9) OPERATIONAL ASSISTANCE.—The term
12 ‘operational assistance’ means management, mar-
13 keting, and other technical assistance that assists a
14 rural business concern with business development.

15 “(10) PARTICIPATION AGREEMENT.—The term
16 ‘participation agreement’ means an agreement, be-
17 tween the Secretary and a rural business investment
18 company granted final approval under subsection
19 (d)(5), that requires the rural business investment
20 company to make investments in smaller enterprises
21 in rural areas.

22 “(11) PRIVATE CAPITAL.—

23 “(A) IN GENERAL.—The term ‘private cap-
24 ital’ means the total of—

1 “(i)(I) the paid-in capital and paid-in
2 surplus of a corporate rural business in-
3 vestment company;

4 “(II) the contributed capital of the
5 partners of a partnership rural business in-
6 vestment company; or

7 “(III) the equity investment of the
8 members of a limited liability company
9 rural business investment company; and

10 “(ii) unfunded binding commitments
11 from investors that meet criteria estab-
12 lished by the Secretary to contribute cap-
13 ital to the rural business investment com-
14 pany, except that—

15 “(I) unfunded commitments may
16 be counted as private capital for pur-
17 poses of approval by the Secretary of
18 any request for leverage; but

19 “(II) leverage shall not be funded
20 based on the commitments.

21 “(B) EXCLUSIONS.—The term ‘private
22 capital’ does not include—

23 “(i) any funds borrowed by a rural
24 business investment company from any
25 source;

1 “(ii) any funds obtained through the
2 issuance of leverage; or

3 “(iii) any funds obtained directly or
4 indirectly from the Federal Government or
5 any State (including by a political subdivi-
6 sion, agency, or instrumentality of the
7 Federal Government or a State), except
8 for—

9 “(I) funds obtained from the
10 business revenues (excluding any gov-
11 ernmental appropriation) of any Fed-
12 erally chartered or government-spon-
13 sored enterprise established prior to
14 the date of enactment of the Agri-
15 culture Reform, Food, and Jobs Act
16 of 2012;

17 “(II) funds invested by an em-
18 ployee welfare benefit plan or pension
19 plan; and

20 “(III) any qualified nonprivate
21 funds (if the investors of the qualified
22 nonprivate funds do not control, di-
23 rectly or indirectly, the management,
24 board of directors, general partners,

1 or members of the rural business in-
2 vestment company).

3 “(12) QUALIFIED NONPRIVATE FUNDS.—The
4 term ‘qualified nonprivate funds’ means any—

5 “(A) funds directly or indirectly invested in
6 any applicant or rural business investment com-
7 pany on or before the date of enactment of the
8 Agriculture Reform, Food, and Jobs Act of
9 2012 by any Federal agency, other than the
10 Department, under a provision of law explicitly
11 mandating the inclusion of those funds in the
12 definition of the term ‘private capital’; and

13 “(B) funds invested in any applicant or
14 rural business investment company by 1 or
15 more entities of any State (including by a polit-
16 ical subdivision, agency, or instrumentality of
17 the State and including any guarantee extended
18 by those entities) in an aggregate amount that
19 does not exceed 33 percent of the private cap-
20 ital of the applicant or rural business invest-
21 ment company.

22 “(13) RURAL BUSINESS CONCERN.—The term
23 ‘rural business concern’ means—

24 “(A) a public, private, or cooperative for-
25 profit or nonprofit organization;

1 “(B) a for-profit or nonprofit business con-
2 trolled by an Indian tribe; or

3 “(C) any other person or entity that pri-
4 marily operates in a rural area, as determined
5 by the Secretary.

6 “(14) RURAL BUSINESS INVESTMENT COM-
7 PANY.—The term ‘rural business investment com-
8 pany’ means a company that—

9 “(A) has been granted final approval by
10 the Secretary under subsection (d)(5); and

11 “(B) has entered into a participation
12 agreement with the Secretary.

13 “(15) SMALLER ENTERPRISE.—

14 “(A) IN GENERAL.—The term ‘smaller en-
15 terprise’ means any rural business concern that,
16 together with its affiliates—

17 “(i) has—

18 “(I) a net financial worth of not
19 more than \$6,000,000, as of the date
20 on which assistance is provided under
21 this section to the rural business con-
22 cern; and

23 “(II) except as provided in sub-
24 paragraph (B), an average net income
25 for the 2-year period preceding the

1 date on which assistance is provided
2 under this section to the rural busi-
3 ness concern, of not more than
4 \$2,000,000, after Federal income
5 taxes (excluding any carryover losses);
6 or

7 “(ii) satisfies the standard industrial
8 classification size standards established by
9 the Administrator of the Small Business
10 Administration for the industry in which
11 the rural business concern is primarily en-
12 gaged.

13 “(B) EXCEPTION.—For purposes of sub-
14 paragraph (A)(i)(II), if the rural business con-
15 cern is not required by law to pay Federal in-
16 come taxes at the enterprise level, but is re-
17 quired to pass income through to the share-
18 holders, partners, beneficiaries, or other equi-
19 table owners of the business concern, the net in-
20 come of the business concern shall be deter-
21 mined by allowing a deduction in an amount
22 equal to the total of—

23 “(i) if the rural business concern is
24 not required by law to pay State (and
25 local, if any) income taxes at the enterprise

1 level, the product obtained by multi-
2 plying—

3 “(I) the net income (determined
4 without regard to this subparagraph);
5 by

6 “(II) the marginal State income
7 tax rate (or by the combined State
8 and local income tax rates, as applica-
9 ble) that would have applied if the
10 business concern were a corporation;
11 and

12 “(ii) the product obtained by multi-
13 plying—

14 “(I) the net income (so deter-
15 mined) less any deduction for State
16 (and local) income taxes calculated
17 under clause (i); by

18 “(II) the marginal Federal in-
19 come tax rate that would have applied
20 if the rural business concern were a
21 corporation.

22 “(b) PURPOSES.—The purposes of the Rural Busi-
23 ness Investment Program established under this section
24 are—

1 “(1) to promote economic development and the
2 creation of wealth and job opportunities in rural
3 areas and among individuals living in those areas by
4 encouraging developmental venture capital invest-
5 ments in smaller enterprises primarily located in
6 rural areas; and

7 “(2) to establish a developmental venture cap-
8 ital program, with the mission of addressing the
9 unmet equity investment needs of small enterprises
10 located in rural areas, by authorizing the Sec-
11 retary—

12 “(A) to enter into participation agreements
13 with rural business investment companies;

14 “(B) to guarantee debentures of rural
15 business investment companies to enable each
16 rural business investment company to make de-
17 velopmental venture capital investments in
18 smaller enterprises in rural areas; and

19 “(C) to make grants to rural business in-
20 vestment companies, and to other entities, for
21 the purpose of providing operational assistance
22 to smaller enterprises financed, or expected to
23 be financed, by rural business investment com-
24 panies.

1 “(c) ESTABLISHMENT.—In accordance with this sub-
2 title, the Secretary shall establish a Rural Business Invest-
3 ment Program, under which the Secretary may—

4 “(1) enter into participation agreements with
5 companies granted final approval under subsection
6 (d)(5) for the purposes described in subsection (b);

7 “(2) guarantee the debentures issued by rural
8 business investment companies as provided in sub-
9 section (e); and

10 “(3) make grants to rural business investment
11 companies, and to other entities, under subsection
12 (h).

13 “(d) SELECTION OF RURAL BUSINESS INVESTMENT
14 COMPANIES.—

15 “(1) ELIGIBILITY.—A company shall be eligible
16 to apply to participate, as a rural business invest-
17 ment company, in the program established under
18 this section if—

19 “(A) the company is a newly formed for-
20 profit entity or a newly formed for-profit sub-
21 sidiary of such an entity;

22 “(B) the company has a management team
23 with experience in community development fi-
24 nancing or relevant venture capital financing;
25 and

1 “(C) the company will invest in enterprises
2 that will create wealth and job opportunities in
3 rural areas, with an emphasis on smaller enter-
4 prises.

5 “(2) APPLICATION.—To participate, as a rural
6 business investment company, in the program estab-
7 lished under this section, a company meeting the eli-
8 gibility requirements of paragraph (1) shall submit
9 an application to the Secretary that includes—

10 “(A) a business plan describing how the
11 company intends to make successful develop-
12 mental venture capital investments in identified
13 rural areas;

14 “(B) information regarding the community
15 development finance or relevant venture capital
16 qualifications and general reputation of the
17 management of the company;

18 “(C) a description of how the company in-
19 tends to work with community-based organiza-
20 tions and local entities (including local economic
21 development companies, local lenders, and local
22 investors) and to seek to address the unmet eq-
23 uity capital needs of the communities served;

24 “(D) a proposal describing how the com-
25 pany intends to use the grant funds provided

1 under this section to provide operational assist-
2 ance to smaller enterprises financed by the
3 company, including information regarding
4 whether the company intends to use licensed
5 professionals, as necessary, on the staff of the
6 company or from an outside entity;

7 “(E) with respect to binding commitments
8 to be made to the company under this section,
9 an estimate of the ratio of cash to in-kind con-
10 tributions;

11 “(F) a description of the criteria to be
12 used to evaluate whether and to what extent the
13 company meets the purposes of the program es-
14 tablished under this section;

15 “(G) information regarding the manage-
16 ment and financial strength of any parent firm,
17 affiliated firm, or any other firm essential to
18 the success of the business plan of the com-
19 pany; and

20 “(H) such other information as the Sec-
21 retary may require.

22 “(3) STATUS.—Not later than 90 days after the
23 initial receipt by the Secretary of an application
24 under this subsection, the Secretary shall provide to
25 the applicant a written report describing the status

1 of the application and any requirements remaining
2 for completion of the application.

3 “(4) MATTERS CONSIDERED.—In reviewing and
4 processing any application under this subsection, the
5 Secretary shall—

6 “(A) determine whether—

7 “(i) the applicant meets the require-
8 ments of paragraph (5); and

9 “(ii) the management of the applicant
10 is qualified and has the knowledge, experi-
11 ence, and capability necessary to comply
12 with this section;

13 “(B) take into consideration—

14 “(i) the need for and availability of fi-
15 nancing for rural business concerns in the
16 geographic area in which the applicant is
17 to commence business;

18 “(ii) the general business reputation
19 of the owners and management of the ap-
20 plicant; and

21 “(iii) the probability of successful op-
22 erations of the applicant, including ade-
23 quate profitability and financial soundness;
24 and

1 “(C) not take into consideration any pro-
2 jected shortage or unavailability of grant funds
3 or leverage.

4 “(5) APPROVAL; LICENSE.—

5 “(A) IN GENERAL.—Except as provided in
6 subparagraph (B), the Secretary may approve
7 an applicant to operate as a rural business in-
8 vestment company under this subtitle and li-
9 cense the applicant as a rural business invest-
10 ment company, if—

11 “(i) the Secretary determines that the
12 application satisfies the requirements of
13 paragraph (2);

14 “(ii) the area in which the rural busi-
15 ness investment company is to conduct its
16 operations, and establishment of branch of-
17 fices or agencies (if authorized by the arti-
18 cles), are approved by the Secretary; and

19 “(iii) the applicant enters into a par-
20 ticipation agreement with the Secretary.

21 “(B) CAPITAL REQUIREMENTS.—

22 “(i) IN GENERAL.—Notwithstanding
23 any other provision of this section, the Sec-
24 retary may approve an applicant to operate
25 as a rural business investment company

1 under this section and designate the appli-
2 cant as a rural business investment com-
3 pany, if the Secretary determines that the
4 applicant—

5 “(I) has private capital as deter-
6 mined by the Secretary;

7 “(II) would otherwise be ap-
8 proved under this section, except that
9 the applicant does not satisfy the re-
10 quirements of subsection (i)(3); and

11 “(III) has a viable business plan
12 that—

13 “(aa) reasonably projects
14 profitable operations; and

15 “(bb) has a reasonable time-
16 table for achieving a level of pri-
17 vate capital that satisfies the re-
18 quirements of subsection (i)(3).

19 “(ii) LEVERAGE.—An applicant ap-
20 proved under clause (i) shall not be eligible
21 to receive leverage under this section until
22 the applicant satisfies the requirements of
23 section 3602(i)(3).

24 “(iii) GRANTS.—An applicant ap-
25 proved under clause (i) shall be eligible for

1 grants under subsection (h) in proportion
2 to the private capital of the applicant, as
3 determined by the Secretary.

4 “(e) DEBENTURES.—

5 “(1) IN GENERAL.—The Secretary may guar-
6 antee the timely payment of principal and interest,
7 as scheduled, on debentures issued by any rural
8 business investment company.

9 “(2) TERMS AND CONDITIONS.—The Secretary
10 may make guarantees under this subsection on such
11 terms and conditions as the Secretary considers ap-
12 propriate, except that the term of any debenture
13 guaranteed under this section shall not exceed 15
14 years.

15 “(3) FULL FAITH AND CREDIT OF THE UNITED
16 STATES.—Section 3901 shall apply to any guarantee
17 under this subsection.

18 “(4) MAXIMUM GUARANTEE.—Under this sub-
19 section, the Secretary may—

20 “(A) guarantee the debentures issued by a
21 rural business investment company only to the
22 extent that the total face amount of out-
23 standing guaranteed debentures of the rural
24 business investment company does not exceed
25 the lesser of—

1 “(i) 300 percent of the private capital
2 of the rural business investment company;

3 or

4 “(ii) \$105,000,000; and

5 “(B) provide for the use of discounted de-
6 bentures.

7 “(f) ISSUANCE AND GUARANTEE OF TRUST CERTIFI-
8 CATES.—

9 “(1) ISSUANCE.—The Secretary may issue trust
10 certificates representing ownership of all or a frac-
11 tional part of debentures issued by a rural business
12 investment company and guaranteed by the Sec-
13 retary under this section, if the certificates are
14 based on and backed by a trust or pool approved by
15 the Secretary and composed solely of guaranteed de-
16 bentures.

17 “(2) GUARANTEE.—

18 “(A) IN GENERAL.—The Secretary may,
19 under such terms and conditions as the Sec-
20 retary considers appropriate, guarantee the
21 timely payment of the principal of and interest
22 on trust certificates issued by the Secretary or
23 agents of the Secretary for purposes of this
24 subsection.

1 “(B) LIMITATION.—Each guarantee under
2 this paragraph shall be limited to the extent of
3 principal and interest on the guaranteed debentures that compose the trust or pool.

5 “(C) PREPAYMENT OR DEFAULT.—

6 “(i) IN GENERAL.—

7 “(I) AUTHORITY TO PREPAY.—A
8 debenture may be prepaid at any time
9 without penalty.

10 “(II) REDUCTION OF GUARANTEE.—Subject to subclause (I), if a
11 debenture in a trust or pool is prepaid, or in the event of default of such
12 a debenture, the guarantee of timely
13 payment of principal and interest on
14 the trust certificates shall be reduced
15 in proportion to the amount of principal and interest the prepaid debenture
16 represents in the trust or pool.

17 “(ii) INTEREST.—Interest on prepaid
18 or defaulted debentures shall accrue and be
19 guaranteed by the Secretary only through
20 the date of payment of the guarantee.

21 “(iii) REDEMPTION.—At any time
22 during the term of a trust certificate, the
23
24
25

1 trust certificate may be called for redemp-
2 tion due to prepayment or default of all
3 debentures.

4 “(3) FULL FAITH AND CREDIT OF THE UNITED
5 STATES.—Section 3901 shall apply to any guarantee
6 of a trust certificate issued by the Secretary under
7 this section.

8 “(4) SUBROGATION AND OWNERSHIP RIGHTS.—

9 “(A) SUBROGATION.—If the Secretary
10 pays a claim under a guarantee issued under
11 this section, the claim shall be subrogated fully
12 to the rights satisfied by the payment.

13 “(B) OWNERSHIP RIGHTS.—No Federal,
14 State, or local law shall preclude or limit the ex-
15 ercise by the Secretary of the ownership rights
16 of the Secretary in a debenture residing in a
17 trust or pool against which 1 or more trust cer-
18 tificates are issued under this subsection.

19 “(5) MANAGEMENT AND ADMINISTRATION.—

20 “(A) REGISTRATION.—The Secretary shall
21 provide for a central registration of all trust
22 certificates issued under this subsection.

23 “(B) CREATION OF POOLS.—The Secretary
24 may—

1 “(i) maintain such commercial bank
2 accounts or investments in obligations of
3 the United States as may be necessary to
4 facilitate the creation of trusts or pools
5 backed by debentures guaranteed under
6 this subtitle; and

7 “(ii) issue trust certificates to facili-
8 tate the creation of those trusts or pools.

9 “(C) FIDELITY BOND OR INSURANCE RE-
10 QUIREMENT.—Any agent performing functions
11 on behalf of the Secretary under this paragraph
12 shall provide a fidelity bond or insurance in
13 such amount as the Secretary considers to be
14 necessary to fully protect the interests of the
15 United States.

16 “(D) REGULATION OF BROKERS AND
17 DEALERS.—The Secretary may regulate brokers
18 and dealers in trust certificates issued under
19 this subsection.

20 “(E) ELECTRONIC REGISTRATION.—Noth-
21 ing in this paragraph prohibits the use of a
22 book-entry or other electronic form of registra-
23 tion for trust certificates issued under this sub-
24 section.

25 “(g) FEES.—

1 “(1) IN GENERAL.—The Secretary may charge
2 a fee that does not exceed \$500 with respect to any
3 guarantee or grant issued under this section.

4 “(2) TRUST CERTIFICATE.—Notwithstanding
5 paragraph (1), the Secretary shall not collect a fee
6 for any guarantee of a trust certificate under sub-
7 section (f), except that any agent of the Secretary
8 may collect a fee that does not exceed \$500 for the
9 functions described in subsection (f)(5)(B).

10 “(3) LICENSE.—

11 “(A) IN GENERAL.—Except as provided in
12 subparagraph (C), the Secretary may prescribe
13 fees to be paid by each applicant for a license
14 to operate as a rural business investment com-
15 pany under this section.

16 “(B) USE OF AMOUNTS.—Fees collected
17 under this paragraph—

18 “(i) shall be deposited in the account
19 for salaries and expenses of the Secretary;

20 “(ii) are authorized to be appropriated
21 solely to cover the costs of licensing exami-
22 nations; and

23 “(iii) shall—

24 “(I) in the case of a license
25 issued before the date of enactment of

1 the Agriculture Reform, Food, and
2 Jobs Act of 2012, not exceed \$500 for
3 any fee collected under this para-
4 graph; and

5 “(II) in the case of a license
6 issued after the date of enactment of
7 the Agriculture Reform, Food, and
8 Jobs Act of 2012, be a rate as deter-
9 mined by the Secretary.

10 “(C) PROHIBITION ON COLLECTION OF
11 CERTAIN FEES.—In the case of a license de-
12 scribed in subparagraph (A) that was approved
13 before July 1, 2007, the Secretary shall not col-
14 lect any fees due on or after the date of enact-
15 ment of the Agriculture Reform, Food, and
16 Jobs Act of 2012.

17 “(h) OPERATIONAL ASSISTANCE GRANTS.—

18 “(1) IN GENERAL.—In accordance with this
19 subsection, the Secretary may make grants to rural
20 business investment companies and to other entities,
21 as authorized by this section, to provide operational
22 assistance to smaller enterprises financed, or ex-
23 pected to be financed, by the entities.

24 “(2) TERMS.—Grants made under this sub-
25 section shall be made over a multiyear period (not

1 to exceed 10 years) under such terms as the Sec-
2 retary may require.

3 “(3) USE OF FUNDS.—The proceeds of a grant
4 made under this subsection may be used by the rural
5 business investment company receiving the grant
6 only to provide operational assistance in connection
7 with an equity or prospective equity investment in a
8 business located in a rural area.

9 “(4) SUBMISSION OF PLANS.—A rural business
10 investment company shall be eligible for a grant
11 under this subsection only if the rural business in-
12 vestment company submits to the Secretary, in such
13 form and manner as the Secretary may require, a
14 plan for use of the grant.

15 “(5) GRANT AMOUNT.—

16 “(A) RURAL BUSINESS INVESTMENT COM-
17 PANIES.—The amount of a grant made under
18 this subsection to a rural business investment
19 company shall be equal to the lesser of—

20 “(i) 10 percent of the private capital
21 raised by the rural business investment
22 company; or

23 “(ii) \$1,000,000.

24 “(6) OTHER ENTITIES.—The amount of a
25 grant made under this subsection to any entity other

1 than a rural business investment company shall be
2 equal to the resources (in cash or in kind) raised by
3 the entity in accordance with the requirements appli-
4 cable to rural business investment companies under
5 this section.

6 “(i) RURAL BUSINESS INVESTMENT COMPANIES.—

7 “(1) ORGANIZATION.—For purposes of this
8 subsection, a rural business investment company
9 shall—

10 “(A) be an incorporated body, a limited li-
11 ability company, or a limited partnership orga-
12 nized and chartered or otherwise existing under
13 State law solely for the purpose of performing
14 the functions and conducting the activities au-
15 thorized by this section; and

16 “(B)(i) if incorporated, have succession for
17 a period of not less than 30 years unless earlier
18 dissolved by the shareholders of the rural busi-
19 ness investment company; and

20 “(ii) if a limited partnership or a limited li-
21 ability company, have succession for a period of
22 not less than 10 years; and

23 “(iii) possess the powers reasonably nec-
24 essary to perform the functions and conduct the
25 activities.

1 “(2) ARTICLES.—The articles of any rural busi-
2 ness investment company—

3 “(A) shall specify in general terms—

4 “(i) the purposes for which the rural
5 business investment company is formed;

6 “(ii) the name of the rural business
7 investment company;

8 “(iii) the 1 or more areas in which the
9 operations of the rural business investment
10 company are to be carried out;

11 “(iv) the place where the principal of-
12 fice of the rural business investment com-
13 pany is to be located; and

14 “(v) the amount and classes of the
15 shares of capital stock of the rural busi-
16 ness investment company;

17 “(B) may contain any other provisions
18 consistent with this section that the rural busi-
19 ness investment company may determine appro-
20 priate to adopt for the regulation of the busi-
21 ness of the rural business investment company
22 and the conduct of the affairs of the rural busi-
23 ness investment company; and

24 “(C) shall be subject to the approval of the
25 Secretary.

1 “(3) CAPITAL REQUIREMENTS.—

2 “(A) IN GENERAL.—Each rural business
3 investment company shall be required to meet
4 the capital requirements as provided by the Sec-
5 retary.

6 “(B) TIME FRAME.—Each rural business
7 investment company shall have a period of 2
8 years to meet the capital requirements of this
9 paragraph.

10 “(C) ADEQUACY.—In addition to the re-
11 quirements of subparagraph (A), the Secretary
12 shall—

13 “(i) determine whether the private
14 capital of each rural business investment
15 company is adequate to ensure a reason-
16 able prospect that the rural business in-
17 vestment company will be operated soundly
18 and profitably, and managed actively and
19 prudently in accordance with the articles of
20 the rural business investment company;

21 “(ii) determine that the rural business
22 investment company will be able to comply
23 with the requirements of this section;

24 “(iii) require that at least 75 percent
25 of the capital of each rural business invest-

1 ment company is invested in rural business
2 concerns;

3 “(iv) ensure that the rural business
4 investment company is designed primarily
5 to meet equity capital needs of the busi-
6 nesses in which the rural business invest-
7 ment company invests and not to compete
8 with traditional small business financing
9 by commercial lenders; and

10 “(v) require that the rural business
11 investment company makes short-term
12 non-equity investments of less than 5 years
13 only to the extent necessary to preserve an
14 existing investment.

15 “(4) DIVERSIFICATION OF OWNERSHIP.—The
16 Secretary shall ensure that the management of each
17 rural business investment company licensed after the
18 date of enactment of the Agriculture Reform, Food,
19 and Jobs Act of 2012 is sufficiently diversified from
20 and unaffiliated with the ownership of the rural
21 business investment company so as to ensure inde-
22 pendence and objectivity in the financial manage-
23 ment and oversight of the investments and oper-
24 ations of the rural business investment company.

25 “(j) FINANCIAL INSTITUTION INVESTMENTS.—

1 “(1) IN GENERAL.—Except as otherwise pro-
2 vided in this subsection and notwithstanding any
3 other provision of law, the following banks, associa-
4 tions, and institutions are eligible both to establish
5 and invest in any rural business investment company
6 or in any entity established to invest solely in rural
7 business investment companies:

8 “(A) Any bank or savings association the
9 deposits of which are insured under the Federal
10 Deposit Insurance Act (12 U.S.C. 1811 et
11 seq.), including an investment pool created en-
12 tirely by such bank or savings association.

13 “(B) Any Farm Credit System institution
14 described in subsection 1.2(a) of the Farm
15 Credit Act of 1971 (12 U.S.C. 2002(a)).

16 “(2) LIMITATION.—No bank, association, or in-
17 stitution described in paragraph (1) may make in-
18 vestments described in paragraph (1) that are great-
19 er than 5 percent of the capital and surplus of the
20 bank, association, or institution.

21 “(3) LIMITATION ON RURAL BUSINESS INVEST-
22 MENT COMPANIES CONTROLLED BY FARM CREDIT
23 SYSTEM INSTITUTIONS.—If a Farm Credit System
24 institution described in section 1.2(a) of the Farm
25 Credit Act of 1971 (12 U.S.C. 2002(a)) holds more

1 than 25 percent of the shares of a rural business in-
2 vestment company, either alone or in conjunction
3 with other System institutions (or affiliates), the
4 rural business investment company shall not provide
5 equity investments in, or provide other financial as-
6 sistance to, entities that are not otherwise eligible to
7 receive financing from the Farm Credit System
8 under that Act (12 U.S.C. 2001 et seq.).

9 “(k) EXAMINATIONS.—

10 “(1) IN GENERAL.—Each rural business invest-
11 ment company that participates in the program es-
12 tablished under this section shall be subject to ex-
13 aminations made at the direction of the Secretary in
14 accordance with this subsection.

15 “(2) ASSISTANCE OF PRIVATE SECTOR ENTI-
16 TIES.—An examination under this subsection may be
17 conducted with the assistance of a private sector en-
18 tity that has the qualifications and the expertise nec-
19 essary to conduct such an examination.

20 “(3) COSTS.—

21 “(A) IN GENERAL.—The Secretary may
22 assess the cost of an examination under this
23 section, including compensation of the exam-
24 iners, against the rural business investment
25 company examined.

1 “(B) PAYMENT.—Any rural business in-
2 vestment company against which the Secretary
3 assesses costs under this subparagraph shall
4 pay the costs.

5 “(4) DEPOSIT OF FUNDS.—Funds collected
6 under this subsection shall—

7 “(A) be deposited in the account that in-
8 curred the costs for carrying out this sub-
9 section;

10 “(B) be made available to the Secretary to
11 carry out this subsection, without further ap-
12 propriation; and

13 “(C) remain available until expended.

14 “(1) REPORTING REQUIREMENTS.—

15 “(1) RURAL BUSINESS INVESTMENT COMPA-
16 NIES.—Each entity that participates in a program
17 established under this section shall provide to the
18 Secretary such information as the Secretary may re-
19 quire, including—

20 “(A) information relating to the measure-
21 ment criteria that the entity proposed in the
22 program application of the rural business in-
23 vestment company; and

24 “(B) in each case in which the entity
25 under this section makes an investment in, or

1 a loan or grant to, a business that is not lo-
2 cated in a rural area, a report on the number
3 and percentage of employees of the business
4 who reside in those areas.

5 “(2) PUBLIC REPORTS.—

6 “(A) IN GENERAL.—The Secretary shall
7 prepare and make available to the public an an-
8 nual report on the programs established under
9 this section, including detailed information on—

10 “(i) the number of rural business in-
11 vestment companies licensed by the Sec-
12 retary during the previous fiscal year;

13 “(ii) the aggregate amount of leverage
14 that rural business investment companies
15 have received from the Federal Govern-
16 ment during the previous fiscal year;

17 “(iii) the aggregate number of each
18 type of leveraged instruments used by
19 rural business investment companies dur-
20 ing the previous fiscal year and how each
21 number compares to previous fiscal years;

22 “(iv) the number of rural business in-
23 vestment company licenses surrendered
24 and the number of rural business invest-
25 ment companies placed in liquidation dur-

1 ing the previous fiscal year, identifying the
2 amount of leverage each rural business in-
3 vestment company has received from the
4 Federal Government and the type of lever-
5 age instruments each rural business invest-
6 ment company has used;

7 “(v) the amount of losses sustained by
8 the Federal Government as a result of op-
9 erations under this section during the pre-
10 vious fiscal year and an estimate of the
11 total losses that the Federal Government
12 can reasonably expect to incur as a result
13 of the operations during the current fiscal
14 year;

15 “(vi) actions taken by the Secretary to
16 maximize recoupment of funds of the Fed-
17 eral Government expended to implement
18 and administer the Rural Business Invest-
19 ment Program under this section during
20 the previous fiscal year and to ensure com-
21 pliance with the requirements of this sec-
22 tion (including regulations);

23 “(vii) the amount of Federal Govern-
24 ment leverage that each licensee received

1 in the previous fiscal year and the types of
2 leverage instruments each licensee used;

3 “(viii) for each type of financing in-
4 strument, the sizes, types of geographic lo-
5 cations, and other characteristics of the
6 small business investment companies using
7 the instrument during the previous fiscal
8 year, including the extent to which the in-
9 vestment companies have used the leverage
10 from each instrument to make loans or eq-
11 uity investments in rural areas; and

12 “(ix) the actions of the Secretary to
13 carry out this section

14 “(B) PROHIBITION.—In compiling the re-
15 port required under subparagraph (A), the Sec-
16 retary may not—

17 “(i) compile the report in a manner
18 that permits identification of any par-
19 ticular type of investment by an individual
20 rural business investment company or
21 small business concern in which a rural
22 business investment company invests; or

23 “(ii) release any information that is
24 prohibited under section 1905 of title 18,
25 United States Code.

1 “(m) AUTHORIZATION OF APPROPRIATIONS.—There
2 is authorized to be appropriated to carry out this section
3 \$25,000,000 for the period of fiscal years 2008 through
4 2017.”.

5 **“CHAPTER 3—GENERAL RURAL**
6 **DEVELOPMENT PROVISIONS**

7 **“SEC. 3701. GENERAL PROVISIONS FOR LOANS AND**
8 **GRANTS.**

9 “(a) PERIOD FOR REPAYMENT.—Unless otherwise
10 specifically provided for in this subtitle, the period for re-
11 payment of a loan under this subtitle shall not exceed 40
12 years.

13 “(b) INTEREST RATES.—

14 “(1) IN GENERAL.—Except as otherwise pro-
15 vided in this title, the interest rate on a loan under
16 this subtitle shall be determined by the Secretary at
17 a rate—

18 “(A) not to exceed a sum obtained by add-
19 ing—

20 “(i) the current average market yield
21 on outstanding marketable obligations of
22 the United States with remaining periods
23 to maturity comparable to the average ma-
24 turity of the loan; and

1 “(ii) an amount not to exceed 1 per-
2 cent, as determined by the Secretary; and

3 “(B) adjusted to the nearest $\frac{1}{8}$ of 1 per-
4 cent.

5 “(2) WATER AND WASTE FACILITY LOANS AND
6 COMMUNITY FACILITIES LOANS.—

7 “(A) IN GENERAL.—Notwithstanding any
8 provision of State law limiting the rate or
9 amount of interest that may be charged, taken,
10 received, or reserved, except as provided in sub-
11 paragraph (C) and paragraph (5), the interest
12 rate on a loan (other than a guaranteed loan)
13 to a public body or nonprofit association (in-
14 cluding an Indian tribe) for a water or waste
15 disposal facility or essential community facility
16 shall be determined by the Secretary at a rate
17 not to exceed—

18 “(i) the current market yield on out-
19 standing municipal obligations with re-
20 maining periods to maturity comparable to
21 the average maturity for the loan, and ad-
22 justed to the nearest $\frac{1}{8}$ of 1 percent;

23 “(ii) 5 percent per year for a loan
24 that is for the upgrading of a facility or
25 construction of a new facility as required

1 to meet applicable health or sanitary
2 standards in—

3 “(I) an area in which the median
4 family income of the persons to be
5 served by the facility is below the pov-
6 erty line (as defined in section 673 of
7 the Community Services Block Grant
8 Act (42 U.S.C. 9902)); and

9 “(II) any areas the Secretary
10 may designate in which a significant
11 percentage of the persons to be served
12 by the facilities are low income per-
13 sons, as determined by the Secretary;
14 and

15 “(iii) 7 percent per year for a loan for
16 a facility that does not qualify for the 5
17 percent per year interest rate prescribed in
18 clause (ii) but that is located in an area in
19 a State in which the median household in-
20 come of the persons to be served by the fa-
21 cility does not exceed 100 percent of the
22 statewide nonmetropolitan median house-
23 hold income for the State.

24 “(B) HEALTH CARE AND RELATED FACILI-
25 TIES.—Notwithstanding subparagraph (A), the

1 Secretary shall establish a rate for a loan for a
2 health care or related facility that is—

3 “(i) based solely on the income of the
4 area to be served; and

5 “(ii) otherwise consistent with sub-
6 paragraph (A).

7 “(C) INTEREST RATES FOR WATER AND
8 WASTE DISPOSAL FACILITIES LOANS.—

9 “(i) IN GENERAL.—Except as pro-
10 vided in clause (ii) and notwithstanding
11 subparagraph (A), in the case of a direct
12 loan for a water or waste disposal facil-
13 ity—

14 “(I) in the case of a loan that
15 would be subject to the 5 percent in-
16 terest rate limitation under subpara-
17 graph (A), the Secretary shall estab-
18 lish the interest rate at a rate that is
19 equal to 60 percent of the current
20 market yield for outstanding munic-
21 ipal obligations with remaining peri-
22 ods to maturity comparable to the av-
23 erage maturity of the loan, adjusted
24 to the nearest $\frac{1}{8}$ of 1 percent; and

1 “(II) in the case of a loan that
2 would be subject to the 7 percent limi-
3 tation under subparagraph (A), the
4 Secretary shall establish the interest
5 rate at a rate that is equal to 80 per-
6 cent of the current market yield for
7 outstanding municipal obligations
8 with remaining periods to maturity
9 comparable to the average maturity of
10 the loan, adjusted to the nearest $\frac{1}{8}$ of
11 1 percent.

12 “(ii) EXCEPTION.—Clause (i) does not
13 apply to a loan for a specific project that
14 is the subject of a loan that has been ap-
15 proved, but not closed, as of the date of
16 enactment of the Agriculture Reform,
17 Food, and Jobs Act of 2012.

18 “(3) INTEREST RATES ON BUSINESS AND
19 OTHER LOANS.—

20 “(A) IN GENERAL.—Except as provided in
21 paragraph (4), the interest rates on loans under
22 sections 3501(a)(1) (other than guaranteed
23 loans and loans as described in paragraph
24 (2)(A)) shall be as determined by the Secretary
25 in accordance with subparagraph (B).

1 “(B) MINIMUM RATE.—The interest rates
2 described in subparagraph (A) shall be not less
3 than the sum obtained by adding—

4 “(i) such rates as determined by the
5 Secretary of the Treasury taking into con-
6 sideration the current average market yield
7 on outstanding marketable obligations of
8 the United States with remaining periods
9 to maturity comparable to the average ma-
10 turities of such loans, adjusted in the judg-
11 ment of the Secretary of the Treasury to
12 provide for rates comparable to the rates
13 prevailing in the private market for similar
14 loans and considering the insurance by the
15 Secretary of the loans; and

16 “(ii) an additional charge, prescribed
17 by the Secretary, to cover the losses of the
18 Secretary and cost of administration,
19 which shall be deposited in the Rural De-
20 velopment Insurance Fund, and further
21 adjusted to the nearest $\frac{1}{8}$ of 1 percent.

22 “(4) INTEREST RATES ADJUSTMENTS.—

23 “(A) ADJUSTMENTS.—Notwithstanding
24 any other provision of this subsection, in the
25 case of loans (other than guaranteed loans)

1 made or guaranteed under the authorities of
2 this title specified in subparagraph (C) for ac-
3 tivities that involve the use of prime farmland,
4 the interest rates shall be the interest rates oth-
5 erwise applicable under this section increased
6 by 2 percent per year.

7 “(B) PRIME FARMLAND.—

8 “(i) IN GENERAL.—Wherever prac-
9 ticable, construction by a State, munici-
10 pality, or other political subdivision of local
11 government that is supported by loans de-
12 scribed in subparagraph (A) shall be
13 placed on land that is not prime farmland,
14 in order to preserve the maximum prac-
15 ticable quantity of prime farmlands for
16 production of food and fiber.

17 “(ii) INCREASED RATE.—In any case
18 in which other options exist for the siting
19 of construction described in clause (i) and
20 the governmental authority still desires to
21 carry out the construction on prime farm-
22 land, the 2-percent interest rate increase
23 provided by this paragraph shall apply, but
24 that increased interest rate shall not apply
25 where such other options do not exist.

1 “(C) APPLICABLE AUTHORITIES.—The au-
2 thorities referred to in subparagraph (A) are—

3 “(i) the provisions of section 3502(a)
4 relating to loans for recreational develop-
5 ments and essential community facilities;

6 “(ii) section 3601(e)(2)(A); and

7 “(iii) section 3601(c).

8 “(c) PAYMENT OF CHARGES.—A borrower of a loan
9 made or guaranteed under this subtitle shall pay such fees
10 and other charges as the Secretary may require, and pre-
11 pay to the Secretary such taxes and insurance as the Sec-
12 retary may require, on such terms and conditions as the
13 Secretary may prescribe.

14 “(d) SECURITY.—

15 “(1) IN GENERAL.—The Secretary shall take as
16 security for an obligation entered into in connection
17 with a loan made under this subtitle such security
18 as the Secretary may require.

19 “(2) LIENS TO UNITED STATES.—An instru-
20 ment for security under paragraph (1) may con-
21 stitute a lien running to the United States notwith-
22 standing the fact that the note for the security may
23 be held by a lender other than the United States.

24 “(3) MULTIPLE LOANS.—A borrower may use
25 the same collateral to secure 2 or more loans made

1 or guaranteed under this subtitle, except that the
2 outstanding amount of the loans may not exceed the
3 total value of the collateral.

4 “(e) **LEGAL COUNSEL FOR SMALL LOANS.**—In the
5 case of a loan of less than \$500,000 made or guaranteed
6 under section 3501 that is evidenced by a note or mort-
7 gage (as distinguished from a bond issue), the borrower
8 shall not be required to appoint bond counsel to review
9 the legal validity of the loan if the Secretary has available
10 legal counsel to perform the review.

11 **“SEC. 3702. STRATEGIC ECONOMIC AND COMMUNITY DE-**
12 **VELOPMENT.**

13 “(a) **PRIORITY.**—In the case of any rural develop-
14 ment program authorized by this subtitle, the Secretary
15 may give priority to applications that are otherwise eligible
16 and support strategic community and economic develop-
17 ment plans on a multijurisdictional basis, as approved by
18 the Secretary.

19 “(b) **EVALUATION.**—In evaluating strategic applica-
20 tions, the Secretary shall give a higher priority to strategic
21 applications for a plan described in subsection (a) that
22 demonstrate—

23 “(1) the plan was developed through the col-
24 laboration of multiple stakeholders in the service
25 area of the plan, including the participation of com-

1 combinations of stakeholders such as State, local, and
2 tribal governments, nonprofit institutions, institu-
3 tions of higher education, and private entities;

4 “(2) an understanding of the applicable re-
5 gional resources that could support the plan, includ-
6 ing natural resources, human resources, infrastruc-
7 ture, and financial resources;

8 “(3) investment from other Federal agencies;

9 “(4) investment from philanthropic organiza-
10 tions; and

11 “(5) clear objectives for the plan and the ability
12 to establish measurable performance measures and
13 to track progress toward meeting the objectives.

14 **“SEC. 3703. GUARANTEED RURAL DEVELOPMENT LOANS.**

15 “(a) IN GENERAL.—The Secretary may provide fi-
16 nancial assistance to a borrower for a purpose provided
17 in this subtitle by guaranteeing a loan made by any Fed-
18 eral or State chartered bank, savings and loan association,
19 cooperative lending agency, or other legally organized
20 lending agency.

21 “(b) INTEREST RATE.—The interest rate payable by
22 a borrower on the portion of a guaranteed loan that is
23 sold by a lender to the secondary market under this sub-
24 title may be lower than the interest rate charged on the
25 portion retained by the lender.

1 “(c) MAXIMUM GUARANTEE OF 90 PERCENT.—EX-
2 cept as provided in subsections (d) and (e), a loan guar-
3 antee under this subtitle shall be for not more than 90
4 percent of the principal and interest due on the loan.

5 “(d) REFINANCED LOANS GUARANTEED AT 95 PER-
6 CENT.—The Secretary shall guarantee 95 percent of—

7 “(1) in the case of a loan that solely refinances
8 a direct loan made under this subtitle, the principal
9 and interest due on the loan on the date of the refi-
10 nancing; or

11 “(2) in the case of a loan that is used for mul-
12 tiple purposes, the portion of the loan that refi-
13 nances the principal and interest due on a direct
14 loan made under this subtitle that is outstanding on
15 the date on which the loan is guaranteed.

16 “(e) RISK OF LOSS.—

17 “(1) IN GENERAL.—Subject to subsection (b),
18 the Secretary may not make a loan under section
19 3501 or 3601 unless the Secretary determines that
20 no other lender is willing to make the loan and as-
21 sume 10 percent of the potential loss to be sustained
22 from the loan.

23 “(2) EXCEPTION FOR NONPROFIT GROUPS.—
24 Paragraph (1) shall not apply to a public body or
25 nonprofit association, including an Indian tribe.

1 **“SEC. 3704. RURAL DEVELOPMENT INSURANCE FUND.**

2 “(a) DEFINITION OF RURAL DEVELOPMENT
3 LOAN.—In this section, the term ‘rural development loan’
4 means a loan provided for by section 3501 or 3601.

5 “(b) ESTABLISHMENT.—There is established in the
6 Treasury of the United States a fund to be known as the
7 ‘Rural Development Insurance Fund’ that shall be used
8 by the Secretary to discharge the obligations of the Sec-
9 retary under contracts making or guaranteeing rural de-
10 velopment loans.

11 **“SEC. 3705. RURAL ECONOMIC AREA PARTNERSHIP ZONES.**

12 “(a) IN GENERAL.—The Secretary may designate ad-
13 ditional areas as rural economic area partnership zones
14 to be assisted under this chapter—

15 “(1) through an open, competitive process; and

16 “(2) with priority given to rural areas—

17 “(A) with excessive unemployment or
18 underemployment, a high percentage of low-in-
19 come residents, or high rates of outmigration,
20 as determined by the Secretary; and

21 “(B) that the Secretary determines have a
22 substantial need for assistance.

23 “(b) REQUIREMENTS.—The Secretary shall carry out
24 those rural economic area partnership zones administra-
25 tively in effect on the date of enactment of the Agriculture
26 Reform, Food, and Jobs Act of 2012 in accordance with

1 the terms and conditions contained in the memoranda of
 2 agreement entered into by the Secretary for the rural eco-
 3 nomic area partnership zones.

4 **“SEC. 3706. STREAMLINING APPLICATIONS AND IMPROV-**
 5 **ING ACCESSIBILITY OF RURAL DEVELOP-**
 6 **MENT PROGRAMS.**

7 “The Secretary shall expedite the process of creating
 8 user-friendly and accessible application forms and proce-
 9 dures prioritizing programs and applications at the indi-
 10 vidual level with an emphasis on utilizing current tech-
 11 nology including online applications and submission proe-
 12 cesses.

13 **“CHAPTER 4—DELTA REGIONAL**
 14 **AUTHORITY**

15 **“SEC. 3801. DEFINITIONS.**

16 “In this chapter:

17 “(1) **AUTHORITY.**—The term ‘Authority’ means
 18 the Delta Regional Authority established by section
 19 3802.

20 “(2) **FEDERAL GRANT PROGRAM.**—The term
 21 ‘Federal grant program’ means a Federal grant pro-
 22 gram to provide assistance in—

23 “(A) acquiring or developing land;

24 “(B) constructing or equipping a highway,
 25 road, bridge, or facility; or

1 “(C) carrying out other economic develop-
2 ment activities.

3 “(3) REGION.—The term ‘region’ means the
4 Lower Mississippi (as defined in section 4 of the
5 Delta Development Act (42 U.S.C. 3121 note; Pub-
6 lic Law 100–460)).

7 **“SEC. 3802. DELTA REGIONAL AUTHORITY.**

8 “(a) ESTABLISHMENT.—

9 “(1) IN GENERAL.—There is established the
10 Delta Regional Authority.

11 “(2) COMPOSITION.—The Authority shall be
12 composed of—

13 “(A) a Federal member, to be appointed
14 by the President, with the advice and consent
15 of the Senate; and

16 “(B) the Governor (or a designee of the
17 Governor) of each State in the region that
18 elects to participate in the Authority.

19 “(3) COCHAIRPERSONS.—The Authority shall
20 be headed by—

21 “(A) the Federal member, who shall serve
22 as—

23 “(i) the Federal cochairperson; and

24 “(ii) a liaison between the Federal
25 Government and the Authority; and

1 “(B) a State cochairperson, who shall be—

2 “(i) a Governor of a participating
3 State in the region; and

4 “(ii) elected by the State members for
5 a term of not less than 1 year.

6 “(4) ALABAMA.—Notwithstanding any other
7 provision of law, the State of Alabama shall be a full
8 member of the Authority and shall be entitled to all
9 rights and privileges that the membership affords to
10 all other participating States in the Authority.

11 “(b) ALTERNATE MEMBERS.—

12 “(1) STATE ALTERNATES.—The State member
13 of a participating State may have a single alternate,
14 who shall be—

15 “(A) a resident of that State; and

16 “(B) appointed by the Governor of the
17 State.

18 “(2) ALTERNATE FEDERAL COCHAIRPERSON.—
19 The President shall appoint an alternate Federal co-
20 chairperson.

21 “(3) QUORUM.—A State alternate shall not be
22 counted toward the establishment of a quorum of
23 the Authority in any instance in which a quorum of
24 the State members is required to be present.

1 “(4) DELEGATION OF POWER.—No power or
2 responsibility of the Authority specified in para-
3 graphs (2) and (3) of subsection (c), and no voting
4 right of any Authority member, shall be delegated to
5 any person—

6 “(A) who is not an Authority member; or

7 “(B) who is not entitled to vote in Author-
8 ity meetings.

9 “(c) VOTING.—

10 “(1) IN GENERAL.—A decision by the Authority
11 shall require a majority vote of the Authority (not
12 including any member representing a State that is
13 delinquent under subsection (g)(2)(C)) to be effec-
14 tive.

15 “(2) QUORUM.—A quorum of State members
16 shall be required to be present for the Authority to
17 make any policy decision, including—

18 “(A) a modification or revision of an Au-
19 thority policy decision;

20 “(B) approval of a State or regional devel-
21 opment plan; and

22 “(C) any allocation of funds among the
23 States.

24 “(3) PROJECT AND GRANT PROPOSALS.—The
25 approval of project and grant proposals shall be—

1 “(A) a responsibility of the Authority; and

2 “(B) conducted in accordance with section

3 3809.

4 “(4) VOTING BY ALTERNATE MEMBERS.—An

5 alternate member shall vote in the case of the ab-

6 sence, death, disability, removal, or resignation of

7 the Federal or State representative for which the al-

8 ternate member is an alternate.

9 “(d) DUTIES.—The Authority shall—

10 “(1) develop, on a continuing basis, comprehen-

11 sive and coordinated plans and programs to establish

12 priorities and approve grants for the economic devel-

13 opment of the region, giving due consideration to

14 other Federal, State, and local planning and devel-

15 opment activities in the region;

16 “(2) review, and where appropriate amend, pri-

17 orities in a development plan for the region (includ-

18 ing 5-year regional outcome targets);

19 “(3) assess the needs and assets of the region

20 based on available research, demonstrations, inves-

21 tigations, assessments, and evaluations of the region

22 prepared by Federal, State, and local agencies, uni-

23 versities, local development districts, and other non-

24 profit groups;

1 “(4) formulate and recommend to the Gov-
2 ernors and legislatures of States that participate in
3 the Authority forms of interstate cooperation;

4 “(5) work with State and local agencies in de-
5 veloping appropriate model legislation;

6 “(6)(A) enhance the capacity of, and provide
7 support for, local development districts in the region;
8 or

9 “(B) if no local development district exists in
10 an area in a participating State in the region, foster
11 the creation of a local development district;

12 “(7) encourage private investment in industrial,
13 commercial, and other economic development
14 projects in the region; and

15 “(8) cooperate with and assist State govern-
16 ments with economic development programs of par-
17 ticipating States.

18 “(e) ADMINISTRATION.—In carrying out subsection
19 (d), the Authority may—

20 “(1) hold such hearings, sit and act at such
21 times and places, take such testimony, receive such
22 evidence, and print or otherwise reproduce and dis-
23 tribute a description of the proceedings and reports
24 on actions by the Authority as the Authority con-
25 siders appropriate;

1 “(2) authorize, through the Federal or State co-
2 chairperson or any other member of the Authority
3 designated by the Authority, the administration of
4 oaths if the Authority determines that testimony
5 should be taken or evidence received under oath;

6 “(3) request from any Federal, State, or local
7 department or agency such information as may be
8 available to or procurable by the department or
9 agency that may be of use to the Authority in car-
10 rying out duties of the Authority;

11 “(4) adopt, amend, and repeal bylaws, rules,
12 and regulations governing the conduct of Authority
13 business and the performance of Authority duties;

14 “(5) request the head of any Federal depart-
15 ment or agency to detail to the Authority such per-
16 sonnel as the Authority requires to carry out duties
17 of the Authority, each such detail to be without loss
18 of seniority, pay, or other employee status;

19 “(6) request the head of any State department
20 or agency or local government to detail to the Au-
21 thority such personnel as the Authority requires to
22 carry out duties of the Authority, each such detail
23 to be without loss of seniority, pay, or other em-
24 ployee status;

1 “(7) provide for coverage of Authority employ-
2 ees in a suitable retirement and employee benefit
3 system by—

4 “(A) making arrangements or entering
5 into contracts with any participating State gov-
6 ernment; or

7 “(B) otherwise providing retirement and
8 other employee benefit coverage;

9 “(8) accept, use, and dispose of gifts or dona-
10 tions of services or real, personal, tangible, or intan-
11 gible property;

12 “(9) enter into and perform such contracts,
13 leases, cooperative agreements, or other transactions
14 as are necessary to carry out Authority duties, in-
15 cluding any contracts, leases, or cooperative agree-
16 ments with—

17 “(A) any department, agency, or instru-
18 mentality of the United States;

19 “(B) any State (including a political sub-
20 division, agency, or instrumentality of the
21 State); or

22 “(C) any person, firm, association, or cor-
23 poration; and

1 “(10) establish and maintain a central office
2 and field offices at such locations as the Authority
3 may select.

4 “(f) FEDERAL AGENCY COOPERATION.—A Federal
5 agency shall—

6 “(1) cooperate with the Authority; and

7 “(2) provide, on request of the Federal cochair-
8 person, appropriate assistance in carrying out this
9 chapter, in accordance with applicable Federal laws
10 (including regulations).

11 “(g) ADMINISTRATIVE EXPENSES.—

12 “(1) IN GENERAL.—Administrative expenses of
13 the Authority (except for the expenses of the Fed-
14 eral cochairperson, including expenses of the alter-
15 nate and staff of the Federal cochairperson, which
16 shall be paid solely by the Federal Government)
17 shall be paid—

18 “(A) by the Federal Government, in an
19 amount equal to 50 percent of the administra-
20 tive expenses; and

21 “(B) by the States in the region partici-
22 pating in the Authority, in an amount equal to
23 50 percent of the administrative expenses.

24 “(2) STATE SHARE.—

1 “(A) IN GENERAL.—The share of adminis-
2 trative expenses of the Authority to be paid by
3 each State shall be determined by the Author-
4 ity.

5 “(B) NO FEDERAL PARTICIPATION.—The
6 Federal cochairperson shall not participate or
7 vote in any decision under subparagraph (A).

8 “(C) DELINQUENT STATES.—If a State is
9 delinquent in payment of the State’s share of
10 administrative expenses of the Authority under
11 this subsection—

12 “(i) no assistance under this chapter
13 shall be furnished to the State (including
14 assistance to a political subdivision or a
15 resident of the State); and

16 “(ii) no member of the Authority from
17 the State shall participate or vote in any
18 action by the Authority.

19 “(h) COMPENSATION.—

20 “(1) FEDERAL COCHAIRPERSON.—The Federal
21 cochairperson shall be compensated by the Federal
22 Government at level III of the Executive Schedule in
23 subchapter II of chapter 53 of title 5, United States
24 Code.

1 “(2) ALTERNATE FEDERAL COCHAIRPERSON.—

2 The alternate Federal cochairperson—

3 “(A) shall be compensated by the Federal
4 Government at level V of the Executive Sched-
5 ule described in paragraph (1); and

6 “(B) when not actively serving as an alter-
7 nate for the Federal cochairperson, shall per-
8 form such functions and duties as are delegated
9 by the Federal cochairperson.

10 “(3) STATE MEMBERS AND ALTERNATES.—

11 “(A) IN GENERAL.—A State shall com-
12 pensate each member and alternate rep-
13 resenting the State on the Authority at the rate
14 established by law of the State.

15 “(B) NO ADDITIONAL COMPENSATION.—
16 No State member or alternate member shall re-
17 ceive any salary, or any contribution to or sup-
18 plementation of salary from any source other
19 than the State for services provided by the
20 member or alternate to the Authority.

21 “(4) DETAILED EMPLOYEES.—

22 “(A) IN GENERAL.—No person detailed to
23 serve the Authority under subsection (e)(6)
24 shall receive any salary or any contribution to

1 or supplementation of salary for services pro-
2 vided to the Authority from—

3 “(i) any source other than the State,
4 local, or intergovernmental department or
5 agency from which the person was detailed;
6 or

7 “(ii) the Authority.

8 “(B) VIOLATION.—Any person that vio-
9 lates this paragraph shall be fined not more
10 than \$5,000, imprisoned not more than 1 year,
11 or both.

12 “(C) APPLICABLE LAW.—The Federal co-
13 chairperson, the alternate Federal cochair-
14 person, and any Federal officer or employee de-
15 tailed to duty on the Authority under sub-
16 section (e)(5) shall not be subject to subpara-
17 graph (A), but shall remain subject to sections
18 202 through 209 of title 18, United States
19 Code.

20 “(5) ADDITIONAL PERSONNEL.—

21 “(A) COMPENSATION.—

22 “(i) IN GENERAL.—The Authority
23 may appoint and fix the compensation of
24 an executive director and such other per-
25 sonnel as are necessary to enable the Au-

1 thority to carry out the duties of the Au-
2 thority.

3 “(ii) EXCEPTION.—Compensation
4 under clause (i) shall not exceed the max-
5 imum rate for the Senior Executive Service
6 under section 5382 of title 5, United
7 States Code, including any applicable local-
8 ity-based comparability payment that may
9 be authorized under section 5304(h)(2)(C)
10 of that title.

11 “(B) EXECUTIVE DIRECTOR.—The execu-
12 tive director shall be responsible for—

13 “(i) the carrying out of the adminis-
14 trative duties of the Authority;

15 “(ii) direction of the Authority staff;
16 and

17 “(iii) such other duties as the Author-
18 ity may assign.

19 “(C) NO FEDERAL EMPLOYEE STATUS.—
20 No member, alternate, officer, or employee of
21 the Authority (except the Federal cochairperson
22 of the Authority, the alternate and staff for the
23 Federal cochairperson, and any Federal em-
24 ployee detailed to the Authority under sub-

1 section (e)(5)) shall be considered to be a Fed-
2 eral employee for any purpose.

3 “(i) CONFLICTS OF INTEREST.—

4 “(1) IN GENERAL.—Except as provided under
5 paragraph (2), no State member, alternate, officer,
6 or employee of the Authority shall participate per-
7 sonally and substantially as a member, alternate, of-
8 ficer, or employee of the Authority, through decision,
9 approval, disapproval, recommendation, the ren-
10 dering of advice, investigation, or otherwise, in any
11 proceeding, application, request for a ruling or other
12 determination, contract, claim, controversy, or other
13 matter in which, to knowledge of the member, alter-
14 nate, officer, or employee, there is a financial inter-
15 est of—

16 “(A) the member, alternate, officer, or em-
17 ployee;

18 “(B) the spouse, minor child, partner, or
19 organization (other than a State or political
20 subdivision of the State) of the member, alter-
21 nate, officer, or employee, in which the member,
22 alternate, officer, or employee is serving as offi-
23 cer, director, trustee, partner, or employee; or

24 “(C) any person or organization with
25 whom the member, alternate, officer, or em-

1 ployee is negotiating or has any arrangement
2 concerning prospective employment.

3 “(2) DISCLOSURE.—Paragraph (1) shall not
4 apply if the State member, alternate, officer, or em-
5 ployee—

6 “(A) immediately advises the Authority of
7 the nature and circumstances of the proceeding,
8 application, request for a ruling or other deter-
9 mination, contract, claim, controversy, or other
10 particular matter presenting a potential conflict
11 of interest;

12 “(B) makes full disclosure of the financial
13 interest; and

14 “(C) before the proceeding concerning the
15 matter presenting the conflict of interest, re-
16 ceives a written determination by the Authority
17 that the interest is not so substantial as to be
18 likely to affect the integrity of the services that
19 the Authority may expect from the State mem-
20 ber, alternate, officer, or employee.

21 “(3) VIOLATION.—Any person that violates this
22 subsection shall be fined not more than \$10,000, im-
23 prisoned not more than 2 years, or both.

24 “(j) VALIDITY OF CONTRACTS, LOANS, AND
25 GRANTS.—The Authority may declare void any contract,

1 loan, or grant of or by the Authority in relation to which
2 the Authority determines that there has been a violation
3 of any provision under subsection (h)(4), subsection (i),
4 or sections 202 through 209 of title 18, United States
5 Code.

6 **“SEC. 3803. ECONOMIC AND COMMUNITY DEVELOPMENT**
7 **GRANTS.**

8 “(a) IN GENERAL.—The Authority may approve
9 grants to States and public and nonprofit entities for
10 projects, approved in accordance with section 3809—

11 “(1) to develop the transportation infrastruc-
12 ture of the region for the purpose of facilitating eco-
13 nomic development in the region (except that grants
14 for this purpose may only be made to a State or
15 local government);

16 “(2) to assist the region in obtaining the job
17 training, employment-related education, and busi-
18 ness development (with an emphasis on entrepre-
19 neurship) that are needed to build and maintain
20 strong local economies;

21 “(3) to provide assistance to severely distressed
22 and underdeveloped areas that lack financial re-
23 sources for improving basic public services;

24 “(4) to provide assistance to severely distressed
25 and underdeveloped areas that lack financial re-

1 sources for equipping industrial parks and related
2 facilities; and

3 “(5) to otherwise achieve the purposes of this
4 chapter.

5 “(b) FUNDING.—

6 “(1) IN GENERAL.—Funds for grants under
7 subsection (a) may be provided—

8 “(A) entirely from appropriations to carry
9 out this section;

10 “(B) in combination with funds available
11 under another Federal or Federal grant pro-
12 gram; or

13 “(C) from any other source.

14 “(2) PRIORITY OF FUNDING.—To best build the
15 foundations for long-term economic development and
16 to complement other Federal and State resources in
17 the region, Federal funds available under this chap-
18 ter shall be focused on the activities in the following
19 order or priority:

20 “(A) Basic public infrastructure in dis-
21 tressed counties and isolated areas of distress.

22 “(B) Transportation infrastructure for the
23 purpose of facilitating economic development in
24 the region.

1 “(C) Business development, with emphasis
2 on entrepreneurship.

3 “(D) Job training or employment-related
4 education, with emphasis on use of existing
5 public educational institutions located in the re-
6 gion.

7 **“SEC. 3804. SUPPLEMENTS TO FEDERAL GRANT PRO-**
8 **GRAMS.**

9 “(a) FINDING.—Congress finds that certain States
10 and local communities of the region, including local devel-
11 opment districts, may be unable to take maximum advan-
12 tage of Federal grant programs for which the States and
13 communities are eligible because—

14 “(1) the States or communities lack the eco-
15 nomic resources to provide the required matching
16 share; or

17 “(2) there are insufficient funds available under
18 the applicable Federal law authorizing the Federal
19 grant program to meet pressing needs of the region.

20 “(b) FEDERAL GRANT PROGRAM FUNDING.—Not-
21 withstanding any provision of law limiting the Federal
22 share, the areas eligible for assistance, or the authoriza-
23 tions of appropriations of any Federal grant program, and
24 in accordance with subsection (c), the Authority, with the

1 approval of the Federal cochairperson and with respect to
2 a project to be carried out in the region—

3 “(1) may increase the Federal share of the
4 costs of a project under the Federal grant program
5 to not more than 90 percent (except as provided in
6 section 3806(b)); and

7 “(2) shall use amounts made available to carry
8 out this chapter to pay the increased Federal share.

9 “(c) CERTIFICATIONS.—

10 “(1) IN GENERAL.—In the case of any project
11 for which all or any portion of the basic Federal
12 share of the costs of the project is proposed to be
13 paid under this section, no Federal contribution
14 shall be made until the Federal official admin-
15 istering the Federal law that authorizes the Federal
16 grant program certifies that the project—

17 “(A) meets (except as provided in sub-
18 section (b)) the applicable requirements of the
19 applicable Federal grant program; and

20 “(B) could be approved for Federal con-
21 tribution under the Federal grant program if
22 funds were available under the law for the
23 project.

24 “(2) CERTIFICATION BY AUTHORITY.—

1 “(A) IN GENERAL.—The certifications and
2 determinations required to be made by the Au-
3 thority for approval of projects under this Act
4 in accordance with section 3809 shall be—

5 “(i) controlling; and

6 “(ii) accepted by the Federal agencies.

7 “(B) ACCEPTANCE BY FEDERAL COCHAIR-
8 PERSON.—In the case of any project described
9 in paragraph (1), any finding, report, certifi-
10 cation, or documentation required to be sub-
11 mitted with respect to the project to the head
12 of the department, agency, or instrumentality of
13 the Federal Government responsible for the ad-
14 ministration of the Federal grant program
15 under which the project is carried out shall be
16 accepted by the Federal cochairperson.

17 **“SEC. 3805. LOCAL DEVELOPMENT DISTRICTS; CERTIFI-**
18 **CATION AND ADMINISTRATIVE EXPENSES.**

19 “(a) DEFINITION OF LOCAL DEVELOPMENT DIS-
20 TRICT.—In this section, the term ‘local development dis-
21 trict’ means an entity that—

22 “(1) is—

23 “(A) a planning district in existence on the
24 date of enactment of the Agriculture Reform,

1 Food, and Jobs Act of 2012 that is recognized
2 by the Secretary; or

3 “(B) if an entity described in subpara-
4 graph (A) does not exist—

5 “(i) organized and operated in a man-
6 ner that ensures broad-based community
7 participation and an effective opportunity
8 for other nonprofit groups to contribute to
9 the development and implementation of
10 programs in the region;

11 “(ii) governed by a policy board with
12 at least a simple majority of members con-
13 sisting of elected officials or employees of
14 a general purpose unit of local government
15 who have been appointed to represent the
16 government;

17 “(iii) certified to the Authority as hav-
18 ing a charter or authority that includes the
19 economic development of counties or parts
20 of counties or other political subdivisions
21 within the region—

22 “(I) by the Governor of each
23 State in which the entity is located; or

1 “(II) by the State officer des-
2 ignated by the appropriate State law
3 to make the certification; and

4 “(iv)(I) a nonprofit incorporated body
5 organized or chartered under the law of
6 the State in which the entity is located;

7 “(II) a nonprofit agency or instru-
8 mentality of a State or local government;

9 “(III) a public organization estab-
10 lished before December 21, 2000, under
11 State law for creation of multi-jurisdic-
12 tional, area-wide planning organizations; or

13 “(IV) a nonprofit association or com-
14 bination of bodies, agencies, and instru-
15 mentalities described in subclauses (I)
16 through (III); and

17 “(2) has not, as certified by the Federal co-
18 chairperson—

19 “(A) inappropriately used Federal grant
20 funds from any Federal source; or

21 “(B) appointed an officer who, during the
22 period in which another entity inappropriately
23 used Federal grant funds from any Federal
24 source, was an officer of the other entity.

1 “(b) GRANTS TO LOCAL DEVELOPMENT DIS-
2 TRICTS.—

3 “(1) IN GENERAL.—The Authority shall make
4 grants for administrative expenses under this sec-
5 tion.

6 “(2) CONDITIONS FOR GRANTS.—

7 “(A) MAXIMUM AMOUNT.—The amount of
8 any grant awarded under paragraph (1) shall
9 not exceed 80 percent of the administrative ex-
10 penses of the local development district receiv-
11 ing the grant.

12 “(B) MAXIMUM PERIOD.—No grant de-
13 scribed in paragraph (1) shall be awarded to a
14 State agency certified as a local development
15 district for a period greater than 3 years.

16 “(C) LOCAL SHARE.—The contributions of
17 a local development district for administrative
18 expenses may be in cash or in kind, fairly evalu-
19 ated, including space, equipment, and services.

20 “(c) DUTIES OF LOCAL DEVELOPMENT DIS-
21 TRICTS.—A local development district shall—

22 “(1) operate as a lead organization serving
23 multicounty areas in the region at the local level;
24 and

1 “(2) serve as a liaison between State and local
2 governments, nonprofit organizations (including
3 community-based groups and educational institu-
4 tions), the business community, and citizens that—

5 “(A) are involved in multijurisdictional
6 planning;

7 “(B) provide technical assistance to local
8 jurisdictions and potential grantees; and

9 “(C) provide leadership and civic develop-
10 ment assistance.

11 **“SEC. 3806. DISTRESSED COUNTIES AND AREAS AND NON-**
12 **DISTRESSED COUNTIES.**

13 “(a) DESIGNATIONS.—Each year, the Authority, in
14 accordance with such criteria as the Authority may estab-
15 lish, shall designate—

16 “(1) as distressed counties, counties in the re-
17 gion that are the most severely and persistently dis-
18 tressed and underdeveloped and have high rates of
19 poverty or unemployment;

20 “(2) as nondistressed counties, counties in the
21 region that are not designated as distressed counties
22 under paragraph (1); and

23 “(3) as isolated areas of distress, areas located
24 in nondistressed counties (as designated under para-

1 graph (2)) that have high rates of poverty or unem-
2 ployment.

3 “(b) DISTRESSED COUNTIES.—

4 “(1) IN GENERAL.—The Authority shall allo-
5 cate at least 75 percent of the appropriations made
6 available under section 3813 for programs and
7 projects designed to serve the needs of distressed
8 counties and isolated areas of distress in the region.

9 “(2) FUNDING LIMITATIONS.—The funding lim-
10 itations under section 3804(b) shall not apply to a
11 project providing transportation or basic public serv-
12 ices to residents of 1 or more distressed counties or
13 isolated areas of distress in the region.

14 “(c) NONDISTRESSED COUNTIES.—

15 “(1) IN GENERAL.—Except as provided in this
16 subsection, no funds shall be provided under this
17 chapter for a project located in a county designated
18 as a nondistressed county under subsection (a)(2).

19 “(2) EXCEPTIONS.—

20 “(A) IN GENERAL.—The funding prohibi-
21 tion under paragraph (1) shall not apply to
22 grants to fund the administrative expenses of
23 local development districts under section
24 3805(b).

1 “(B) MULTICOUNTY PROJECTS.—The Au-
2 thority may waive the application of the fund-
3 ing prohibition under paragraph (1) to a multi-
4 county project that includes participation by a
5 nondistressed county; or any other type of
6 project if the Authority determines that the
7 project could bring significant benefits to areas
8 of the region outside a nondistressed county.

9 “(C) ISOLATED AREAS OF DISTRESS.—For
10 a designation of an isolated area of distress for
11 assistance to be effective, the designation shall
12 be supported—

13 “(i) by the most recent Federal data
14 available; or

15 “(ii) if no recent Federal data are
16 available, by the most recent data available
17 through the government of the State in
18 which the isolated area of distress is lo-
19 cated.

20 “(d) TRANSPORTATION AND BASIC PUBLIC INFRA-
21 STRUCTURE.—The Authority shall allocate at least 50 per-
22 cent of any funds made available under section 3813 for
23 transportation and basic public infrastructure projects au-
24 thorized under paragraphs (1) and (3) of section 3803(a).

1 **“SEC. 3807. DEVELOPMENT PLANNING PROCESS.**

2 “(a) STATE DEVELOPMENT PLAN.—In accordance
3 with policies established by the Authority, each State
4 member shall submit a development plan for the area of
5 the region represented by the State member.

6 “(b) CONTENT OF PLAN.—A State development plan
7 submitted under subsection (a) shall reflect the goals, ob-
8 jectives, and priorities identified in the regional develop-
9 ment plan developed under section 3802(d)(2).

10 “(c) CONSULTATION WITH INTERESTED LOCAL PAR-
11 TIES.—In carrying out the development planning process
12 (including the selection of programs and projects for as-
13 sistance), a State may—

14 “(1) consult with—

15 “(A) local development districts; and

16 “(B) local units of government; and

17 “(2) take into consideration the goals, objec-
18 tives, priorities, and recommendations of the entities
19 described in paragraph (1).

20 “(d) PUBLIC PARTICIPATION.—

21 “(1) IN GENERAL.—The Authority and applica-
22 ble State and local development districts shall en-
23 courage and assist, to the maximum extent prac-
24 ticable, public participation in the development, revi-
25 sion, and implementation of all plans and programs
26 under this chapter.

1 “(2) REGULATIONS.—The Authority shall de-
2 velop guidelines for providing public participation
3 described in paragraph (1), including public hear-
4 ings.

5 **“SEC. 3808. PROGRAM DEVELOPMENT CRITERIA.**

6 “(a) IN GENERAL.—In considering programs and
7 projects to be provided assistance under this chapter and
8 in establishing a priority ranking of the requests for as-
9 sistance provided by the Authority, the Authority shall fol-
10 low procedures that ensure, to the maximum extent prac-
11 ticable, consideration of—

12 “(1) the relationship of the project or class of
13 projects to overall regional development;

14 “(2) the per capita income and poverty and un-
15 employment rates in an area;

16 “(3) the financial resources available to the ap-
17 plicants for assistance seeking to carry out the
18 project, with emphasis on ensuring that projects are
19 adequately financed to maximize the probability of
20 successful economic development;

21 “(4) the importance of the project or class of
22 projects in relation to other projects or classes of
23 projects that may be in competition for the same
24 funds;

1 “(5) the prospects that the project for which as-
2 sistance is sought will improve, on a continuing rath-
3 er than a temporary basis, the opportunities for em-
4 ployment, the average level of income, or the eco-
5 nomic development of the area served by the project;
6 and

7 “(6) the extent to which the project design pro-
8 vides for detailed outcome measurements by which
9 grant expenditures and the results of the expendi-
10 tures may be evaluated.

11 “(b) NO RELOCATION ASSISTANCE.—

12 “(1) IN GENERAL.—Except as provided in para-
13 graph (2), no financial assistance authorized by this
14 chapter shall be used to assist a person or entity in
15 relocating from 1 area to another.

16 “(2) OUTSIDE BUSINESSES.—Financial assist-
17 ance under this chapter may be used as otherwise
18 authorized by this title to attract businesses from
19 outside the region to the region.

20 “(c) REDUCTION OF FUNDS.—Funds may be pro-
21 vided for a program or project in a State under this chap-
22 ter only if the Authority determines that the level of Fed-
23 eral or State financial assistance provided under a law
24 other than this chapter, for the same type of program or
25 project in the same area of the State within the region,

1 will not be reduced as a result of funds made available
2 by this chapter.

3 **“SEC. 3809. APPROVAL OF DEVELOPMENT PLANS AND**
4 **PROJECTS.**

5 “(a) IN GENERAL.—A State or regional development
6 plan or any multistate subregional plan that is proposed
7 for development under this chapter shall be reviewed and
8 approved by the Authority.

9 “(b) EVALUATION BY STATE MEMBER.—An applica-
10 tion for a grant or any other assistance for a project under
11 this chapter shall be made through and evaluated for ap-
12 proval by the State member of the Authority representing
13 the applicant.

14 “(c) CERTIFICATION.—An application for a grant or
15 other assistance for a project shall be approved only on
16 certification by the State member that the application for
17 the project—

18 “(1) describes ways in which the project com-
19 plies with any applicable State development plan;

20 “(2) meets applicable criteria under section
21 3808;

22 “(3) provides adequate assurance that the pro-
23 posed project will be properly administered, oper-
24 ated, and maintained; and

1 “(4) otherwise meets the requirements of this
2 chapter.

3 “(d) APPROVAL OF GRANT APPLICATIONS.—On cer-
4 tification by a State member of the Authority of an appli-
5 cation for a grant or other assistance for a specific project
6 under this section, an affirmative vote of the Authority
7 under section 3802(c) shall be required for approval of
8 the application.

9 **“SEC. 3810. CONSENT OF STATES.**

10 “Nothing in this chapter requires any State to engage
11 in or accept any program under this chapter without the
12 consent of the State.

13 **“SEC. 3811. RECORDS.**

14 “(a) RECORDS OF THE AUTHORITY.—

15 “(1) IN GENERAL.—The Authority shall main-
16 tain accurate and complete records of all trans-
17 actions and activities of the Authority.

18 “(2) AVAILABILITY.—All records of the Author-
19 ity shall be available for audit and examination by
20 the Comptroller General of the United States and
21 the Inspector General of the Department of Agri-
22 culture (including authorized representatives of the
23 Comptroller General and the Inspector General of
24 the Department of Agriculture).

1 “(b) RECORDS OF RECIPIENTS OF FEDERAL ASSIST-
2 ANCE.—

3 “(1) IN GENERAL.—A recipient of Federal
4 funds under this chapter shall, as required by the
5 Authority, maintain accurate and complete records
6 of transactions and activities financed with Federal
7 funds and report on the transactions and activities
8 to the Authority.

9 “(2) AVAILABILITY.—All records required
10 under paragraph (1) shall be available for audit by
11 the Comptroller General of the United States, the
12 Inspector General of the Department of Agriculture,
13 and the Authority (including authorized representa-
14 tives of the Comptroller General, the Inspector Gen-
15 eral of the Department of Agriculture, and the Au-
16 thority).

17 **“SEC. 3812. ANNUAL REPORT.**

18 “Not later than 180 days after the end of each fiscal
19 year, the Authority shall submit to the President and to
20 Congress a report describing the activities carried out
21 under this chapter.

22 **“SEC. 3813. AUTHORIZATION OF APPROPRIATIONS.**

23 “(a) IN GENERAL.—There is authorized to be appro-
24 priated to the Authority to carry out this chapter

1 \$30,000,000 for each of fiscal years 2012 through 2017,
2 to remain available until expended.

3 “(b) ADMINISTRATIVE EXPENSES.—Not more than 5
4 percent of the amount appropriated under subsection (a)
5 for a fiscal year shall be used for administrative expenses
6 of the Authority.

7 **“SEC. 3814. TERMINATION OF AUTHORITY.**

8 “This chapter and the authority provided under this
9 chapter expire on October 1, 2017.

10 **“CHAPTER 5—NORTHERN GREAT PLAINS**
11 **REGIONAL AUTHORITY**

12 **“SEC. 3821. DEFINITIONS.**

13 “In this chapter:

14 “(1) AUTHORITY.—The term ‘Authority’ means
15 the Northern Great Plains Regional Authority estab-
16 lished by section 3822.

17 “(2) FEDERAL GRANT PROGRAM.—The term
18 ‘Federal grant program’ means a Federal grant pro-
19 gram to provide assistance in—

20 “(A) implementing the recommendations of
21 the Northern Great Plains Rural Development
22 Commission established by the Northern Great
23 Plains Rural Development Act (7 U.S.C. 2661
24 note; Public Law 103–318);

25 “(B) acquiring or developing land;

1 “(C) constructing or equipping a highway,
2 road, bridge, or facility;

3 “(D) carrying out other economic develop-
4 ment activities; or

5 “(E) conducting research activities related
6 to the activities described in subparagraphs (A)
7 through (D).

8 “(3) REGION.—The term ‘region’ means the
9 States of Iowa, Minnesota, Missouri (other than
10 counties included in the Delta Regional Authority),
11 Nebraska, North Dakota, and South Dakota.

12 **“SEC. 3822. NORTHERN GREAT PLAINS REGIONAL AUTHOR-**
13 **ITY.**

14 “(a) ESTABLISHMENT.—

15 “(1) IN GENERAL.—There is established the
16 Northern Great Plains Regional Authority.

17 “(2) COMPOSITION.—The Authority shall be
18 composed of—

19 “(A) a Federal member, to be appointed
20 by the President, by and with the advice and
21 consent of the Senate;

22 “(B) the Governor (or a designee of the
23 Governor) of each State in the region that
24 elects to participate in the Authority; and

1 “(C) a member of an Indian tribe, who
2 shall be a chairperson of an Indian tribe in the
3 region or a designee of such a chairperson, to
4 be appointed by the President, by and with the
5 advice and consent of the Senate.

6 “(3) COCHAIRPERSONS.—The Authority shall
7 be headed by—

8 “(A) the Federal member, who shall serve
9 as—

10 “(i) the Federal cochairperson; and

11 “(ii) a liaison between the Federal
12 Government and the Authority;

13 “(B) a State cochairperson, who shall be—

14 “(i) a Governor of a participating
15 State in the region; and

16 “(ii) elected by the State members for
17 a term of not less than 1 year; and

18 “(C) the member of an Indian tribe, who
19 shall serve as—

20 “(i) the tribal cochairperson; and

21 “(ii) a liaison between the govern-
22 ments of Indian tribes in the region and
23 the Authority.

24 “(4) FAILURE TO CONFIRM.—

1 “(A) FEDERAL MEMBER.—Notwith-
2 standing any other provision of this section, if
3 a Federal member described in paragraph
4 (2)(A) has not been confirmed by the Senate by
5 not later than 180 days after the date of enact-
6 ment of the Agriculture Reform, Food, and
7 Jobs Act of 2012, the Authority may organize
8 and operate without the Federal member.

9 “(B) TRIBAL COCHAIRPERSON.—In the
10 case of the tribal cochairperson, if no tribal co-
11 chairperson is confirmed by the Senate, the re-
12 gional authority shall consult and coordinate
13 with the leaders of Indian tribes in the region
14 concerning the activities of the Authority, as
15 appropriate.

16 “(b) ALTERNATE MEMBERS.—

17 “(1) ALTERNATE FEDERAL COCHAIRPERSON.—
18 The President shall appoint an alternate Federal co-
19 chairperson.

20 “(2) STATE ALTERNATES.—

21 “(A) IN GENERAL.—The State member of
22 a participating State may have a single alter-
23 nate, who shall be—

24 “(i) a resident of that State; and

1 “(ii) appointed by the Governor of the
2 State.

3 “(B) QUORUM.—A State alternate member
4 shall not be counted toward the establishment
5 of a quorum of the members of the Authority
6 in any case in which a quorum of the State
7 members is required to be present.

8 “(3) ALTERNATE TRIBAL COCHAIRPERSON.—
9 The President shall appoint an alternate tribal co-
10 chairperson, by and with the advice and consent of
11 the Senate.

12 “(4) DELEGATION OF POWER.—No power or
13 responsibility of the Authority specified in para-
14 graphs (2) and (3) of subsection (c), and no voting
15 right of any member of the Authority, shall be dele-
16 gated to any person who is not—

17 “(A) a member of the Authority; or

18 “(B) entitled to vote in Authority meet-
19 ings.

20 “(c) VOTING.—

21 “(1) IN GENERAL.—A decision by the Authority
22 shall require a majority vote of the Authority (not
23 including any member representing a State that is
24 delinquent under subsection (g)(2)(D)) to be effec-
25 tive.

1 “(2) QUORUM.—A quorum of State members
2 shall be required to be present for the Authority to
3 make any policy decision, including—

4 “(A) a modification or revision of an Au-
5 thority policy decision;

6 “(B) approval of a State or regional devel-
7 opment plan; and

8 “(C) any allocation of funds among the
9 States.

10 “(3) PROJECT AND GRANT PROPOSALS.—The
11 approval of project and grant proposals shall be—

12 “(A) a responsibility of the Authority; and

13 “(B) conducted in accordance with section
14 3830.

15 “(4) VOTING BY ALTERNATE MEMBERS.—An
16 alternate member shall vote in the case of the ab-
17 sence, death, disability, removal, or resignation of
18 the Federal, State, or Indian tribe member for
19 whom the alternate member is an alternate.

20 “(d) DUTIES.—The Authority shall—

21 “(1) develop, on a continuing basis, comprehen-
22 sive and coordinated plans and programs for
23 multistate cooperation to advance the economic and
24 social well-being of the region and to approve grants
25 for the economic development of the region, giving

1 due consideration to other Federal, State, tribal, and
2 local planning and development activities in the re-
3 gion;

4 “(2) review, and when appropriate amend, pri-
5 orities in a development plan for the region (includ-
6 ing 5-year regional outcome targets);

7 “(3) assess the needs and assets of the region
8 based on available research, demonstrations, inves-
9 tigations, assessments, and evaluations of the region
10 prepared by Federal, State, tribal, and local agen-
11 cies, universities, regional and local development dis-
12 tricts or organizations, and other nonprofit groups;

13 “(4) formulate and recommend to the Gov-
14 ernors and legislatures of States that participate in
15 the Authority forms of interstate cooperation for—

16 “(A) renewable energy development and
17 transmission;

18 “(B) transportation planning and economic
19 development;

20 “(C) information technology;

21 “(D) movement of freight and individuals
22 within the region;

23 “(E) federally-funded research at institu-
24 tions of higher education; and

25 “(F) conservation land management;

1 “(5) work with State, tribal, and local agencies
2 in developing appropriate model legislation;

3 “(6) enhance the capacity of, and provide sup-
4 port for, multistate development and research orga-
5 nizations, local development organizations and dis-
6 tricts, and resource conservation districts in the re-
7 gion;

8 “(7) encourage private investment in industrial,
9 commercial, renewable energy, and other economic
10 development projects in the region; and

11 “(8) cooperate with and assist State govern-
12 ments with economic development programs of par-
13 ticipating States.

14 “(e) ADMINISTRATION.—In carrying out subsection
15 (d), the Authority may—

16 “(1) hold such hearings, sit and act at such
17 times and places, take such testimony, receive such
18 evidence, and print or otherwise reproduce and dis-
19 tribute a description of the proceedings and reports
20 on actions by the Authority as the Authority con-
21 siders appropriate;

22 “(2) authorize, through the Federal, State, or
23 tribal cochairperson or any other member of the Au-
24 thority designated by the Authority, the administra-
25 tion of oaths if the Authority determines that testi-

1 mony should be taken or evidence received under
2 oath;

3 “(3) request from any Federal, State, tribal, or
4 local agency such information as may be available to
5 or procurable by the agency that may be of use to
6 the Authority in carrying out the duties of the Au-
7 thority;

8 “(4) adopt, amend, and repeal bylaws and rules
9 governing the conduct of business and the perform-
10 ance of duties of the Authority;

11 “(5) request the head of any Federal agency to
12 detail to the Authority such personnel as the Au-
13 thority requires to carry out duties of the Authority,
14 each such detail to be without loss of seniority, pay,
15 or other employee status;

16 “(6) request the head of any State agency, trib-
17 al government, or local government to detail to the
18 Authority such personnel as the Authority requires
19 to carry out duties of the Authority, each such detail
20 to be without loss of seniority, pay, or other em-
21 ployee status;

22 “(7) provide for coverage of Authority employ-
23 ees in a suitable retirement and employee benefit
24 system by—

1 “(A) making arrangements or entering
2 into contracts with any participating State gov-
3 ernment or tribal government; or

4 “(B) otherwise providing retirement and
5 other employee benefit coverage;

6 “(8) accept, use, and dispose of gifts or dona-
7 tions of services or real, personal, tangible, or intan-
8 gible property;

9 “(9) enter into and perform such contracts,
10 leases, cooperative agreements, or other transactions
11 as are necessary to carry out Authority duties, in-
12 cluding any contracts, leases, or cooperative agree-
13 ments with—

14 “(A) any department, agency, or instru-
15 mentality of the United States;

16 “(B) any State (including a political sub-
17 division, agency, or instrumentality of the
18 State);

19 “(C) any Indian tribe in the region; or

20 “(D) any person, firm, association, or cor-
21 poration; and

22 “(10) establish and maintain a central office
23 and field offices at such locations as the Authority
24 may select.

1 “(f) FEDERAL AGENCY COOPERATION.—A Federal
2 agency shall—

3 “(1) cooperate with the Authority; and

4 “(2) provide, on request of a cochairperson, ap-
5 propriate assistance in carrying out this chapter, in
6 accordance with applicable Federal laws (including
7 regulations).

8 “(g) ADMINISTRATIVE EXPENSES.—

9 “(1) FEDERAL SHARE.—The Federal share of
10 the administrative expenses of the Authority shall
11 be—

12 “(A) for each of fiscal years 2012 and
13 2013, 100 percent;

14 “(B) for fiscal year 2014, 75 percent; and

15 “(C) for fiscal year 2015 and each fiscal
16 year thereafter, 50 percent.

17 “(2) NON-FEDERAL SHARE.—

18 “(A) IN GENERAL.—The non-Federal
19 share of the administrative expenses of the Au-
20 thority shall be paid by non-Federal sources in
21 the States that participate in the Authority.

22 “(B) SHARE PAID BY EACH STATE.—The
23 share of administrative expenses of the Author-
24 ity to be paid by non-Federal sources in each
25 State shall be determined by the Authority.

1 “(C) NO FEDERAL PARTICIPATION.—The
2 Federal cochairperson shall not participate or
3 vote in any decision under subparagraph (B).

4 “(D) DELINQUENT STATES.—If a State is
5 delinquent in payment of the State’s share of
6 administrative expenses of the Authority under
7 this subsection—

8 “(i) no assistance under this chapter
9 shall be provided to the State (including
10 assistance to a political subdivision or a
11 resident of the State); and

12 “(ii) no member of the Authority from
13 the State shall participate or vote in any
14 action by the Authority.

15 “(h) COMPENSATION.—

16 “(1) FEDERAL AND TRIBAL COCHAIR-
17 PERSONS.—The Federal cochairperson and the tribal
18 cochairperson shall be compensated by the Federal
19 Government at the annual rate of basic pay pre-
20 scribed for level III of the Executive Schedule in
21 subchapter II of chapter 53 of title 5, United States
22 Code.

23 “(2) ALTERNATE FEDERAL AND TRIBAL CO-
24 CHAIRPERSONS.—The alternate Federal cochair-
25 person and the alternate tribal cochairperson—

1 “(A) shall be compensated by the Federal
2 Government at the annual rate of basic pay
3 prescribed for level V of the Executive Schedule
4 described in paragraph (1); and

5 “(B) when not actively serving as an alter-
6 nate, shall perform such functions and duties as
7 are delegated by the Federal cochairperson or
8 the tribal cochairperson, respectively.

9 “(3) STATE MEMBERS AND ALTERNATES.—

10 “(A) IN GENERAL.—A State shall com-
11 pensate each member and alternate rep-
12 resenting the State on the Authority at the rate
13 established by State law.

14 “(B) NO ADDITIONAL COMPENSATION.—
15 No State member or alternate member shall re-
16 ceive any salary, or any contribution to or sup-
17 plementation of salary from any source other
18 than the State for services provided by the
19 member or alternate member to the Authority.

20 “(4) DETAILED EMPLOYEES.—

21 “(A) IN GENERAL.—No person detailed to
22 serve the Authority under subsection (e)(6)
23 shall receive any salary or any contribution to
24 or supplementation of salary for services pro-
25 vided to the Authority from—

1 “(i) any source other than the State,
2 tribal, local, or intergovernmental agency
3 from which the person was detailed; or

4 “(ii) the Authority.

5 “(B) VIOLATION.—Any person that vio-
6 lates this paragraph shall be fined not more
7 than \$5,000, imprisoned not more than 1 year,
8 or both.

9 “(C) APPLICABLE LAW.—The Federal co-
10 chairperson, the alternate Federal cochair-
11 person, and any Federal officer or employee de-
12 tailed to duty on the Authority under sub-
13 section (e)(5) shall not be subject to subpara-
14 graph (A), but shall remain subject to sections
15 202 through 209 of title 18, United States
16 Code.

17 “(5) ADDITIONAL PERSONNEL.—

18 “(A) COMPENSATION.—

19 “(i) IN GENERAL.—The Authority
20 may appoint and fix the compensation of
21 an executive director and such other per-
22 sonnel as are necessary to enable the Au-
23 thority to carry out the duties of the Au-
24 thority.

1 “(ii) EXCEPTION.—Compensation
2 under clause (i) shall not exceed the max-
3 imum rate for the Senior Executive Service
4 under section 5382 of title 5, United
5 States Code, including any applicable local-
6 ity-based comparability payment that may
7 be authorized under section 5304(h)(2)(C)
8 of that title.

9 “(B) EXECUTIVE DIRECTOR.—The execu-
10 tive director shall be responsible for—

11 “(i) the carrying out of the adminis-
12 trative duties of the Authority;

13 “(ii) direction of the Authority staff;
14 and

15 “(iii) such other duties as the Author-
16 ity may assign.

17 “(C) NO FEDERAL EMPLOYEE STATUS.—
18 No member, alternate, officer, or employee of
19 the Authority (except the Federal cochairperson
20 of the Authority, the alternate and staff for the
21 Federal cochairperson, and any Federal em-
22 ployee detailed to the Authority under sub-
23 section (e)(5)) shall be considered to be a Fed-
24 eral employee for any purpose.

25 “(i) CONFLICTS OF INTEREST.—

1 “(1) IN GENERAL.—Except as provided under
2 paragraph (2), no State member, Indian tribe mem-
3 ber, State alternate, officer, or employee of the Au-
4 thority shall participate personally and substantially
5 as a member, alternate, officer, or employee of the
6 Authority, through decision, approval, disapproval,
7 recommendation, the rendering of advice, investiga-
8 tion, or otherwise, in any proceeding, application, re-
9 quest for a ruling or other determination, contract,
10 claim, controversy, or other matter in which, to
11 knowledge of the member, alternate, officer, or em-
12 ployee, there is a financial interest of—

13 “(A) the member, alternate, officer, or em-
14 ployee;

15 “(B) the spouse, minor child, partner, or
16 organization (other than a State or political
17 subdivision of the State or the Indian tribe) of
18 the member, alternate, officer, or employee, in
19 which the member, alternate, officer, or em-
20 ployee is serving as officer, director, trustee,
21 partner, or employee; or

22 “(C) any person or organization with
23 whom the member, alternate, officer, or em-
24 ployee is negotiating or has any arrangement
25 concerning prospective employment.

1 “(2) DISCLOSURE.—Paragraph (1) shall not
2 apply if the State member, Indian tribe member, al-
3 ternate, officer, or employee—

4 “(A) immediately advises the Authority of
5 the nature and circumstances of the proceeding,
6 application, request for a ruling or other deter-
7 mination, contract, claim, controversy, or other
8 particular matter presenting a potential conflict
9 of interest;

10 “(B) makes full disclosure of the financial
11 interest; and

12 “(C) before the proceeding concerning the
13 matter presenting the conflict of interest, re-
14 ceives a written determination by the Authority
15 that the interest is not so substantial as to be
16 likely to affect the integrity of the services that
17 the Authority may expect from the State mem-
18 ber, Indian tribe member, alternate, officer, or
19 employee.

20 “(3) VIOLATION.—Any person that violates this
21 subsection shall be fined not more than \$10,000, im-
22 prisoned not more than 2 years, or both.

23 “(j) VALIDITY OF CONTRACTS, LOANS, AND
24 GRANTS.—The Authority may declare void any contract,
25 loan, or grant of or by the Authority in relation to which

1 the Authority determines that there has been a violation
2 of any provision under subsection (h)(4) or subsection (i)
3 of this chapter, or sections 202 through 209 of title 18,
4 United States Code.

5 **“SEC. 3823. INTERSTATE COOPERATION FOR ECONOMIC**
6 **OPPORTUNITY AND EFFICIENCY.**

7 “(a) IN GENERAL.—The Authority shall provide as-
8 sistance to States in developing regional plans to address
9 multistate economic issues, including plans—

10 “(1) to develop a regional transmission system
11 for movement of renewable energy to markets out-
12 side the region;

13 “(2) to address regional transportation con-
14 cerns, including the establishment of a Northern
15 Great Plains Regional Transportation Working
16 Group;

17 “(3) to encourage and support interstate col-
18 laboration on federally-funded research that is in the
19 national interest; and

20 “(4) to establish a Regional Working Group on
21 Agriculture Development and Transportation.

22 “(b) ECONOMIC ISSUES.—The multistate economic
23 issues referred to in subsection (a) shall include—

24 “(1) renewable energy development and trans-
25 mission;

1 “(2) transportation planning and economic de-
2 velopment;

3 “(3) information technology;

4 “(4) movement of freight and individuals within
5 the region;

6 “(5) federally-funded research at institutions of
7 higher education; and

8 “(6) conservation land management.

9 **“SEC. 3824. ECONOMIC AND COMMUNITY DEVELOPMENT**
10 **GRANTS.**

11 “(a) IN GENERAL.—The Authority may approve
12 grants to States, Indian tribes, local governments, and
13 public and nonprofit organizations for projects, approved
14 in accordance with section 3830—

15 “(1) to assist the region in obtaining the job
16 training, employment-related education, and busi-
17 ness development (with an emphasis on entrepre-
18 neurship) that are needed to build and maintain
19 strong local economies;

20 “(2) to develop the transportation, renewable
21 energy transmission, and telecommunication infra-
22 structure of the region for the purpose of facilitating
23 economic development in the region (except that
24 grants for this purpose may be made only to States,

1 Indian tribes, local governments, and nonprofit orga-
2 nizations);

3 “(3) to provide assistance to severely distressed
4 and underdeveloped areas that lack financial re-
5 sources for improving basic public services;

6 “(4) to provide assistance to severely distressed
7 and underdeveloped areas that lack financial re-
8 sources for equipping industrial parks and related
9 facilities; and

10 “(5) to otherwise achieve the purposes of this
11 chapter.

12 “(b) FUNDING.—

13 “(1) IN GENERAL.—Funds for grants under
14 subsection (a) may be provided—

15 “(A) entirely from appropriations to carry
16 out this section;

17 “(B) in combination with funds available
18 under another Federal grant program; or

19 “(C) from any other source.

20 “(2) PRIORITY OF FUNDING.—To best build the
21 foundations for long-term economic development and
22 to complement other Federal, State, and tribal re-
23 sources in the region, Federal funds available under
24 this chapter shall be focused on the following activi-
25 ties:

1 “(A) Basic public infrastructure in dis-
2 tressed counties and isolated areas of distress.

3 “(B) Transportation and telecommuni-
4 cation infrastructure for the purpose of facili-
5 tating economic development in the region.

6 “(C) Business development, with emphasis
7 on entrepreneurship.

8 “(D) Job training or employment-related
9 education, with emphasis on use of existing
10 public educational institutions located in the re-
11 gion.

12 **“SEC. 3825. SUPPLEMENTS TO FEDERAL GRANT PRO-**
13 **GRAMS.**

14 “(a) FINDING.—Congress finds that certain States
15 and local communities of the region may be unable to take
16 maximum advantage of Federal grant programs for which
17 the States and communities are eligible because—

18 “(1) the States and communities lack the eco-
19 nomic resources to provide the required matching
20 share; or

21 “(2) there are insufficient funds available under
22 the applicable Federal law authorizing the Federal
23 grant program to meet pressing needs of the region.

24 “(b) FEDERAL GRANT PROGRAM FUNDING.—Not-
25 withstanding any provision of law limiting the Federal

1 share, the areas eligible for assistance, or the authoriza-
2 tions of appropriations, under any Federal grant program,
3 and in accordance with subsection (c), the Authority, with
4 the approval of the Federal cochairperson and with respect
5 to a project to be carried out in the region—

6 “(1) may increase the Federal share of the
7 costs of a project under any Federal grant program
8 to not more than 90 percent (except as provided in
9 section 3827(b)); and

10 “(2) shall use amounts made available to carry
11 out this chapter to pay the increased Federal share.

12 “(c) CERTIFICATIONS.—

13 “(1) IN GENERAL.—In the case of any project
14 for which all or any portion of the basic Federal
15 share of the costs of the project is proposed to be
16 paid under this section, no Federal contribution
17 shall be made until the Federal official admin-
18 istering the Federal law that authorizes the Federal
19 grant program certifies that the project—

20 “(A) meets (except as provided in sub-
21 section (b)) the applicable requirements of the
22 applicable Federal grant program; and

23 “(B) could be approved for Federal con-
24 tribution under the Federal grant program if

1 funds were available under the law for the
2 project.

3 “(2) CERTIFICATION BY AUTHORITY.—

4 “(A) IN GENERAL.—The certifications and
5 determinations required to be made by the Au-
6 thority for approval of projects under this Act
7 in accordance with section 3830 shall be—

8 “(i) controlling; and

9 “(ii) accepted by the Federal agencies.

10 “(B) ACCEPTANCE BY FEDERAL COCHAIR-
11 PERSON.—In the case of any project described
12 in paragraph (1), any finding, report, certifi-
13 cation, or documentation required to be sub-
14 mitted with respect to the project to the head
15 of the department, agency, or instrumentality of
16 the Federal Government responsible for the ad-
17 ministration of the Federal grant program
18 under which the project is carried out shall be
19 accepted by the Federal cochairperson.

20 **“SEC. 3826. MULTISTATE AND LOCAL DEVELOPMENT DIS-**
21 **TRICTS AND ORGANIZATIONS AND NORTH-**
22 **ERN GREAT PLAINS INC.**

23 “(a) DEFINITION OF MULTISTATE AND LOCAL DE-
24 VELOPMENT DISTRICT OR ORGANIZATION.—In this sec-

1 tion, the term ‘multistate and local development district
2 or organization’ means an entity—

3 “(1) that—

4 “(A) is a planning district that is recog-
5 nized by the Economic Development Adminis-
6 tration of the Department of Commerce; or

7 “(B) is—

8 “(i) organized and operated in a man-
9 ner that ensures broad-based community
10 participation and an effective opportunity
11 for other nonprofit groups to contribute to
12 the development and implementation of
13 programs in the region;

14 “(ii) a nonprofit incorporated body or-
15 ganized or chartered under the law of the
16 State in which the entity is located;

17 “(iii) a nonprofit agency or instru-
18 mentality of a State or local government;

19 “(iv) a public organization established
20 before the date of enactment of the Agri-
21 culture Reform, Food, and Jobs Act of
22 2012 under State law for creation of multi-
23 jurisdictional, area-wide planning organiza-
24 tions;

1 “(v) a nonprofit agency or instrumen-
2 tality of a State that was established for
3 the purpose of assisting with multistate co-
4 operation; or

5 “(vi) a nonprofit association or com-
6 bination of bodies, agencies, and instru-
7 mentalities described in clauses (ii)
8 through (v); and

9 “(2) that has not, as certified by the Authority
10 (in consultation with the Federal cochairperson or
11 Secretary, as appropriate)—

12 “(A) inappropriately used Federal grant
13 funds from any Federal source; or

14 “(B) appointed an officer who, during the
15 period in which another entity inappropriately
16 used Federal grant funds from any Federal
17 source, was an officer of the other entity.

18 “(b) GRANTS TO MULTISTATE, LOCAL, OR REGIONAL
19 DEVELOPMENT DISTRICTS AND ORGANIZATIONS.—

20 “(1) IN GENERAL.—The Authority may make
21 grants for administrative expenses under this section
22 to multistate, local, and regional development dis-
23 tricts and organizations.

24 “(2) CONDITIONS FOR GRANTS.—

1 “(A) MAXIMUM AMOUNT.—The amount of
2 any grant awarded under paragraph (1) shall
3 not exceed 80 percent of the administrative ex-
4 penses of the multistate, local, or regional de-
5 velopment district or organization receiving the
6 grant.

7 “(B) MAXIMUM PERIOD.—No grant de-
8 scribed in paragraph (1) shall be awarded for a
9 period of greater than 3 years.

10 “(3) LOCAL SHARE.—The contributions of a
11 multistate, local, or regional development district or
12 organization for administrative expenses may be in
13 cash or in kind, fairly evaluated, including space,
14 equipment, and services.

15 “(c) DUTIES.—

16 “(1) IN GENERAL.—Except as provided in para-
17 graph (2), a local development district shall operate
18 as a lead organization serving multicounty areas in
19 the region at the local level.

20 “(2) DESIGNATION.—The Federal cochair-
21 person may designate an Indian tribe or multijuris-
22 dictional organization to serve as a lead organization
23 in such cases as the Federal cochairperson or Sec-
24 retary, as appropriate, determines appropriate.

1 “(d) NORTHERN GREAT PLAINS INC.—Northern
2 Great Plains Inc., a nonprofit corporation incorporated in
3 the State of Minnesota to implement the recommendations
4 of the Northern Great Plains Rural Development Commis-
5 sion established by the Northern Great Plains Rural De-
6 velopment Act (7 U.S.C. 2661 note; Public Law 103-
7 318)—

8 “(1) shall serve as an independent, primary re-
9 source for the Authority on issues of concern to the
10 region;

11 “(2) shall advise the Authority on development
12 of international trade;

13 “(3) may provide research, education, training,
14 and other support to the Authority; and

15 “(4) may carry out other activities on its own
16 behalf or on behalf of other entities.

17 **“SEC. 3827. DISTRESSED COUNTIES AND AREAS AND NON-**
18 **DISTRESSED COUNTIES.**

19 “(a) DESIGNATIONS.—Each year, the Authority, in
20 accordance with such criteria as the Authority may estab-
21 lish, shall designate—

22 “(1) as distressed counties, counties in the re-
23 gion that are the most severely and persistently dis-
24 tressed and underdeveloped and have high rates of
25 poverty, unemployment, or outmigration;

1 “(2) as nondistressed counties, counties in the
2 region that are not designated as distressed counties
3 under paragraph (1); and

4 “(3) as isolated areas of distress, areas located
5 in nondistressed counties (as designated under para-
6 graph (2)) that have high rates of poverty, unem-
7 ployment, or outmigration.

8 “(b) DISTRESSED COUNTIES.—

9 “(1) IN GENERAL.—The Authority shall allo-
10 cate at least 50 percent of the appropriations made
11 available under section 3834 for programs and
12 projects designed to serve the needs of distressed
13 counties and isolated areas of distress in the region.

14 “(2) FUNDING LIMITATIONS.—The funding lim-
15 itations under section 3825(b) shall not apply to a
16 project to provide transportation or telecommuni-
17 cation or basic public services to residents of 1 or
18 more distressed counties or isolated areas of distress
19 in the region.

20 “(c) TRANSPORTATION, TELECOMMUNICATION, RE-
21 NEWABLE ENERGY, AND BASIC PUBLIC INFRASTRUC-
22 TURE.—The Authority shall allocate at least 50 percent
23 of any funds made available under section 3834 for trans-
24 portation, telecommunication, renewable energy, and basic

1 public infrastructure projects authorized under para-
 2 graphs (1) and (3) of section 3824(a).

3 **“SEC. 3828. DEVELOPMENT PLANNING PROCESS.**

4 “(a) STATE DEVELOPMENT PLAN.—In accordance
 5 with policies established by the Authority, each State
 6 member shall submit a development plan for the area of
 7 the region represented by the State member.

8 “(b) CONTENT OF PLAN.—A State development plan
 9 submitted under subsection (a) shall reflect the goals, ob-
 10 jectives, and priorities identified in the regional develop-
 11 ment plan developed under section 3823(d)(2).

12 “(c) CONSULTATION WITH INTERESTED LOCAL PAR-
 13 TIES.—In carrying out the development planning process
 14 (including the selection of programs and projects for as-
 15 sistance), a State may—

16 “(1) consult with—

17 “(A) multistate, regional, and local devel-
 18 opment districts and organizations; and

19 “(B) local units of government; and

20 “(2) take into consideration the goals, objec-
 21 tives, priorities, and recommendations of the entities
 22 described in paragraph (1).

23 “(d) PUBLIC PARTICIPATION.—

24 “(1) IN GENERAL.—The Authority and applica-
 25 ble multistate, regional, and local development dis-

1 tricts and organizations shall encourage and assist,
2 to the maximum extent practicable, public participa-
3 tion in the development, revision, and implementa-
4 tion of all plans and programs under this chapter.

5 “(2) REGULATIONS.—The Authority shall de-
6 velop guidelines for providing public participation
7 described in paragraph (1), including public hear-
8 ings.

9 **“SEC. 3829. PROGRAM DEVELOPMENT CRITERIA.**

10 “(a) IN GENERAL.—In considering programs and
11 projects to be provided assistance under this chapter, and
12 in establishing a priority ranking of the requests for as-
13 sistance provided to the Authority, the Authority shall fol-
14 low procedures that ensure, to the maximum extent prac-
15 ticable, consideration of—

16 “(1) the relationship of the project or class of
17 projects to overall multistate or regional develop-
18 ment;

19 “(2) the per capita income and poverty and un-
20 employment and outmigration rates in an area;

21 “(3) the financial resources available to the ap-
22 plicants for assistance seeking to carry out the
23 project, with emphasis on ensuring that projects are
24 adequately financed to maximize the probability of
25 successful economic development;

1 “(4) the importance of the project or class of
2 projects in relation to other projects or classes of
3 projects that may be in competition for the same
4 funds;

5 “(5) the prospects that the project for which as-
6 sistance is sought will improve, on a continuing rath-
7 er than a temporary basis, the opportunities for em-
8 ployment, the average level of income, or the eco-
9 nomic development of the area to be served by the
10 project; and

11 “(6) the extent to which the project design pro-
12 vides for detailed outcome measurements by which
13 grant expenditures and the results of the expendi-
14 tures may be evaluated.

15 “(b) NO RELOCATION ASSISTANCE.—

16 “(1) IN GENERAL.—Except as provided in para-
17 graph (2), no financial assistance authorized by this
18 chapter shall be used to assist a person or entity in
19 relocating from 1 area to another.

20 “(2) OUTSIDE BUSINESSES.—Financial assist-
21 ance under this chapter may be used as otherwise
22 authorized by this title to attract businesses from
23 outside the region to the region.

24 “(c) MAINTENANCE OF EFFORT.—Funds may be
25 provided for a program or project in a State under this

1 chapter only if the Authority determines that the level of
2 Federal or State financial assistance provided under a law
3 other than this chapter, for the same type of program or
4 project in the same area of the State within the region,
5 will not be reduced as a result of funds made available
6 by this chapter.

7 **“SEC. 3830. APPROVAL OF DEVELOPMENT PLANS AND**
8 **PROJECTS.**

9 “(a) IN GENERAL.—A State or regional development
10 plan or any multistate subregional plan that is proposed
11 for development under this chapter shall be reviewed by
12 the Authority.

13 “(b) EVALUATION BY STATE MEMBER.—An applica-
14 tion for a grant or any other assistance for a project under
15 this chapter shall be made through and evaluated for ap-
16 proval by the State member of the Authority representing
17 the applicant.

18 “(c) CERTIFICATION.—An application for a grant or
19 other assistance for a project shall be approved only on
20 certification by the State member that the application for
21 the project—

22 “(1) describes ways in which the project com-
23 plies with any applicable State development plan;

24 “(2) meets applicable criteria under section
25 3829;

1 “(3) provides adequate assurance that the pro-
2 posed project will be properly administered, oper-
3 ated, and maintained; and

4 “(4) otherwise meets the requirements of this
5 chapter.

6 “(d) VOTES FOR DECISIONS.—On certification by a
7 State member of the Authority of an application for a
8 grant or other assistance for a specific project under this
9 section, an affirmative vote of the Authority under section
10 3822(c) shall be required for approval of the application.

11 **“SEC. 3831. CONSENT OF STATES.**

12 ““Nothing in this chapter requires any State to en-
13 gage in or accept any program under this chapter without
14 the consent of the State.

15 **“SEC. 3832. RECORDS.**

16 “(a) RECORDS OF THE AUTHORITY.—

17 “(1) IN GENERAL.—The Authority shall main-
18 tain accurate and complete records of all trans-
19 actions and activities of the Authority.

20 “(2) AVAILABILITY.—All records of the Author-
21 ity shall be available for audit and examination by
22 the Comptroller General of the United States and
23 the Inspector General of the Department of Agri-
24 culture (including authorized representatives of the

1 Comptroller General and the Inspector General of
2 the Department of Agriculture).

3 “(b) RECORDS OF RECIPIENTS OF FEDERAL ASSIST-
4 ANCE.—

5 “(1) IN GENERAL.—A recipient of Federal
6 funds under this chapter shall, as required by the
7 Authority, maintain accurate and complete records
8 of transactions and activities financed with Federal
9 funds and report to the Authority on the trans-
10 actions and activities to the Authority.

11 “(2) AVAILABILITY.—All records required
12 under paragraph (1) shall be available for audit by
13 the Comptroller General of the United States, the
14 Inspector General of the Department of Agriculture,
15 and the Authority (including authorized representa-
16 tives of the Comptroller General, the Inspector Gen-
17 eral of the Department of Agriculture, and the Au-
18 thority).

19 “(c) ANNUAL AUDIT.—The Inspector General of the
20 Department of Agriculture shall audit the activities, trans-
21 actions, and records of the Authority on an annual basis.

22 **“SEC. 3833. ANNUAL REPORT.**

23 “Not later than 180 days after the end of each fiscal
24 year, the Authority shall submit to the President and to

1 Congress a report describing the activities carried out
2 under this chapter.

3 **“SEC. 3834. AUTHORIZATION OF APPROPRIATIONS.**

4 “(a) IN GENERAL.—There is authorized to be appro-
5 priated to the Authority to carry out this chapter
6 \$30,000,000 for each of fiscal years 2012 through 2017,
7 to remain available until expended.

8 “(b) ADMINISTRATIVE EXPENSES.—Not more than 5
9 percent of the amount appropriated under subsection (a)
10 for a fiscal year shall be used for administrative expenses
11 of the Authority.

12 “(c) MINIMUM STATE SHARE OF GRANTS.—Notwith-
13 standing any other provision of this chapter, for any fiscal
14 year, the aggregate amount of grants received by a State
15 and all persons or entities in the State under this chapter
16 shall be not less than $\frac{1}{3}$ of the product obtained by multi-
17 plying—

18 “(1) the aggregate amount of grants under this
19 chapter for the fiscal year; and

20 “(2) the ratio that—

21 “(A) the population of the State (as deter-
22 mined by the Secretary of Commerce based on
23 the most recent decennial census for which data
24 are available); bears to

1 “(B) the population of the region (as so
2 determined).

3 **“SEC. 3835. TERMINATION OF AUTHORITY.**

4 “‘The authority provided by this chapter terminates
5 effective October 1, 2017.

6 **“Subtitle C—General Provisions**

7 **“SEC. 3901. FULL FAITH AND CREDIT.**

8 “(a) IN GENERAL.—A contract of insurance or guar-
9 antee executed by the Secretary under this title shall be
10 an obligation supported by the full faith and credit of the
11 United States.

12 “(b) CONTESTABILITY.—A contract of insurance or
13 guarantee executed by the Secretary under this title shall
14 be incontestable except for fraud or misrepresentation that
15 the lender or any holder—

16 “(1) has actual knowledge of at the time the
17 contract of insurance or guarantee is executed; or

18 “(2) participates in or condones.

19 **“SEC. 3902. PURCHASE AND SALE OF GUARANTEED POR-**
20 **TIONS OF LOANS.**

21 “(a) IN GENERAL.—Subject to subsections (b) and
22 (c), the Secretary may purchase, on such terms and condi-
23 tions as the Secretary considers appropriate, the guaran-
24 teed portion of a loan guaranteed under this title, if the

1 Secretary determines that an adequate secondary market
2 is not available in the private sector.

3 “(b) MAXIMUM PAYMENT.—The Secretary may not
4 pay for any guaranteed portion of a loan under subsection
5 (a) in excess of an amount equal to the unpaid principal
6 balance and accrued interest on the guaranteed portion
7 of the loan.

8 “(c) SOURCES OF FUNDING.—The Secretary may use
9 for the purchases—

10 “(1) funds from the Rural Development Insur-
11 ance Fund with respect to rural development loans
12 (as defined in section 3704(a)); and

13 “(2) funds from the Agricultural Credit Insur-
14 ance Fund with respect to all other loans under this
15 title.

16 “(d) SALE OF GUARANTEED LOANS.—

17 “(1) SALES.—

18 “(A) REGULATION.—

19 “(i) IN GENERAL.—The guaranteed
20 portion of any loan made under this title
21 may be sold by the lender, and by any sub-
22 sequent holder, in accordance with such
23 regulations governing the sales as the Sec-
24 retary shall establish, subject to clauses (ii)
25 and (iii).

1 “(ii) FEES TO BE PAID IN FULL.—All
2 fees due the Secretary with respect to a
3 guaranteed loan shall be paid in full before
4 any sale.

5 “(iii) LOAN TO BE FULLY DIS-
6 BURSED.—The loan shall be fully dis-
7 bursed to the borrower before the sale.

8 “(B) POST-SALE.—After a loan is sold in
9 the secondary market, the lender shall—

10 “(i) remain obligated under the guar-
11 antee agreement of the lender with the
12 Secretary; and

13 “(ii) continue to service the loan in
14 accordance with the terms and conditions
15 of that agreement.

16 “(C) PROCEDURES.—The Secretary shall
17 develop such procedures as are necessary for—

18 “(i) the facilitation, administration,
19 and promotion of secondary market oper-
20 ations; and

21 “(ii) determining the increase of ac-
22 cess of farmers to capital at reasonable
23 rates and terms as a result of secondary
24 market operations.

1 “(D) RIGHTS TO PREPAY.—This sub-
2 section does not impede or extinguish—

3 “(i) the right of the borrower or the
4 successor in interest to the borrower to
5 prepay (in whole or in part) any loan made
6 under this title; or

7 “(ii) the rights of any party under any
8 provision of this title.

9 “(2) ISSUE POOL CERTIFICATES.—

10 “(A) IN GENERAL.—The Secretary may,
11 directly or through a market maker approved
12 by the Secretary, issue pool certificates rep-
13 resenting ownership of part or all of the guar-
14 anteed portion of any loan guaranteed by the
15 Secretary under this title.

16 “(B) APPROVAL.—Certificates under sub-
17 paragraph (A) shall be based on and backed by
18 a pool established or approved by the Secretary
19 and composed solely of the entire guaranteed
20 portion of the loans.

21 “(C) GUARANTEE OF POOL.—On such
22 terms and conditions as the Secretary considers
23 appropriate, the Secretary may guarantee the
24 timely payment of the principal and interest on
25 pool certificates issued on behalf of the Sec-

1 retary by approved market makers for purposes
2 of this subsection.

3 “(D) LIMITATIONS.—A guarantee under
4 subparagraph (C) shall be limited to the extent
5 of principal and interest on the guaranteed por-
6 tions of loans that compose the pool.

7 “(E) PREPAYMENT.—If a loan in a pool is
8 prepaid, either voluntarily or by reason of de-
9 fault, the guarantee of timely payment of prin-
10 cipal and interest on the pool certificates shall
11 be reduced in proportion to the amount of prin-
12 cipal and interest that the prepaid loan rep-
13 resents in the pool.

14 “(F) INTEREST ACCRUAL.—Interest on
15 prepaid or defaulted loans shall accrue and be
16 guaranteed by the Secretary only through the
17 date of payment on the guarantee.

18 “(G) REDEMPTION.—During the term of
19 the pool certificate, the certificate may be called
20 for redemption due to prepayment or default of
21 all loans constituting the pool.

22 “(H) FULL FAITH AND CREDIT.—The full
23 faith and credit of the United States is pledged
24 to the payment of all amounts that may be re-
25 quired to be paid under any guarantee of the

1 pool certificates issued by approved market
2 makers under this subsection.

3 “(I) FEES.—

4 “(i) IN GENERAL.—The Secretary
5 shall not collect any fee for any guarantee
6 under this subsection.

7 “(ii) SECRETARIAL FUNCTIONS.—
8 Clause (i) does not preclude the Secretary
9 from collecting a fee for the functions de-
10 scribed in paragraph (3).

11 “(J) DEFAULT.—Not later than 30 days
12 after a borrower of a guaranteed loan is in de-
13 fault of any principal or interest payment due
14 for 60 days or more, the Secretary shall—

15 “(i) purchase the pool certificates rep-
16 resenting ownership of the guaranteed por-
17 tion of the loan; and

18 “(ii) pay the registered holder of the
19 certificates an amount equal to the guaran-
20 teed portion of the loan represented by the
21 certificate.

22 “(K) PAYMENT OF CLAIMS.—If the Sec-
23 retary pays a claim under a guarantee issued
24 under this subsection, the claim shall be sub-

1 rogated fully to the rights satisfied by the pay-
2 ment, as may be provided by the Secretary.

3 “(L) APPLICATION OF LAWS.—No State or
4 local law, and no Federal law, shall preclude or
5 limit the exercise by the Secretary of the owner-
6 ship rights of the Secretary in the portions of
7 loans constituting the pool against which the
8 certificates are issued.

9 “(3) DUTIES OF THE SECRETARY.—

10 “(A) IN GENERAL.—On the adoption of
11 final rules and regulations, the Secretary
12 shall—

13 “(i) provide for the central collection
14 of registration information from all partici-
15 pating market makers for all loans and
16 pool certificates sold under paragraphs (1)
17 and (2), including, with respect to each
18 original sale and any subsequent sale—

19 “(I) identification of the interest
20 rate paid by the borrower to the lend-
21 er;

22 “(II) the servicing fee of the
23 lender;

1 “(III) disclosure of whether in-
2 terest on the loan is at a fixed or vari-
3 able rate;

4 “(IV) identification of each pur-
5 chaser of a pool certificate;

6 “(V) the interest rate paid on the
7 certificate; and

8 “(VI) such other information as
9 the Secretary considers appropriate.

10 “(ii) before any sale, require the seller
11 (as defined in subparagraph (B) to disclose
12 to each prospective purchaser of the por-
13 tion of a loan guaranteed under this title
14 and to each prospective purchaser of a pool
15 certificate issued under paragraph (2) in-
16 formation on the terms, conditions, and
17 yield of such instrument;

18 “(iii) provide for adequate custody of
19 any pooled guaranteed loans;

20 “(iv) take such actions as are nec-
21 essary, in restructuring pools of the guar-
22 anteed portion of loans, to minimize the es-
23 timated costs of paying claims under guar-
24 antees issued under this subsection;

25 “(v) require each market maker—

1 “(I) to service all pools formed,
2 and participations sold, by the market
3 maker; and

4 “(II) to provide the Secretary
5 with information relating to the collec-
6 tion and disbursement of all periodic
7 payments, prepayments, and default
8 funds from lenders, to or from the re-
9 serve fund that the Secretary shall es-
10 tablish to enable the timely payment
11 guarantee to be self-funding, and
12 from all beneficial holders; and

13 “(vi) regulate market makers in pool
14 certificates sold under this subsection.

15 “(B) DEFINITION OF SELLER.—For pur-
16 poses of subparagraph (A)(ii), if the instrument
17 being sold is a loan, the term ‘seller’ does not
18 include—

19 “(i) the person who made the loan; or

20 “(ii) any person who sells 3 or fewer
21 guaranteed loans per year.

22 “(4) CONTRACT FOR SERVICES.—The Secretary
23 may contract for goods and services to be used for
24 the purposes of this subsection without regard to ti-

1 titles 5, 40, and 41, United States Code (including
2 any regulations issued under those titles).

3 **“SEC. 3903. ADMINISTRATION.**

4 “(a) POWERS OF SECRETARY.—The Secretary
5 may—

6 “(1)(A) administer the powers and duties of the
7 Secretary through such national, area, State, or
8 local offices and employees in the United States as
9 the Secretary determines to be necessary; and

10 “(B) authorize an office to serve an area com-
11 posed of 2 or more States if the Secretary deter-
12 mines that the volume of business in the area is not
13 sufficient to justify separate State offices;

14 “(2)(A) accept and use voluntary and uncom-
15 pensated services; and

16 “(B) with the consent of the agency concerned,
17 use the officers, employees, equipment, and informa-
18 tion of any agency of the Federal Government, or of
19 any State, territory, or political subdivision;

20 “(3) subject to appropriations, make necessary
21 expenditures for the purchase or hire of passenger
22 vehicles, and such other facilities and services as the
23 Secretary may from time to time find necessary for
24 the proper administration of this title;

1 “(4) subject to subsection (b), compromise, ad-
2 just, reduce, or charge-off debts or claims (including
3 debts and claims arising from loan guarantees), and
4 adjust, modify, subordinate, or release the terms of
5 security instruments, leases, contracts, and agree-
6 ments entered into or administered by the Farm
7 Service Agency, the Rural Utilities Service, the
8 Rural Housing Service, the Rural Business-Coopera-
9 tive Service, or successor agencies under this title,
10 except for activities conducted under the Housing
11 Act of 1949 (42 U.S.C. 1441 et seq.);

12 “(5) release mortgage and other contract liens
13 if it appears that the mortgage and liens have no
14 present or prospective value or that the enforcement
15 of the mortgage and liens likely would be ineffectual
16 or uneconomical;

17 “(6) obtain fidelity bonds protecting the Fed-
18 eral Government against fraud and dishonesty of of-
19 ficers and employees of the Farm Service Agency,
20 the Rural Utilities Service, the Rural Housing Serv-
21 ice, or the Rural Business-Cooperative Service in
22 lieu of faithful performance of duties bonds under
23 section 14 of title 6, United States Code, but other-
24 wise in accordance with the section;

25 “(7) consent to—

1 “(A) long-term leases of facilities financed
2 under this title notwithstanding the failure of
3 the lessee to meet any of the requirements of
4 this title if the long-term leases are necessary to
5 ensure the continuation of services for which fi-
6 nancing was extended to the lessor; and

7 “(B) the transfer of property securing any
8 loan or financed by any loan or grant made or
9 guaranteed by the Farm Service Agency, the
10 Rural Utilities Service, the Rural Housing Serv-
11 ice, or the Rural Business-Cooperative Service
12 under this title, or any other law administered
13 by the Secretary, on such terms as the Sec-
14 retary considers necessary to carry out the pur-
15 pose of the loan or grant or to protect the fi-
16 nancial interest of the Federal Government,
17 provided that the Secretary shall document the
18 consent of the Secretary for the transfer of the
19 property of a borrower in the file of the bor-
20 rower; and

21 “(8) notwithstanding that an area ceases, or
22 has ceased, to be rural, in a rural area, or an eligible
23 area, make loans and grants, and approve transfers
24 and assumptions, under this title on the same basis
25 as though the area still was rural in connection with

1 property securing any loan made or guaranteed by
2 the Secretary under this title or in connection with
3 any property held by the Secretary under this title.

4 “(b) LOAN ADJUSTMENTS.—

5 “(1) NO LIQUIDATION OF PROPERTY.—The
6 Secretary may not require liquidation of property se-
7 curing any farmer program loan or acceleration of
8 any payment required under any farmer program
9 loan as a prerequisite to initiating an action author-
10 ized under subsection (a).

11 “(2) RELEASE OF PERSONAL LIABILITY.—

12 “(A) IN GENERAL.—Except as provided in
13 subparagraph (B), the Secretary may release a
14 borrower or other person obligated on a debt
15 (other than debt incurred under the Housing
16 Act of 1949 (42 U.S.C. 1441 et seq.)) from
17 personal liability with or without payment of
18 any consideration at the time of the com-
19 promise, adjustment, reduction, or charge-off of
20 any claim.

21 “(B) EXCEPTION.—No compromise, ad-
22 justment, reduction, or charge-off of any claim
23 may be made or carried out after the claim has
24 been referred to the Attorney General, unless
25 the Attorney General approves.

1 “(3) RURAL ELECTRIFICATION SECURITY IN-
2 STRUMENTS.—In the case of a security instrument
3 entered into under the Rural Electrification Act of
4 1936 (7 U.S.C. 901 et seq.), the Secretary shall no-
5 tify the Attorney General of the intent of the Sec-
6 retary to exercise the authority of the Secretary
7 under paragraph (2).

8 “(c) SIMPLIFIED APPLICATION FORMS FOR LOAN
9 GUARANTEES.—

10 “(1) IN GENERAL.—The Secretary shall provide
11 to lenders a short, simplified application form for
12 guarantees under this title of—

13 “(A) farmer program loans the principal
14 amount of which is \$125,000 or less; and

15 “(B) business and industry guaranteed
16 loans under section 3601(a)(2)(A) the principal
17 amount of which is—

18 “(i) in the case of a loan guarantee
19 made during fiscal year 2002 or 2003,
20 \$400,000 or less; and

21 “(ii) in the case of a loan guarantee
22 made during any subsequent fiscal year—

23 “(I) \$400,000 or less; or

24 “(II) if the Secretary determines
25 that there is not a significant in-

1 creased risk of a default on the loan,
2 \$600,000 or less.

3 “(2) WATER AND WASTE DISPOSAL GRANTS
4 AND LOANS.—The Secretary shall develop an appli-
5 cation process that accelerates, to the maximum ex-
6 tent practicable, the processing of applications for
7 water and waste disposal grants or direct or guaran-
8 teed loans under section 3501(a)(1) the grant award
9 amount or principal loan amount, respectively, of
10 which is \$300,000 or less.

11 “(3) ADMINISTRATION.—In developing an ap-
12 plication under this subsection, the Secretary shall—

13 “(A) consult with commercial and coopera-
14 tive lenders; and

15 “(B) ensure that—

16 “(i) the form can be completed manu-
17 ally or electronically, at the option of the
18 lender;

19 “(ii) the form minimizes the docu-
20 mentation required to accompany the form;

21 “(iii) the cost of completing and proc-
22 essing the form is minimal; and

23 “(iv) the form can be completed and
24 processed in an expeditious manner.

1 “(d) USE OF ATTORNEYS FOR PROSECUTION OR DE-
2 FENSE OF CLAIMS.—The Secretary may use for the pros-
3 ecution or defense of any claim or obligation described in
4 subsection (a)(5) the Attorney General, the General Coun-
5 sel of the Department, or a private attorney who has en-
6 tered into a contract with the Secretary.

7 “(e) PRIVATE COLLECTION AGENCY.—The Secretary
8 may use a private collection agency to collect a claim or
9 obligation described in subsection (a)(5).

10 “(f) SECURITY SERVICING.—

11 “(1) IN GENERAL.—The Secretary may—

12 “(A) make advances, without regard to any
13 loan or total indebtedness limitation, to pre-
14 serve and protect the security for, or the lien or
15 priority of the lien securing any loan or other
16 indebtedness owing to or acquired by the Sec-
17 retary under this title or under any other pro-
18 gram administered by the Farm Service Agen-
19 cy, the Rural Utilities Service, the Rural Hous-
20 ing Service, or the Rural Business-Cooperative
21 Service applicable program, as determined by
22 the Secretary; and

23 “(B)(i) bid for and purchase at any execu-
24 tion, foreclosure, or other sale or otherwise ac-
25 quire property on which the United States has

1 a lien by reason of a judgment or execution
2 arising from, or that is pledged, mortgaged,
3 conveyed, attached, or levied on to secure the
4 payment of, the indebtedness regardless of
5 whether the property is subject to other liens;

6 “(ii) accept title to any property so pur-
7 chased or acquired; and

8 “(iii) sell, manage, or otherwise dispose of
9 the property in accordance with this subsection.

10 “(2) OPERATION OR LEASE OF REALTY.—Ex-
11 cept as provided in subsections (c) and (e), real
12 property administered under this title may be oper-
13 ated or leased by the Secretary for such period as
14 the Secretary may consider necessary to protect the
15 investment of the Federal Government in the prop-
16 erty.

17 “(g) PAYMENTS TO LENDERS.—

18 “(1) REQUIREMENT.—Not later than 90 days
19 after a court of competent jurisdiction confirms a
20 plan of reorganization under chapter 12 of title 11,
21 United States Code, for any borrower to whom a
22 lender has made a loan guaranteed under this title,
23 the Secretary shall pay the lender an amount esti-
24 mated by the Secretary to be equal to the loss in-
25 curred by the lender for purposes of the guarantee.

1 “(2) PAYMENT TOWARD LOAN GUARANTEE.—
2 Any amount paid to a lender under this subsection
3 with respect to a loan guaranteed under this title
4 shall be treated as payment towards satisfaction of
5 the loan guarantee.

6 **“SEC. 3904. LOAN MORATORIUM AND POLICY ON FORE-**
7 **CLOSURES.**

8 “(a) IN GENERAL.—In addition to any other author-
9 ity that the Secretary may have to defer principal and in-
10 terest and forgo foreclosure, the Secretary may permit, at
11 the request of the borrower, the deferral of principal and
12 interest on any outstanding loan made or guaranteed by
13 the Secretary under this title, or under any other law ad-
14 ministered by the Farm Service Agency, the Rural Utili-
15 ties Service, the Rural Housing Service, or the Rural Busi-
16 ness-Cooperative Service, and may forgo foreclosure of the
17 loan, for such period as the Secretary considers necessary
18 on a showing by the borrower that, due to circumstances
19 beyond the control of the borrower, the borrower is tempo-
20 rarily unable to continue making payments of the principal
21 and interest when due without unduly impairing the
22 standard of living of the borrower.

23 “(b) INTEREST.—

24 “(1) IN GENERAL.—Except as provided in para-
25 graph (2), the Secretary may permit any loan de-

1 ferred under this section to bear no interest during
2 or after the deferral period.

3 “(2) EXCEPTION.—If the security instrument
4 securing the loan is foreclosed, such interest as is in-
5 cluded in the purchase price at the foreclosure shall
6 become part of the principal and draw interest from
7 the date of foreclosure at the rate prescribed by law.

8 “(c) MORATORIUM REGARDING CIVIL RIGHTS
9 CLAIMS.—

10 “(1) IN GENERAL.—Except as otherwise pro-
11 vided in this subsection, effective beginning on May
12 22, 2008, there shall be in effect a moratorium, with
13 respect to farmer program loans made under subtitle
14 A, on all acceleration and foreclosure proceedings in-
15 stituted by the Department against any farmer
16 who—

17 “(A) has pending against the Department
18 a claim of program discrimination that is ac-
19 cepted by the Department as valid; or

20 “(B) files a claim of program discrimina-
21 tion that is accepted by the Department as
22 valid.

23 “(2) WAIVER OF INTEREST AND OFFSETS.—
24 During the period of the moratorium, the Secretary
25 shall waive the accrual of interest and offsets on all

1 farmer program loans made under subtitle A, B, or
2 C for which loan acceleration or foreclosure pro-
3 ceedings have been suspended under paragraph (1).

4 “(3) TERMINATION OF MORATORIUM.—The
5 moratorium shall terminate with respect to a claim
6 of discrimination by a farmer on the earlier of—

7 “(A) the date the Secretary resolves the
8 claim; or

9 “(B) if the farmer appeals the decision of
10 the Secretary on the claim to a court of com-
11 petent jurisdiction, the date that the court ren-
12 ders a final decision on the claim.

13 “(4) FAILURE TO PREVAIL.—If a farmer does
14 not prevail on a claim of discrimination described in
15 paragraph (1), the farmer shall be liable for any in-
16 terest and offsets that accrued during the period
17 that loan acceleration or foreclosure proceedings
18 have been suspended under paragraph (1).

19 **“SEC. 3905. OIL AND GAS ROYALTY PAYMENTS ON LOANS.**

20 “(a) IN GENERAL.—The Secretary shall permit a
21 borrower of a loan made or guaranteed under this title
22 to make a prospective payment on the loan with proceeds
23 from—

24 “(1) the leasing of oil, gas, or other mineral
25 rights to real property used to secure the loan; or

1 “(2) the sale of oil, gas, or other minerals re-
2 moved from real property used to secure the loan, if
3 the value of the rights to the oil, gas, or other min-
4 erals has not been used to secure the loan.

5 “(b) **APPLICABILITY.**—Subsection (a) shall not apply
6 to a borrower of a loan made or guaranteed under this
7 title with respect to which a liquidation or foreclosure pro-
8 ceeding was pending on December 23, 1985.

9 **“SEC. 3906. TAXATION.**

10 “(a) **IN GENERAL.**—Except as provided in subsection
11 (b), all property subject to a lien held by the United States
12 or the title to which is acquired or held by the Secretary
13 under this title (other than property used for administra-
14 tive purposes) shall be subject to taxation by State, terri-
15 tory, district, and local political subdivisions in the same
16 manner and to the same extent as other property is taxed.

17 “(b) **EXCEPTIONS.**—No tax shall be imposed or col-
18 lected as described in subsection (a) if the tax (whether
19 as a tax on the instrument or in connection with con-
20 veying, transferring, or recording the instrument) is based
21 on—

22 “(1) the value of any notes or mortgages or
23 other lien instruments held by or transferred to the
24 Secretary;

1 “(2) any notes or lien instruments administered
2 under this title that are made, assigned, or held by
3 a person otherwise liable for the tax; or

4 “(3) the value of any property conveyed or
5 transferred to the Secretary.

6 “(c) FAILURE TO PAY OR COLLECT TAX.—The fail-
7 ure to pay or collect a tax under subsection (a) shall not—

8 “(1) be a ground for—

9 “(A) refusal to record or file an instru-
10 ment; or

11 “(B) failure to provide notice; or

12 “(2) prevent the enforcement of the instrument
13 in any Federal or State court.

14 **“SEC. 3907. CONFLICTS OF INTEREST.**

15 “(a) ACCEPTANCE OF CONSIDERATION PROHIB-
16 ITED.—No officer, attorney, or other employee of the De-
17 partment shall, directly or indirectly, be the beneficiary
18 of or receive any fee, commission, gift, or other consider-
19 ation for or in connection with any transaction or business
20 under this title other than such salary, fee, or other com-
21 pensation as the officer, attorney, or employee may receive
22 as the officer, attorney, or employee.

23 “(b) ACQUISITION OF INTEREST IN LAND PROHIB-
24 ITED.—

1 “(1) IN GENERAL.—Except as provided in para-
2 graph (2), no officer or employee of the Department
3 who acts on or reviews an application made by any
4 person under this title for a loan to purchase land
5 may acquire, directly or indirectly, any interest in
6 the land for a period of 3 years after the date on
7 which the action is taken or the review is made.

8 “(2) FORMER COUNTY COMMITTEE MEM-
9 BERS.—Paragraph (1) shall not apply to a former
10 member of a county committee on a determination
11 by the Secretary, prior to the acquisition of the in-
12 terest, that the former member acted in good faith
13 when acting on or reviewing the application.

14 “(c) CERTIFICATIONS ON LOANS TO FAMILY MEM-
15 BERS PROHIBITED.—No member of a county committee
16 shall knowingly make or join in making any certification
17 with respect to—

18 “(1) a loan to purchase any land in which the
19 member, or any person related to the member within
20 the second degree of consanguinity or affinity, has
21 or may acquire any interest; or

22 “(2) any applicant related to the member within
23 the second degree of consanguinity or affinity.

24 “(d) PENALTIES.—Any person violating this section
25 shall, on conviction of the violation, be punished by a fine

1 of not more than \$2,000 or imprisonment for not more
2 than 2 years, or both.

3 **“SEC. 3908. LOAN SUMMARY STATEMENTS.**

4 “(a) DEFINITION OF SUMMARY PERIOD.—In this
5 section, the term ‘summary period’ means the period be-
6 ginning on the date of issuance of the preceding loan sum-
7 mary statement and ending on the date of issuance of the
8 current loan summary statement.

9 “(b) ISSUANCE OF STATEMENTS.—On the request of
10 a borrower of a loan made (but not guaranteed) under
11 this title, the Secretary shall issue to the borrower a loan
12 summary statement that reflects the account activity dur-
13 ing the summary period for each loan made under this
14 title to the borrower, including—

15 “(1) the outstanding amount of principal due
16 on each loan at the beginning of the summary pe-
17 riod;

18 “(2) the interest rate charged on each loan;

19 “(3) the amount of payments made on, and the
20 application of the payments to, each loan during the
21 summary period and an explanation of the basis for
22 the application of the payments;

23 “(4) the amount of principal and interest due
24 on each loan at the end of the summary period;

1 “(5) the total amount of unpaid principal and
2 interest on all loans at the end of the summary pe-
3 riod;

4 “(6) any delinquency in the repayment of any
5 loan;

6 “(7) a schedule of the amount and date of pay-
7 ments due on each loan; and

8 “(8) the procedure the borrower may use to ob-
9 tain more information concerning the status of the
10 loans.

11 **“SEC. 3909. CERTIFIED LENDERS PROGRAM.**

12 “(a) CERTIFIED LENDERS PROGRAM.—

13 “(1) IN GENERAL.—The Secretary shall estab-
14 lish a program under which the Secretary shall
15 guarantee loans under this title that are made by
16 lending institutions certified by the Secretary.

17 “(2) CERTIFICATION REQUIREMENTS.—The
18 Secretary shall certify a lending institution that
19 meets such criteria as the Secretary may prescribe
20 in regulations, including the ability of the institution
21 to properly make, service, and liquidate the loans of
22 the institution.

23 “(3) CONDITION OF CERTIFICATION.—

24 “(A) IN GENERAL.—As a condition of the
25 certification, the Secretary shall require the in-

1 stitution to undertake to service the loans guar-
2 anteed by the Secretary under this section,
3 using standards that are not less stringent than
4 generally accepted banking standards con-
5 cerning loan servicing employed by prudent
6 commercial or cooperative lenders.

7 “(B) MONITORING.—The Secretary shall,
8 at least annually, monitor the performance of
9 each certified lender to ensure that the condi-
10 tions of the certification are being met.

11 “(4) EFFECT OF CERTIFICATION.—Notwith-
12 standing any other provision of law:

13 “(A) AMOUNT OF LOAN GUARANTEE.—In
14 the case of a loan made or guaranteed under
15 subtitle A, the Secretary shall guarantee 80
16 percent of a loan made under this section by a
17 certified lending institution as described in
18 paragraph (1), subject to a determination that
19 the borrower of the loan meets the eligibility re-
20 quirements and such other criteria as may be
21 applicable to loans guaranteed by the Secretary
22 under other provisions of this title.

23 “(B) CERTIFICATIONS BY LENDING INSTI-
24 TUTIONS.—In the case of loans to be guaran-
25 teed by the Secretary under this section, the

1 Secretary shall permit certified lending institu-
2 tions to make appropriate certifications (as pro-
3 vided by regulations issued by the Secretary)—

4 “(i) relating to issues such as credit-
5 worthiness, repayment ability, adequacy of
6 collateral, and feasibility of farm operation;
7 and

8 “(ii) that the borrower is in compli-
9 ance with all requirements of law, includ-
10 ing regulations issued by the Secretary.

11 “(C) APPROVAL PROCESS.—

12 “(i) IN GENERAL.—The Secretary
13 shall approve or disapprove a guarantee
14 not later than 14 days after the date that
15 the lending institution applies to the Sec-
16 retary for the guarantee.

17 “(ii) DISAPPROVAL.—If the Secretary
18 disapproves the loan application during the
19 14-day period, the Secretary shall state, in
20 writing, all of the reasons the application
21 was disapproved.

22 “(5) RELATIONSHIP TO OTHER REQUIRE-
23 MENTS.—Nothing in this section affects the respon-
24 sibility of the Secretary to certify eligibility, review

1 financial information, and otherwise assess an appli-
2 cation.

3 “(b) PREFERRED CERTIFIED LENDERS PROGRAM.—

4 “(1) IN GENERAL.—The Secretary shall estab-
5 lish a Preferred Certified Lenders Program for lend-
6 ers under this title who establish—

7 “(A) knowledge of, and experience under,
8 the program established under subsection (a);

9 “(B) knowledge of the regulations con-
10 cerning the guaranteed loan program; and

11 “(C) proficiency related to the certified
12 lender program requirements.

13 “(2) REVOCATION OF DESIGNATION.—

14 “(A) IN GENERAL.—Subject to subpara-
15 graph (B), the designation of a lender as a Pre-
16 ferred Certified Lender shall be revoked at any
17 time—

18 “(i) that the Secretary determines
19 that the lender is not adhering to the rules
20 and regulations applicable to the program;
21 or

22 “(ii) if the loss experiences of a Pre-
23 ferred Certified Lender are excessive as
24 compared to other Preferred Certified
25 Lenders.

1 “(B) EFFECT.—A suspension or revocation
2 under subparagraph (A) shall not affect any
3 outstanding guarantee.

4 “(3) CONDITION OF CERTIFICATION.—As a
5 condition of preferred certification, the Secretary
6 shall require the institution to undertake to service
7 the loans guaranteed by the Secretary under this
8 subsection using generally accepted banking stand-
9 ards concerning loan servicing employed by prudent
10 commercial or cooperative lenders.

11 “(4) MONITORING.—The Secretary shall, at
12 least annually, monitor the performance of each Pre-
13 ferred Certified Lender to ensure that the conditions
14 of certification are being met.

15 “(5) EFFECT OF PREFERRED LENDER CERTIFI-
16 CATION.—

17 “(A) IN GENERAL.—Notwithstanding any
18 other provision of law, the Secretary shall—

19 “(i) guarantee 80 percent of an ap-
20 proved loan made by a certified lending in-
21 stitution as described in this subsection,
22 subject to a determination that the bor-
23 rower meets the eligibility requirements or
24 such other criteria as may be applicable to

1 loans guaranteed by the Secretary under
2 other provisions of this title;

3 “(ii) permit certified lending institu-
4 tions—

5 “(I) to make all decisions, with
6 respect to loans to be guaranteed by
7 the Secretary under this subsection
8 relating to credit worthiness, the clos-
9 ing, monitoring, collection and liquida-
10 tion of loans; and

11 “(II) to accept appropriate cer-
12 tifications, as provided by regulations
13 issued by the Secretary, that the bor-
14 rower is in compliance with all re-
15 quirements of law or regulations pro-
16 mulgated by the Secretary; and

17 “(iii) be considered to have guaran-
18 teed 80 percent of a loan made by a pre-
19 ferred certified lending institution as de-
20 scribed in paragraph (1), if the Secretary
21 fails to approve or reject the application of
22 such institution within 14 calendar days
23 after the date that the lending institution
24 presented the application to the Secretary.

1 “(B) REQUIREMENT.—If the Secretary re-
2 jects an application under subparagraph (A)(iii)
3 during the 14-day period, the Secretary shall
4 state, in writing, the reasons the application
5 was rejected.

6 “(c) ADMINISTRATION OF CERTIFIED LENDERS AND
7 PREFERRED CERTIFIED LENDERS PROGRAMS.—The Sec-
8 retary may administer the loan guarantee programs under
9 subsections (a) and (b) through central offices established
10 in States or in multi-State areas

11 **“SEC. 3910. LOANS TO RESIDENT ALIENS.**

12 “(a) IN GENERAL.—Notwithstanding the provisions
13 of this title limiting the making of a loan to a citizen of
14 the United States, the Secretary may make a loan under
15 this title to an alien lawfully admitted to the United States
16 for permanent residence under the Immigration and Na-
17 tionality Act (8 U.S.C. 1101 et seq.).

18 “(b) REGULATIONS.—

19 “(1) IN GENERAL.—No loan may be made
20 under this title to an alien referred to in subsection
21 (a) until the Secretary issues regulations estab-
22 lishing the terms and conditions under which the
23 alien may receive the loan.

24 “(2) REQUIREMENT.—The Secretary shall sub-
25 mit the regulations to the Committee on Agriculture

1 of the House of Representatives and the Committee
2 on Agriculture, Nutrition, and Forestry of the Sen-
3 ate at least 30 days prior to the date on which the
4 regulations are published in the Federal Register.

5 **“SEC. 3911. EXPEDITED CLEARING OF TITLE TO INVENTORY**
6 **PROPERTY.**

7 “(a) IN GENERAL.—The Secretary may employ local
8 attorneys, on a case-by-case basis, to process all legal pro-
9 cedures necessary to clear the title to foreclosed properties
10 in the inventory of the Department.

11 “(b) COMPENSATION.—Attorneys shall be com-
12 pensated at not more than the usual and customary
13 charges of the attorneys for the work.

14 **“SEC. 3912. PROHIBITION ON USE OF LOANS FOR CERTAIN**
15 **PURPOSES.**

16 “(a) IN GENERAL.—Except as provided in sub-
17 sections (b) and (c), the Secretary may not approve a loan
18 under this title to drain, dredge, fill, level, or otherwise
19 manipulate a wetland (as defined in section 1201(a) of
20 the Food Security Act of 1985 (16 U.S.C. 3801(a))), or
21 to engage in any activity that results in impairing or re-
22 ducing the flow, circulation, or reach of water.

23 “(b) PRIOR ACTIVITY.—Subsection (a) does not
24 apply in the case of—

1 “(1) an activity related to the maintenance of
2 a previously converted wetland; or

3 “(2) in the case of an activity that had already
4 commenced before November 28, 1990.

5 “(c) EXCEPTION.—This section shall not apply to a
6 loan made or guaranteed under this title for a utility line.

7 **“SEC. 3913. TRANSFER OF LAND TO SECRETARY.**

8 “The President may at any time, in the discretion
9 of the President, transfer to the Secretary any right, inter-
10 est, or title held by the United States in any land acquired
11 in the program of national defense and no longer needed
12 for that purpose that the President finds suitable for the
13 purposes of this title, and the Secretary shall dispose of
14 the transferred land in the manner and subject to the
15 terms and conditions of this title.

16 **“SEC. 3914. COMPETITIVE SOURCING LIMITATIONS.**

17 “The Secretary may not complete a study of, or enter
18 into a contract with a private party to carry out, without
19 specific authorization in a subsequent Act of Congress, a
20 competitive sourcing activity of the Secretary, including
21 support personnel of the Department, relating to rural de-
22 velopment or farmer program loans.

23 **“SEC. 3915. REGULATIONS.**

24 “The Secretary may issue such regulations, prescribe
25 such terms and conditions for making or guaranteeing

1 loans, security instruments, and agreements, except as
2 otherwise specified in this title, and make such delegations
3 of authority as the Secretary considers necessary to carry
4 out this title.”.

5 **SEC. 6002. CONFORMING AMENDMENTS.**

6 (a) Section 17(c) of the Rural Electrification Act of
7 1936 (7 U.S.C. 917(c)) is amended by striking paragraph
8 (1) and inserting the following:

9 “(1) Subtitle B of the Consolidated Farm and
10 Rural Development Act.”.

11 (b) Section 305(c)(2)(B)(i)(I) of the Rural Elec-
12 trification Act of 1936 (7 U.S.C. 935(c)(2)(B)(i)(I)) is
13 amended by striking “section 307(a)(3)(A) of the Consoli-
14 dated Farm and Rural Development Act (7 U.S.C.
15 1927(a)(3)(A))” and inserting “section 3701(b)(2) of the
16 Consolidated Farm and Rural Development Act”.

17 (c) Section 306F(a)(1) of the Rural Electrification
18 Act of 1936 (7 U.S.C. 936f(a)(1)) is amended by striking
19 subparagraph (B) and inserting the following:

20 “(B) chapter 1 of subtitle B of the Con-
21 solidated Farm and Rural Development Act.”.

22 (d) Section 2333(d) of the Food, Agriculture, Con-
23 servation, and Trade Act of 1990 (7 U.S.C. 950aaa–2(d))
24 is amended—

1 (1) in paragraph (11), by adding “and” at the
2 end;

3 (2) by striking paragraph (12); and

4 (3) by redesignating paragraph (13) as para-
5 graph (12).

6 (e) Section 601(b) of the Rural Electrification Act
7 of 1936 (7 U.S.C. 950bb(b)) is amended by striking para-
8 graph (3).

9 (f) Section 602(5) of the Emergency Livestock Feed
10 Assistance Act of 1988 (7 U.S.C. 1471(5)) is amended
11 by striking “section 355(e)(1)(D)(ii) of the Consolidated
12 Farm and Rural Development Act (7 U.S.C.
13 1985(e)(1)(D)(ii))” and inserting “section 3409(c)(1)(A)
14 of the Consolidated Farm and Rural Development Act”.

15 (g) Section 508 of the Federal Crop Insurance Act
16 (7 U.S.C. 1508) is amended—

17 (1) in subsection (b)(7)(A), by striking “section
18 371 of the Consolidated Farm and Rural Develop-
19 ment Act (7 U.S.C. 2008f)” and inserting “section
20 3424 of the Consolidated Farm and Rural Develop-
21 ment Act”; and

22 (2) in subsection (n)(2), by striking “subtitle C
23 of the Consolidated Farm and Rural Development
24 Act (7 U.S.C. 1961 et seq.)” and inserting “chapter

1 3 of subtitle A of the Consolidated Farm and Rural
2 Development Act”.

3 (h) Section 231(a) of the Agricultural Risk Protec-
4 tion Act of 2000 (7 U.S.C. 1632a(a)) is amended—

5 (1) in paragraph (1), by striking “section
6 343(a) of the Consolidated Farm and Rural Devel-
7 opment Act (7 U.S.C. 1991(a))” and inserting “sec-
8 tion 3002 of the Consolidated Farm and Rural De-
9 velopment Act”; and

10 (2) in paragraph (4), by striking “section
11 355(e) of the Consolidated Farm and Rural Devel-
12 opment Act (7 U.S.C. 2003(e))” and inserting “sec-
13 tion 3002 of the Consolidated Farm and Rural De-
14 velopment Act”.

15 (i) Section 14204(a) of the Food, Conservation, and
16 Energy Act of 2008 (7 U.S.C. 2008q-1(a)) is amended
17 by striking “an entity described in section 379C(a) of the
18 Consolidated Farm and Rural Development Act (7 U.S.C.
19 2008q(a))” and inserting “an entity determined by the
20 Secretary”.

21 (j) Section 607(c)(6) of the Rural Development Pol-
22 icy Act of 1972 (7 U.S.C. 2204b(c)(6)) is amended in the
23 last sentence—

24 (1) by striking “, and” and inserting “and
25 any”; and

1 (2) by striking “required under section
2 306(a)(12) of the Consolidated Farm and Rural De-
3 velopment Act”.

4 (k) Section 901(b) of the Agricultural Act of 1970
5 (7 U.S.C. 2204b–1(b)) is amended by striking “rural
6 areas as defined in the private business enterprise excep-
7 tion in section 306(a)(7) of the Consolidated Farmers
8 Home Administration Act of 1961, as amended (7 U.S.C.
9 1926)” and inserting “rural areas, as defined in section
10 3002 of the Consolidated Farm and Rural Development
11 Act”.

12 (l) Section 14220 of the Food, Conservation, and En-
13 ergy Act of 2008 (7 U.S.C. 2206b) is amended by striking
14 “section 343(a)(13)(A) of the Consolidated Farm and
15 Rural Development Act)” and inserting “section 3002 of
16 the Consolidated Farm and Rural Development Act)”.

17 (m) Section 2501(c)(2)(D) of the Food, Agriculture,
18 Conservation, and Trade Act of 1990 (7 U.S.C.
19 2279(c)(2)(D)) is amended by striking “sections
20 355(a)(1) and 355(c) of the Consolidated Farm and Rural
21 Development Act (7 U.S.C. 2003(a)(1))” and inserting
22 “paragraphs (1) and (3) of section 3416(a) of the Consoli-
23 dated Farm and Rural Development Act”.

24 (n) Section 2501A(b) of the Food, Agriculture, Con-
25 servation, and Trade Act of 1990 (7 U.S.C. 2279–1(b))

1 is amended by striking “section 355(e) of the Consolidated
2 Farm and Rural Development Act (7 U.S.C. 2003(e))”
3 and inserting “section 3002 of the Consolidated Farm and
4 Rural Development Act”.

5 (o) Section 7405(c)(8)(B) of the Farm Security and
6 Rural Investment Act of 2002 (7 U.S.C. 3319f(c)(8)(B))
7 is amended by striking “section 355(e) of the Consolidated
8 Farm and Rural Development Act (7 U.S.C. 2003(e))”
9 and inserting “section 3002 of the Consolidated Farm and
10 Rural Development Act”.

11 (p) Section 1101(d)(2)(A) of the Food, Conservation,
12 and Energy Act of 2008 (7 U.S.C. 8711(d)(2)(A)) is
13 amended by striking “section 355(e) of the Consolidated
14 Farm and Rural Development Act (7 U.S.C. 2003(e))”
15 and inserting “section 3002 of the Consolidated Farm and
16 Rural Development Act”.

17 (q) Section 1302(d)(2)(A) of the Food, Conservation,
18 and Energy Act of 2008 (7 U.S.C. 8752(d)(2)(A)) is
19 amended by striking “section 355(e) of the Consolidated
20 Farm and Rural Development Act (7 U.S.C. 2003(e))”
21 and inserting “section 3002 of the Consolidated Farm and
22 Rural Development Act”.

23 (r) Section 2375(g) of the Food, Agriculture, Con-
24 servation, and Trade Act of 1990 (7 U.S.C. 6613(g)) is
25 amended by striking “section 304(b), 306(a), or 310B(e)

1 of the Consolidated Farm and Rural Development Act (7
2 U.S.C. 1924(b), 1926(a), and 1932(e))” and inserting
3 “subtitle B of the Consolidated Farm and Rural Develop-
4 ment Act”.

5 (s) Section 226B(a)(1) of the Department of Agri-
6 culture Reorganization Act of 1994 (7 U.S.C. 6934(a)(1))
7 is amended by striking “section 343(a) of the Consolidated
8 Farm and Rural Development Act (7 U.S.C. 1991(a))”
9 and inserting “section 3002 of the Consolidated Farm and
10 Rural Development Act”.

11 (t) Section 196(i)(3)(B) of the Federal Agriculture
12 Improvement and Reform Act of 1996 (7 U.S.C.
13 7333(i)(3)(B)) is amended by striking “subtitle C of the
14 Consolidated Farm and Rural Development Act (7 U.S.C.
15 1961 et seq.)” and inserting “chapter 3 of subtitle A of
16 the Consolidated Farm and Rural Development Act”.

17 (u) Section 9009(a)(1) of the Farm Security and
18 Rural Investment Act of 2002 (7 U.S.C. 8109(a)(1)) is
19 amended by striking “section 343(a)(13)(A) of the Con-
20 solidated Farm and Rural Development Act (7 U.S.C.
21 1991(a)(13)(A))” and inserting “section 3002 of the
22 Consolidated Farm and Rural Development Act”.

23 (v) Section 9011(e)(2)(B)(v) of the Farm Security
24 and Rural Investment Act of 2002 (7 U.S.C.

1 8111(c)(2)(B)(v)) is amended by striking subclause (I) and
2 inserting the following:

3 “(I) beginning farmers (as de-
4 fined in accordance with section 3002
5 of the Consolidated Farm and Rural
6 Development Act); or”.

7 (w) Section 7(b)(2)(B) of the Small Business Act (15
8 U.S.C. 636(b)(2)(B)) is amended by striking “section 321
9 of the Consolidated Farm and Rural Development Act (7
10 U.S.C. 1961)” and inserting “section 3301 of the Consoli-
11 dated Farm and Rural Development Act”.

12 (x) Section 8(b)(5)(B)(iii)(III)(bb) of the Soil Con-
13 servation and Domestic Allotment Act (16 U.S.C.
14 590h(b)(5)(B)(iii)(III)(bb)) is amended by striking “sec-
15 tion 355(e)(1) of the Consolidated Farm and Rural Devel-
16 opment Act (7 U.S.C.A. § 2003(e)(1))” and inserting
17 “section 3002 of the Consolidated Farm and Rural Devel-
18 opment Act”.

19 (y) Section 10(b)(3) of the Cooperative Forestry As-
20 sistance Act of 1978 (16 U.S.C. 2106(b)(3)) is amended
21 in the last sentence by striking “set out in the first clause
22 of section 306(a)(7) of the Consolidated Farm and Rural
23 Development Act” and inserting “given the term in sec-
24 tion 3002 of the Consolidated Farm and Rural Develop-
25 ment Act”.

1 (z) Section 1201(a)(2) of the Food Security Act of
2 1985 (16 U.S.C. 3801(a)(2)) is amended by striking “sec-
3 tion 343(a)(8) of the Consolidated Farm and Rural Devel-
4 opment Act (7 U.S.C. 1991(a)(8))” and inserting “section
5 3002 of the Consolidated Farm and Rural Development
6 Act”.

7 (aa) Section 1238(2) of the Food Security Act of
8 1985 (16 U.S.C. 3838(2)) is amended by striking “section
9 343(a) of the Consolidated Farm and Rural Development
10 Act (7 U.S.C. 1991(a))” and inserting “section 3002 of
11 the Consolidated Farm and Rural Development Act”.

12 (bb) The first section of Public Law 91–229 (25
13 U.S.C. 488) is amended in subsection (a) by striking
14 “make loans from the Farmers Home Administration Di-
15 rect Loan Account created by section 338(c), and to make
16 and insure loans as provided in sections 308 and 309, of
17 the Consolidated Farmers Home Administration Act of
18 1961, as amended (7 U.S.C. 1988(c), 1928, 1929),” and
19 inserting “make loans under chapter 1 of subtitle A of
20 the Consolidated Farm and Rural Development Act”.

21 (cc) Section 5 of Public Law 91–229 (25 U.S.C. 492)
22 is amended by striking “section 307(a)(3)(B) of the Con-
23 solidated Farmers Home Administration Act of 1961, as
24 amended, and to the provisions of subtitle D of that Act
25 except sections 340, 341, 342, and 343” and inserting

1 “3105(b)(2) of the Consolidated Farm and Rural Develop-
2 ment Act”.

3 (dd) Section 6(e) of Public Law 91–229 (25 U.S.C.
4 493(e)) is amended by striking “section 333B of the Con-
5 solidated Farm and Rural Development Act (7 U.S.C.
6 1983b)” and inserting “subtitle H of the Department of
7 Agriculture Reorganization Act of 1994 (7 U.S.C. 6991
8 et seq.)”.

9 (ee) Section 181(a)(2)(B)(ii) of the Internal Revenue
10 Code of 1986 is amended by striking “section 2009aa–
11 1 of title 7, United States Code” and inserting “section
12 3801 of the Consolidated Farm and Rural Development
13 Act”.

14 (ff) Section 515(b)(3) of the Housing Act of 1949
15 (42 U.S.C. 1485(b)(3)) is amended by striking “all the
16 provisions of section 309 and the second and third sen-
17 tences of section 308 of the Consolidated Farmers Home
18 Administration Act of 1961, including the authority in
19 section 309(f)(1) of that Act” and inserting “section 3401
20 of the Consolidated Farm and Rural Development Act”.

21 (gg) Section 517(b) of the Housing Act of 1949 (42
22 U.S.C. 1487(b)) is amended in the third sentence by strik-
23 ing “(7 U.S.C. 1929)” and inserting “under section 3401
24 of the Consolidated Farm and Rural Development Act”.

1 (hh) Section 3(8) of the Public Works and Economic
2 Development Act of 1965 (42 U.S.C. 3122(8)) is amend-
3 ed—

4 (1) by striking subparagraph (B) and inserting
5 the following:

6 “(B) the Delta Regional Authority estab-
7 lished under chapter 4 of subtitle B of the Con-
8 solidated Farm and Rural Development Act;”;
9 and

10 (2) by striking subparagraph (D) and inserting
11 the following:

12 “(D) the Northern Great Plains Regional
13 Authority established under chapter 5 of sub-
14 title B of the Consolidated Farm and Rural De-
15 velopment Act.”.

16 (ii) Section 310(a) of the Robert T. Stafford Disaster
17 Relief and Emergency Assistance Act (42 U.S.C. 5153(a))
18 is amended by striking paragraph (4) and inserting the
19 following:

20 “(4) Chapter 1 of subtitle B of the Consoli-
21 dated Farm and Rural Development Act.”.

22 (jj) Section 582(d)(1) of the National Flood Insur-
23 ance Reform Act of 1994 (42 U.S.C. 5154a(d)(1)) is
24 amended by striking “section 321(a) of the Consolidated
25 Farm and Rural Development Act (7 U.S.C. 1961(a))”

1 and inserting “section 3301(b) of the Consolidated Farm
2 and Rural Development Act”.

3 (kk) Section 213(c)(1) of the Biomass Energy and
4 Alcohol Fuels Act of 1980 (42 U.S.C. 8813(c)(1)) is
5 amended in the first sentence by striking “section 309 of
6 the Consolidated Farm and Rural Development Act or the
7 Rural Development Insurance Fund in section 309A of
8 such Act” and inserting “under section 3401 of the Con-
9 solidated Farm and Rural Development Act or the Rural
10 Development Insurance Fund under section 3704 of that
11 Act”.

12 (ll) Section 1323(b)(2) of the Food Security Act of
13 1985 (Public Law 99–198; 7 U.S.C. 1932 note) is amend-
14 ed—

15 (1) in subparagraph (A), by inserting “and” at
16 the end;

17 (2) in subparagraph (B), by striking “; and” at
18 the end and inserting a period; and

19 (3) by striking subparagraph (C).

20 **Subtitle B—Rural Electrification**

21 **SEC. 6101. DEFINITION OF RURAL AREA.**

22 Section 13(3) of the Rural Electrification Act of 1936
23 (7 U.S.C. 913(A)) is amended by striking subparagraph
24 (A) and inserting the following:

1 “(A) any area described in section
2 3002(28)(A)(i) of the Consolidated Farm and
3 Rural Development Act; and”.

4 **SEC. 6102. GUARANTEES FOR BONDS AND NOTES ISSUED**
5 **FOR ELECTRIFICATION OR TELEPHONE PUR-**
6 **POSES.**

7 Section 313A(f) of the Rural Electrification Act of
8 1936 (7 U.S.C. 940c-1(f)) is amended by striking “2012”
9 and inserting “2017”.

10 **SEC. 6103. EXPANSION OF 911 ACCESS.**

11 Section 315(d) of the Rural Electrification Act of
12 1936 (7 U.S.C. 940e(d)) is amended by striking “2012”
13 and inserting “2017”.

14 **SEC. 6104. ACCESS TO BROADBAND TELECOMMUNICATIONS**
15 **SERVICES IN RURAL AREAS.**

16 Section 601 of the Rural Electrification Act of 1936
17 (7 U.S.C. 950bb) is amended—

18 (1) in subsection (a), by striking “loans and”
19 and inserting “grants, loans, and”;

20 (2) in subsection (b), by striking paragraph (3)
21 and inserting the following:

22 “(3) RURAL AREA.—The term ‘rural area’
23 means any area described in section 3002 of the
24 Consolidated Farm and Rural Development Act.”;

25 (3) in subsection (c)—

1 (A) in the subsection heading, by striking
2 “LOANS AND” and inserting “GRANTS, LOANS,
3 AND”;

4 (B) in paragraph (1), by inserting “make
5 grants and” after “Secretary shall”;

6 (C) by striking paragraph (2) and insert-
7 ing the following:

8 “(2) PRIORITY.—

9 “(A) IN GENERAL.—In making grants or
10 guaranteeing loans under paragraph (1), the
11 Secretary shall give the highest priority to ap-
12 plicants that offer to provide broadband service
13 to the greatest proportion of households that,
14 prior to the provision of the broadband service,
15 had no incumbent service provider.

16 “(B) OTHER.—After giving priority to the
17 applicants described in subparagraph (A), the
18 Secretary shall then give priority to projects
19 that serve rural communities—

20 “(i) with a population of less than
21 20,000 permanent residents;

22 “(ii) experiencing outmigration;

23 “(iii) with a high percentage of low-in-
24 come residents; and

1 “(iv) that are isolated from other sig-
2 nificant population centers.”; and

3 (D) by adding at the end the following:

4 “(3) GRANT AMOUNTS.—

5 “(A) ELIGIBILITY.—To be eligible for a
6 grant under this section, the project that is the
7 subject of the grant shall be carried out in a
8 rural area.

9 “(B) MAXIMUM.—Except as provided in
10 subparagraph (D), the amount of any grant
11 made under this section shall not exceed 50
12 percent of the development costs of the project
13 for which the grant is provided.

14 “(C) GRANT RATE.—The Secretary shall
15 establish the grant rate for each project in ac-
16 cordance with regulations issued by the Sec-
17 retary that shall provide for a graduated scale
18 of grant rates that establish higher rates for
19 projects in communities that have—

20 “(i) remote locations;

21 “(ii) low community populations;

22 “(iii) low income levels; and

23 “(iv) developed the applications of the
24 communities with the participation of com-
25 binations of stakeholders, including—

1 “(I) State, local, and tribal gov-
2 ernments;

3 “(II) nonprofit institutions;

4 “(III) institutions of higher edu-
5 cation;

6 “(IV) private entities; and

7 “(V) philanthropic organizations.

8 “(D) SECRETARIAL AUTHORITY TO AD-
9 JUST.—The Secretary may make grants of up
10 to 75 percent of the development costs of the
11 project for which the grant is provided to an el-
12 igible entity if the Secretary determines that
13 the project serves a remote or low income area
14 that does not have access to broadband service
15 from any provider of broadband service (includ-
16 ing the applicant).”;

17 (4) in subsection (d)—

18 (A) in paragraph (1)(A)—

19 (i) in the matter preceding clause (i),
20 by striking “loan or” and inserting “grant,
21 loan, or”;

22 (ii) in clause (ii), by striking “a loan
23 application” and inserting “an applica-
24 tion”; and

25 (iii) in clause (iii)—

1 (I) by striking “the loan applica-
2 tion” and inserting “the application”;
3 and

4 (II) by striking “proceeds from
5 the loan made or guaranteed under
6 this section are” and inserting “as-
7 sistance under this section is”;

8 (B) in paragraph (2)(A), in the matter
9 preceding clause (i)—

10 (i) by striking “the proceeds of a loan
11 made or guaranteed” and inserting “as-
12 sistance”; and

13 (ii) by striking “for the loan or loan
14 guarantee” and inserting “of the eligible
15 entity”;

16 (C) by striking “loan or” each place it ap-
17 pears in paragraphs (2)(B), (3)(A), (4), (5),
18 and (6) and inserting “grant, loan, or”;

19 (D) in paragraph (7), by striking “a loan
20 application” and inserting “an application”;
21 and

22 (E) by adding at the end the following:

23 “(8) TRANSPARENCY AND REPORTING.—The
24 Secretary—

1 “(A) shall require any entity receiving as-
2 sistance under this section to submit quarterly,
3 in a format specified by the Secretary, a report
4 that describes—

5 “(i) the use by the entity of the assist-
6 ance; and

7 “(ii) the progress towards fulfilling
8 the objectives for which the assistance was
9 granted;

10 “(B) shall maintain a fully searchable
11 database, accessible on the Internet at no cost
12 to the public, that contains, at a minimum—

13 “(i) a list of each entity that has ap-
14 plied for assistance under this section;

15 “(ii) a description of each application,
16 including the status of each application;

17 “(iii) for each entity receiving assist-
18 ance under this section—

19 “(I) the name of the entity;

20 “(II) the type of assistance being
21 received;

22 “(III) the purpose for which the
23 entity is receiving the assistance; and

24 “(IV) each quarterly report sub-
25 mitted under subparagraph (A); and

1 “(iv) such other information as is suf-
2 ficient to allow the public to understand
3 and monitor assistance provided under this
4 section;

5 “(C) may, in addition to other authority
6 under applicable law, deobligate awards to
7 grantees that demonstrate an insufficient level
8 of performance, or wasteful or fraudulent
9 spending, as defined in advance by the Sec-
10 retary, and award those funds competitively to
11 new or existing applicants consistent with this
12 section; and

13 “(D) may establish additional reporting
14 and information requirements for any recipient
15 of any assistance under this section so as to en-
16 sure compliance with this section.”;

17 (5) in subsection (f), by striking “make a loan
18 or loan guarantee” and inserting “provide assist-
19 ance”;

20 (6) in subsection (j)—

21 (A) in the matter preceding paragraph (1),
22 by striking “loan and loan guarantee”;

23 (B) in paragraph (1), by inserting “grants
24 and” after “number of”;

25 (C) in paragraph (2)—

1 (i) in subparagraph (A), by striking
2 “loan”; and

3 (ii) in subparagraph (B), by striking
4 “loans and” and inserting “grants, loans,
5 and”; and

6 (D) in paragraph (3), by striking “loan”;
7 (7) in subsection (k)(1)—

8 (A) by striking “\$25,000,000” and insert-
9 ing “\$50,000,000”; and

10 (B) by striking “2012” and inserting
11 “2017”; and

12 (8) in subsection (l)—

13 (A) by striking “loan or” and inserting
14 “grant, loan, or”; and

15 (B) by striking “2012” and inserting
16 “2017”.

17 **Subtitle C—Miscellaneous**

18 **SEC. 6201. DISTANCE LEARNING AND TELEMEDICINE.**

19 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
20 2335A of the Food, Agriculture, Conservation, and Trade
21 Act of 1990 (7 U.S.C. 950aaa-5) is amended by striking
22 “2012” and inserting “2017”.

23 (b) CONFORMING AMENDMENT.—Section 1(b) of
24 Public Law 102–551 (7 U.S.C. 950aaa note) is amended
25 by striking “2012” and inserting “2017”.

1 **SEC. 6202. RURAL ENERGY SAVINGS PROGRAM.**

2 Subtitle E of title VI of the Farm Security and Rural
3 Investment Act of 2002 (Public Law 107–171; 116 Stat.
4 424) is amended by adding at the end the following:

5 **“SEC. 6407. RURAL ENERGY SAVINGS PROGRAM.**

6 “(a) PURPOSE.—The purpose of this section is to cre-
7 ate jobs, promote rural development, and help rural fami-
8 lies and small businesses achieve cost savings by providing
9 loans to qualified consumers to implement durable cost-
10 effective energy efficiency measures.

11 “(b) DEFINITIONS.—In this section:

12 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-
13 tity’ means—

14 “(A) any public power district, public util-
15 ity district, or similar entity, or any electric co-
16 operative described in section 501(c)(12) or
17 1381(a)(2) of the Internal Revenue Code of
18 1986, that borrowed and repaid, prepaid, or is
19 paying an electric loan made or guaranteed by
20 the Rural Utilities Service (or any predecessor
21 agency);

22 “(B) any entity primarily owned or con-
23 trolled by 1 or more entities described in sub-
24 paragraph (A); or

25 “(C) any other entity that is an eligible
26 borrower of the Rural Utility Service, as deter-

1 mined under section 1710.101 of title 7, Code
2 of Federal Regulations (or a successor regula-
3 tion).

4 “(2) ENERGY EFFICIENCY MEASURES.—The
5 term ‘energy efficiency measures’ means, for or at
6 property served by an eligible entity, structural im-
7 provements and investments in cost-effective, com-
8 mercial technologies to increase energy efficiency.

9 “(3) QUALIFIED CONSUMER.—The term ‘quali-
10 fied consumer’ means a consumer served by an eligi-
11 ble entity that has the ability to repay a loan made
12 under subsection (d), as determined by the eligible
13 entity.

14 “(4) SECRETARY.—The term ‘Secretary’ means
15 the Secretary of Agriculture, acting through the Ad-
16 ministrators of the Rural Utilities Service.

17 “(c) LOANS TO ELIGIBLE ENTITIES.—

18 “(1) IN GENERAL.—Subject to paragraph (2),
19 the Secretary shall make loans to eligible entities
20 that agree to use the loan funds to make loans to
21 qualified consumers for the purpose of implementing
22 energy efficiency measures.

23 “(2) REQUIREMENTS.—

1 “(A) IN GENERAL.—As a condition of re-
2 ceiving a loan under this subsection, an eligible
3 entity shall—

4 “(i) establish a list of energy effi-
5 ciency measures that is expected to de-
6 crease energy use or costs of qualified con-
7 sumers;

8 “(ii) prepare an implementation plan
9 for use of the loan funds, including use of
10 any interest to be received pursuant to
11 subsection (d)(1)(A);

12 “(iii) provide for appropriate measure-
13 ment and verification to ensure—

14 “(I) the effectiveness of the en-
15 ergy efficiency loans made by the eli-
16 gible entity; and

17 “(II) that there is no conflict of
18 interest in carrying out this section;
19 and

20 “(iv) demonstrate expertise in effec-
21 tive use of energy efficiency measures at
22 an appropriate scale.

23 “(B) REVISION OF LIST OF ENERGY EFFI-
24 CIENCY MEASURES.—Subject to the approval of
25 the Secretary, an eligible entity may update the

1 list required under subparagraph (A)(i) to ac-
2 count for newly available efficiency technologies.

3 “(C) EXISTING ENERGY EFFICIENCY PRO-
4 GRAMS.—An eligible entity that, at any time be-
5 fore the date that is 60 days after the date of
6 enactment of this section, has established an
7 energy efficiency program for qualified con-
8 sumers may use an existing list of energy effi-
9 ciency measures, implementation plan, or meas-
10 urement and verification system of that pro-
11 gram to satisfy the requirements of subpara-
12 graph (A) if the Secretary determines the list,
13 plan, or systems are consistent with the pur-
14 poses of this section.

15 “(3) NO INTEREST.—A loan under this sub-
16 section shall bear no interest.

17 “(4) REPAYMENT.—With respect to a loan
18 under paragraph (1)—

19 “(A) the term shall not exceed 20 years
20 from the date on which the loan is closed; and

21 “(B) except as provided in paragraph (6),
22 the repayment of each advance shall be amor-
23 tized for a period not to exceed 10 years.

24 “(5) AMOUNT OF ADVANCES.—Any advance of
25 loan funds to an eligible entity in any single year

1 shall not exceed 50 percent of the approved loan
2 amount.

3 “(6) SPECIAL ADVANCE FOR START-UP ACTIVITIES.—
4

5 “(A) IN GENERAL.—In order to assist an
6 eligible entity in defraying the appropriate
7 start-up costs (as determined by the Secretary)
8 of establishing new programs or modifying ex-
9 isting programs to carry out subsection (d), the
10 Secretary shall allow an eligible entity to re-
11 quest a special advance.

12 “(B) AMOUNT.—No eligible entity may re-
13 ceive a special advance under this paragraph
14 for an amount that is greater than 4 percent of
15 the loan amount received by the eligible entity
16 under paragraph (1).

17 “(C) REPAYMENT.—Repayment of the spe-
18 cial advance—

19 “(i) shall be required during the 10-
20 year period beginning on the date on which
21 the special advance is made; and

22 “(ii) at the election of the eligible en-
23 tity, may be deferred to the end of the 10-
24 year period.

1 “(7) LIMITATION.—All special advances shall be
2 made under a loan described in paragraph (1) dur-
3 ing the first 10 years of the term of the loan.

4 “(d) LOANS TO QUALIFIED CONSUMERS.—

5 “(1) TERMS OF LOANS.—Loans made by an eli-
6 gible entity to qualified consumers using loan funds
7 provided by the Secretary under subsection (c)—

8 “(A) may bear interest, not to exceed 3
9 percent, to be used for purposes that include—

10 “(i) to establish a loan loss reserve;

11 and

12 “(ii) to offset personnel and program
13 costs of eligible entities to provide the
14 loans;

15 “(B) shall finance energy efficiency meas-
16 ures for the purpose of decreasing energy usage
17 or costs of the qualified consumer by an
18 amount that ensures, to the maximum extent
19 practicable, that a loan term of not more than
20 10 years will not pose an undue financial bur-
21 den on the qualified consumer, as determined
22 by the eligible entity;

23 “(C) shall not be used to fund purchases
24 of, or modifications to, personal property unless
25 the personal property is or becomes attached to

1 real property (including a manufactured home)
2 as a fixture;

3 “(D) shall be repaid through charges
4 added to the electric bill for the property for, or
5 at which, energy efficiency measures are or will
6 be implemented, on the condition that this re-
7 quirement does not prohibit—

8 “(i) the voluntary prepayment of a
9 loan by the owner of the property; or

10 “(ii) the use of any additional repay-
11 ment mechanisms that are—

12 “(I) demonstrated to have appro-
13 priate risk mitigation features, as de-
14 termined by the eligible entity; or

15 “(II) required if the qualified
16 consumer is no longer a customer of
17 the eligible entity; and

18 “(E) shall require an energy audit by an
19 eligible entity to determine the impact of pro-
20 posed energy efficiency measures on the energy
21 costs and consumption of the qualified con-
22 sumer.

23 “(2) CONTRACTORS.—In addition to any other
24 qualified general contractor, eligible entities may
25 serve as general contractors.

1 “(e) CONTRACT FOR MEASUREMENT AND
2 VERIFICATION, TRAINING, AND TECHNICAL ASSIST-
3 ANCE.—

4 “(1) IN GENERAL.—Not later than 90 days
5 after the date of enactment of this section, the Sec-
6 retary—

7 “(A) shall establish a plan for measure-
8 ment and verification, training, and technical
9 assistance of the program; and

10 “(B) may enter into 1 or more contracts
11 with a qualified entity for the purposes of—

12 “(i) providing measurement and
13 verification activities; and

14 “(ii) developing a program to provide
15 technical assistance and training to the
16 employees of eligible entities to carry out
17 this section.

18 “(2) USE OF SUBCONTRACTORS AUTHOR-
19 IZED.—A qualified entity that enters into a contract
20 under paragraph (1) may use subcontractors to as-
21 sist the qualified entity in carrying out the contract.

22 “(f) FAST START DEMONSTRATION PROJECTS.—

23 “(1) IN GENERAL.—The Secretary shall offer to
24 enter into agreements with eligible entities (or
25 groups of eligible entities) that have energy effi-

1 efficiency programs described in subsection (c)(2)(C) to
2 establish an energy efficiency loan demonstration
3 projects consistent with the purposes of this section.

4 “(2) EVALUATION CRITERIA.—In determining
5 which eligible entities to award loans under this sec-
6 tion, the Secretary shall take into consideration eligi-
7 ble entities that—

8 “(A) implement approaches to energy au-
9 dits and investments in energy efficiency meas-
10 ures that yield measurable and predictable sav-
11 ings;

12 “(B) use measurement and verification
13 processes to determine the effectiveness of en-
14 ergy efficiency loans made by eligible entities;

15 “(C) include training for employees of eli-
16 gible entities, including any contractors of such
17 entities, to implement or oversee the activities
18 described in subparagraphs (A) and (B);

19 “(D) provide for the participation of a ma-
20 jority of eligible entities in a State;

21 “(E) reduce the need for generating capac-
22 ity;

23 “(F) provide efficiency loans to—

24 “(i) in the case of a single eligible en-
25 tity, not fewer than 20,000 consumers; or

1 “(ii) in the case of a group of eligible
2 entities, not fewer than 80,000 consumers;
3 and

4 “(G) serve areas in which, as determined
5 by the Secretary, a large percentage of con-
6 sumers reside—

7 “(i) in manufactured homes; or

8 “(ii) in housing units that are more
9 than 50 years old.

10 “(3) DEADLINE FOR IMPLEMENTATION.—To
11 the maximum extent practicable, the Secretary shall
12 enter into agreements described in paragraph (1) by
13 not later than 90 days after the date of enactment
14 of this section.

15 “(4) EFFECT ON AVAILABILITY OF LOANS NA-
16 TIONALLY.—Nothing in this subsection shall delay
17 the availability of loans to eligible entities on a na-
18 tional basis beginning not later than 180 days after
19 the date of enactment of this section.

20 “(5) ADDITIONAL DEMONSTRATION PROJECT
21 AUTHORITY.—

22 “(A) IN GENERAL.—The Secretary may
23 conduct demonstration projects in addition to
24 the project required by paragraph (1).

1 “(B) INAPPLICABILITY OF CERTAIN CRI-
2 TERIA.—The additional demonstration projects
3 may be carried out without regard to subpara-
4 graphs (D), (F), or (G) of paragraph (2).

5 “(g) ADDITIONAL AUTHORITY.—The authority pro-
6 vided in this section is in addition to any other authority
7 of the Secretary to offer loans under any other law.

8 “(h) EFFECTIVE PERIOD.—Subject to the availability
9 of funds and except as otherwise provided in this section,
10 the loans and other expenditures required to be made
11 under this section shall be available until expended, with
12 the Secretary authorized to make new loans as loans are
13 repaid.

14 “(i) REGULATIONS.—

15 “(1) IN GENERAL.—Except as otherwise pro-
16 vided in this subsection, not later than 180 days
17 after the date of enactment of this section, the Sec-
18 retary shall promulgate such regulations as are nec-
19 essary to implement this section.

20 “(2) PROCEDURE.—The promulgation of the
21 regulations and administration of this section shall
22 be made without regard to—

23 “(A) the Statement of Policy of the Sec-
24 retary of Agriculture effective July 24, 1971
25 (36 Fed. Reg. 13804), relating to notices of

1 proposed rulemaking and public participation in
2 rulemaking; and

3 “(B) chapter 35 of title 44, United States
4 Code (commonly known as the ‘Paperwork Re-
5 duction Act’).

6 “(3) CONGRESSIONAL REVIEW OF AGENCY
7 RULEMAKING.—In carrying out this section, the Sec-
8 retary shall use the authority provided under section
9 808 of title 5, United States Code.

10 “(4) INTERIM REGULATIONS.—Notwithstanding
11 paragraphs (1) and (2), to the extent regulations are
12 necessary to carry out any provision of this section,
13 the Secretary shall implement such regulations
14 through the promulgation of an interim rule.”.

15 **TITLE VII—RESEARCH, EXTEN-**
16 **SION, AND RELATED MAT-**
17 **TERS**

18 **Subtitle A—National Agricultural**
19 **Research, Extension, and Teach-**
20 **ing Policy Act of 1977**

21 **SEC. 7101. NATIONAL AGRICULTURAL RESEARCH, EXTEN-**
22 **SION, EDUCATION, AND ECONOMICS ADVI-**
23 **SORY BOARD.**

24 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
25 1408(h) of the National Agricultural Research, Extension,

1 and Teaching Policy Act of 1977 (7 U.S.C. 3123(h)) is
2 amended by striking “2012” and inserting “2017”.

3 (b) DUTIES OF NATIONAL AGRICULTURAL RE-
4 SEARCH, EXTENSION, EDUCATION, AND ECONOMICS AD-
5 VISORY BOARD.—Section 1408(c) of the National Agricul-
6 tural Research, Extension, and Teaching Policy Act of
7 1977 (7 U.S.C. 3123(c)) is amended—

8 (1) in paragraph (3), by striking “and” at the
9 end;

10 (2) in paragraph (4)(C), by striking the period
11 at the end and inserting “; and”; and

12 (3) by adding at the end the following:

13 “(5) consult with industry groups on agricul-
14 tural research, extension, education, and economics,
15 and make recommendations to the Secretary based
16 on that consultation.”.

17 **SEC. 7102. SPECIALTY CROP COMMITTEE.**

18 Section 1408A of the National Agricultural Research,
19 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
20 3123a) is amended—

21 (1) in subsection (b)—

22 (A) by striking “Individuals” and inserting
23 the following:

24 “(1) ELIGIBILITY.—Individuals”;

1 (B) by striking “Members” and inserting
2 the following:

3 “(2) SERVICE.—Members”; and

4 (C) by adding at the end the following:

5 “(3) DIVERSITY.—Membership of the specialty
6 crops committee shall reflect diversity in the spe-
7 cialty crops represented.”;

8 (2) in subsection (c), by adding at the end the
9 following:

10 “(6) Analysis of alignment of specialty crop
11 committee recommendations with specialty crop re-
12 search initiative grants awarded under section
13 412(d) of the Agricultural Research, Extension, and
14 Education Reform Act of 1998 (7 U.S.C. 7632).”;

15 (3) by redesignating subsections (d) and (e) as
16 subsections (e) and (f), respectively;

17 (4) by inserting after subsection (c) the fol-
18 lowing:

19 “(d) CONSULTATION WITH SPECIALTY CROP INDUS-
20 TRY.—In studying the scope and effectiveness of programs
21 under subsection (a), the specialty crops committee shall
22 consult on an ongoing basis with diverse sectors of the
23 specialty crop industry.”; and

1 (5) in subsection (f) (as redesignated by para-
2 graph (3)), by striking “subsection (d)” and insert-
3 ing “subsection (e)”.

4 **SEC. 7103. VETERINARY SERVICES GRANT PROGRAM.**

5 The National Agricultural Research, Extension, and
6 Teaching Policy Act of 1977 is amended by inserting after
7 section 1415A (7 U.S.C. 3151a) the following:

8 **“SEC. 1415B. VETERINARY SERVICES GRANT PROGRAM.**

9 “(a) DEFINITIONS.—In this section:

10 “(1) QUALIFIED ENTITY.—The term ‘qualified
11 entity’ means—

12 “(A) a for-profit or nonprofit entity located
13 in the United States that operates a veterinary
14 clinic providing veterinary services—

15 “(i) in a rural area, as defined in sec-
16 tion 343(a) of the Consolidated Farm and
17 Rural Development Act (7 U.S.C.
18 1991(a)); and

19 “(ii) in response to a veterinarian
20 shortage situation;

21 “(B) a State, national, allied, or regional
22 veterinary organization or specialty board rec-
23 ognized by the American Veterinary Medical
24 Association;

1 “(C) a college or school of veterinary medi-
2 cine accredited by the American Veterinary
3 Medical Association;

4 “(D) a university research foundation or
5 veterinary medical foundation;

6 “(E) a department of veterinary science or
7 department of comparative medicine accredited
8 by the Department of Education;

9 “(F) a State agricultural experiment sta-
10 tion; and

11 “(G) a State, local, or tribal government
12 agency.

13 “(2) VETERINARIAN SHORTAGE SITUATION.—
14 The term ‘veterinarian shortage situation’ means a
15 veterinarian shortage situation determined by the
16 Secretary under section 1415A(b).

17 “(b) ESTABLISHMENT OF PROGRAM.—

18 “(1) COMPETITIVE GRANTS.—The Secretary
19 shall carry out a program to make competitive
20 grants to qualified entities that carry out programs
21 or activities described in paragraph (2) for the pur-
22 pose of developing, implementing, and sustaining
23 veterinary services.

24 “(2) ELIGIBILITY REQUIREMENTS.—To be eligi-
25 ble to receive a grant described in paragraph (1), a

1 qualified entity shall carry out programs or activities
2 that the Secretary determines will—

3 “(A) substantially relieve veterinarian
4 shortage situations;

5 “(B) support or facilitate private veteri-
6 nary practices engaged in public health activi-
7 ties; or

8 “(C) support or facilitate the practices of
9 veterinarians who are participating in or have
10 successfully completed a service requirement
11 under section 1415A(a)(2).

12 “(c) AWARD PROCESSES AND PREFERENCES.—

13 “(1) APPLICATION, EVALUATION, AND INPUT
14 PROCESSES.—In administering the grant program
15 under this section, the Secretary shall—

16 “(A) use an appropriate application and
17 evaluation process, as determined by the Sec-
18 retary; and

19 “(B) seek the input of interested persons.

20 “(2) GRANT PREFERENCES.—In selecting re-
21 cipients of grants to be used for any of the purposes
22 described in paragraphs (2) through (6) of sub-
23 section (d), the Secretary shall give a preference to
24 qualified entities that provide documentation of co-

1 ordination with other qualified entities, with respect
2 to any such purpose.

3 “(3) ADDITIONAL PREFERENCES.—In awarding
4 grants under this section, the Secretary may develop
5 additional preferences by taking into account the
6 amount of funds available for grants and the pur-
7 poses for which the grant funds will be used.

8 “(4) APPLICABILITY OF OTHER PROVISIONS.—
9 Sections 1413B, 1462(a), 1469(a)(3), 1469(c), and
10 1470 apply to the administration of the grant pro-
11 gram under this section.

12 “(d) USE OF GRANTS TO RELIEVE VETERINARIAN
13 SHORTAGE SITUATIONS AND SUPPORT VETERINARY
14 SERVICES.—A qualified entity may use funds provided by
15 grants under this section to relieve veterinarian shortage
16 situations and support veterinary services for the following
17 purposes:

18 “(1) To assist veterinarians with establishing or
19 expanding practices for the purpose of—

20 “(A) equipping veterinary offices;

21 “(B) sharing in the reasonable overhead
22 costs of the practices, as determined by the Sec-
23 retary; or

1 “(C) establishing mobile veterinary facili-
2 ties in which a portion of the facilities will ad-
3 dress education or extension needs.

4 “(2) To promote recruitment (including for pro-
5 grams in secondary schools), placement, and reten-
6 tion of veterinarians, veterinary technicians, stu-
7 dents of veterinary medicine, and students of veteri-
8 nary technology.

9 “(3) To allow veterinary students, veterinary in-
10 terns, externs, fellows, and residents, and veterinary
11 technician students to cover expenses (other than
12 the types of expenses described in 1415A(c)(5)) to
13 attend training programs in food safety or food ani-
14 mal medicine.

15 “(4) To establish or expand accredited veteri-
16 nary education programs (including faculty recruit-
17 ment and retention), veterinary residency and fellow-
18 ship programs, or veterinary internship and
19 externship programs carried out in coordination with
20 accredited colleges of veterinary medicine.

21 “(5) To assess veterinarian shortage situations
22 and the preparation of applications submitted to the
23 Secretary for designation as a veterinarian shortage
24 situation under section 1415A(b).

1 “(6) To provide continuing education and ex-
2 tension, including veterinary telemedicine and other
3 distance-based education, for veterinarians, veteri-
4 nary technicians, and other health professionals
5 needed to strengthen veterinary programs and en-
6 hance food safety.

7 “(e) SPECIAL REQUIREMENTS FOR CERTAIN
8 GRANTS.—

9 “(1) TERMS OF SERVICE REQUIREMENTS.—

10 “(A) IN GENERAL.—Grants provided
11 under this section for the purpose specified in
12 subsection (d)(1) shall be subject to an agree-
13 ment between the Secretary and the grant re-
14 cipient that includes a required term of service
15 for the recipient, as established by the Sec-
16 retary.

17 “(B) CONSIDERATIONS.—In establishing a
18 term of service under subparagraph (A), the
19 Secretary shall consider only—

20 “(i) the amount of the grant awarded;

21 and

22 “(ii) the specific purpose of the grant.

23 “(2) BREACH REMEDIES.—

24 “(A) IN GENERAL.—An agreement under
25 paragraph (1) shall provide remedies for any

1 breach of the agreement by the grant recipient,
2 including repayment or partial repayment of the
3 grant funds, with interest.

4 “(B) WAIVER.—The Secretary may grant
5 a waiver of the repayment obligation for breach
6 of contract if the Secretary determines that the
7 grant recipient demonstrates extreme hardship
8 or extreme need.

9 “(C) TREATMENT OF AMOUNTS RECOVERED.—Funds recovered under this paragraph
10 shall—
11

12 “(i) be credited to the account available to carry out this section; and
13

14 “(ii) remain available until expended.

15 “(f) COST-SHARING REQUIREMENTS.—

16 “(1) RECIPIENT SHARE.—Subject to paragraph
17 (2), to be eligible to receive a grant under this section, a qualified entity shall provide matching non-
18 Federal funds, either in cash or in-kind support, in
19 an amount equal to not less than 25 percent of the
20 Federal funds provided by the grant.
21

22 “(2) WAIVER.—The Secretary may establish, by
23 regulation, conditions under which the cost-sharing
24 requirements of paragraph (1) may be reduced or
25 waived.

1 “(g) PROHIBITION ON USE OF GRANT FUNDS FOR
2 CONSTRUCTION.—Funds made available for grants under
3 this section may not be used—

4 “(1) to construct a new building or facility; or

5 “(2) to acquire, expand, remodel, or alter an ex-
6 isting building or facility, including site grading and
7 improvement and architect fees.

8 “(h) REGULATIONS.—Not later than 1 year after the
9 date of enactment of this section, the Secretary shall pro-
10 mulgate regulations to carry out this section.

11 “(i) AUTHORIZATION OF APPROPRIATIONS.—There is
12 authorized to be appropriated to the Secretary to carry
13 out this section \$10,000,000 for fiscal year 2013 and each
14 fiscal year thereafter, to remain available until ex-
15 pended.”.

16 **SEC. 7104. GRANTS AND FELLOWSHIPS FOR FOOD AND AG-**
17 **RICULTURE SCIENCES EDUCATION.**

18 Section 1417(m) of the National Agricultural Re-
19 search, Extension, and Teaching Policy Act of 1977 (7
20 U.S.C. 3152(m)) is amended by striking “section
21 \$60,000,000” and all that follows and inserting the fol-
22 lowing: “section—

23 “(1) \$60,000,000 for each of fiscal years 1990
24 through 2012; and

1 “(2) \$40,000,000 for each of fiscal years 2013
2 through 2017.”.

3 **SEC. 7105. AGRICULTURAL AND FOOD POLICY RESEARCH**
4 **CENTERS.**

5 Section 1419A of the National Agricultural Research,
6 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
7 3155) is amended—

8 (1) in the section heading, by inserting “**AGRI-**
9 **CULTURAL AND FOOD**” before “**POLICY**”;

10 (2) in subsection (a), in the matter preceding
11 paragraph (1)—

12 (A) by striking “Secretary may” and in-
13 serting “Secretary shall, acting through the Of-
14 fice of the Chief Economist,”; and

15 (B) by inserting “with a history of pro-
16 viding unbiased, nonpartisan economic analysis
17 to Congress” after “subsection (b)”;

18 (3) in subsection (b), by striking “other re-
19 search institutions” and all that follows through
20 “shall be eligible” and inserting “other public re-
21 search institutions and organizations shall be eligi-
22 ble”;

23 (4) in subsection (c)—

24 (A) in the matter preceding paragraph (1),
25 by inserting “, with preference given to policy

1 research centers having extensive databases,
 2 models, and demonstrated experience in pro-
 3 viding Congress with agricultural market pro-
 4 jections, rural development analysis, agricul-
 5 tural policy analysis, and baseline projections at
 6 the farm, multiregional, national, and inter-
 7 national levels,” after “with this section”; and

8 (B) in paragraph (2) by inserting “ap-
 9 plied” after “theoretical”; and

10 (5) by striking subsection (d) and inserting the
 11 following: “

12 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
 13 is authorized to be appropriated to carry out this section
 14 \$5,000,000 for fiscal year 2012 and each fiscal year there-
 15 after.”.

16 **SEC. 7106. EDUCATION GRANTS TO ALASKA NATIVE SERV-**
 17 **ING INSTITUTIONS AND NATIVE HAWAIIAN**
 18 **SERVING INSTITUTIONS.**

19 Section 1419B of the National Agricultural Research,
 20 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
 21 3156) is amended—

22 (1) in subsection (a)—

23 (A) in paragraph (1), by striking “(or
 24 grants without regard to any requirement for
 25 competition)”; and

1 (B) in paragraph (3), by striking “2012”
2 and inserting “2017”; and

3 (2) in subsection (b)(1), by striking “(or grants
4 without regard to any requirement for competi-
5 tion)”; and

6 (3) in paragraph (3), by striking “2012” and
7 inserting “2017”.

8 **SEC. 7107. NUTRITION EDUCATION PROGRAM.**

9 Section 1425(f) of the National Agricultural Re-
10 search, Extension, and Teaching Policy Act of 1977 (7
11 U.S.C. 3175(f)) is amended by striking “2012” and in-
12 serting “2017”.

13 **SEC. 7108. CONTINUING ANIMAL HEALTH AND DISEASE RE-**
14 **SEARCH PROGRAMS.**

15 Section 1433 of the National Agricultural Research,
16 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
17 3195) is amended by striking the section designation and
18 heading and all that follows through subsection (a) and
19 inserting the following:

20 **“SEC. 1433. APPROPRIATIONS FOR CONTINUING ANIMAL**
21 **HEALTH AND DISEASE RESEARCH PRO-**
22 **GRAMS.**

23 “(a) AUTHORIZATION OF APPROPRIATIONS.—

24 “(1) IN GENERAL.—There are authorized to be
25 appropriated to support continuing animal health

1 and disease research programs at eligible institutions
2 such sums as are necessary, but not to exceed
3 \$25,000,000 for each of fiscal years 1991 through
4 2017.

5 “(2) USE OF FUNDS.—Funds made available
6 under this section shall be used—

7 “(A) to meet the expenses of conducting
8 animal health and disease research, publishing
9 and disseminating the results of such research,
10 and contributing to the retirement of employees
11 subject to the Act of March 4, 1940 (7 U.S.C.
12 331);

13 “(B) for administrative planning and di-
14 rection; and

15 “(C) to purchase equipment and supplies
16 necessary for conducting research described in
17 subparagraph (A).”.

18 **SEC. 7109. GRANTS TO UPGRADE AGRICULTURAL AND**
19 **FOOD SCIENCES FACILITIES AT 1890 LAND-**
20 **GRANT COLLEGES, INCLUDING TUSKEGEE**
21 **UNIVERSITY.**

22 Section 1447(b) of the National Agricultural Re-
23 search, Extension, and Teaching Policy Act of 1977 (7
24 U.S.C. 3222b(b)) is amended by striking “2012” and in-
25 serting “2017”.

1 **SEC. 7110. GRANTS TO UPGRADE AGRICULTURAL AND**
2 **FOOD SCIENCES FACILITIES AND EQUIP-**
3 **MENT AT INSULAR AREA LAND-GRANT INSTI-**
4 **TUTIONS.**

5 Section 1447B(d) of the National Agricultural Re-
6 search, Extension, and Teaching Policy Act of 1977 (7
7 U.S.C. 3222b–2(d)) is amended by striking “2012” and
8 inserting “2017”.

9 **SEC. 7111. HISPANIC-SERVING INSTITUTIONS.**

10 Section 1455(c) of the National Agricultural Re-
11 search, Extension, and Teaching Policy Act of 1977 (7
12 U.S.C. 3241(c)) is amended by striking “2012” and in-
13 serting “2017”.

14 **SEC. 7112. COMPETITIVE GRANTS FOR INTERNATIONAL AG-**
15 **RICULTURAL SCIENCE AND EDUCATION PRO-**
16 **GRAMS.**

17 Section 1459A of the National Agricultural Research,
18 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
19 3292b) is amended by striking subsection (c) and insert-
20 ing the following: “

21 “(c) **AUTHORIZATION OF APPROPRIATIONS.**—There
22 are authorized to be appropriated to carry out this sec-
23 tion—

24 “(1) such sums as are necessary for each of fis-
25 cal years 1999 through 2012; and

1 “(2) \$5,000,000 for each of fiscal years 2013
2 through 2017.”.

3 **SEC. 7113. UNIVERSITY RESEARCH.**

4 Section 1463 of the National Agricultural Research,
5 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
6 3311) is amended in each of subsections (a) and (b) by
7 striking “2012” each place it appears and inserting
8 “2017”.

9 **SEC. 7114. EXTENSION SERVICE.**

10 Section 1464 of the National Agricultural Research,
11 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
12 3312) is amended by striking “2012” and inserting
13 “2017”.

14 **SEC. 7115. SUPPLEMENTAL AND ALTERNATIVE CROPS.**

15 (a) AUTHORIZATION OF APPROPRIATIONS AND TER-
16 MINATION.—Section 1473D of the National Agricultural
17 Research, Extension, and Teaching Policy Act of 1977 (7
18 U.S.C. 3319d) is amended—

19 (1) in subsection (a), by striking “2012” and
20 inserting “2017”; and

21 (2) by adding at the end the following:

22 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
23 are authorized to be appropriated to carry out this sec-
24 tion—

1 “(1) such sums as are necessary for fiscal year
2 2012; and

3 “(2) \$1,000,000 for each of fiscal years 2013
4 through 2017.”.

5 (b) COMPETITIVE GRANTS.—Section 1473D(c)(1) of
6 the National Agricultural Research, Extension, and
7 Teaching Policy Act of 1977 (7 U.S.C. 3319d(c)(1)) is
8 amended by striking “use such research funding, special
9 or competitive grants, or other means, as the Secretary
10 determines,” and inserting “make competitive grants”.

11 **SEC. 7116. CAPACITY BUILDING GRANTS FOR NLGCA INSTI-**
12 **TUTIONS.**

13 Section 1473F(b) of the National Agricultural Re-
14 search, Extension, and Teaching Policy Act of 1977 (7
15 U.S.C. 3319i(b)) is amended by striking “2012” and in-
16 serting “2017”.

17 **SEC. 7117. AQUACULTURE ASSISTANCE PROGRAMS.**

18 (a) COMPETITIVE GRANTS.—Section 1475(b) of the
19 National Agricultural Research, Extension, and Teaching
20 Policy Act of 1977 (7 U.S.C. 3322(b)) is amended in the
21 matter preceding paragraph (1) by inserting “competi-
22 tive” before “grants”.

23 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
24 1477 of the National Agricultural Research, Extension,

1 and Teaching Policy Act of 1977 (7 U.S.C. 3324) is
2 amended to read as follows: “

3 **“SEC. 1477. AUTHORIZATION OF APPROPRIATIONS.**

4 “(a) IN GENERAL.—There are authorized to be ap-
5 propriated to carry out this subtitle—

6 “(1) \$7,500,000 for each of fiscal years 1991
7 through 2012; and

8 “(2) \$5,000,000 for each of fiscal years 2013
9 through 2017.

10 “(b) PROHIBITION ON USE.—Funds made available
11 under this section may not be used to acquire or construct
12 a building.”.

13 **SEC. 7118. RANGELAND RESEARCH PROGRAMS.**

14 Section 1483(a) of the National Agricultural Re-
15 search, Extension, and Teaching Policy Act of 1977 (7
16 U.S.C. 3336(a)) is amended by striking “subtitle” and all
17 that follows and inserting the following: “subtitle—

18 “(1) \$10,000,000 for each of fiscal years 1991
19 through 2012; and

20 “(2) \$2,000,000 for each of fiscal years 2013
21 through 2017.”.

22 **SEC. 7119. SPECIAL AUTHORIZATION FOR BIOSECURITY**
23 **PLANNING AND RESPONSE.**

24 Section 1484(a) of the National Agricultural Re-
25 search, Extension, and Teaching Policy Act of 1977 (7

1 U.S.C. 3351(a)) is amended by striking “response such
2 sums as are necessary” and all that follows and inserting
3 the following: “response—

4 “(1) such sums as are necessary for each of fis-
5 cal years 2002 through 2012; and

6 “(2) \$20,000,000 for each of fiscal years 2013
7 through 2017.”.

8 **SEC. 7120. DISTANCE EDUCATION AND RESIDENT INSTRU-**
9 **CTION GRANTS PROGRAM FOR INSULAR AREA**
10 **INSTITUTIONS OF HIGHER EDUCATION.**

11 (a) DISTANCE EDUCATION GRANTS FOR INSULAR
12 AREAS.—

13 (1) COMPETITIVE GRANTS.—Section 1490(a) of
14 the National Agricultural Research, Extension, and
15 Teaching Policy Act of 1977 (7 U.S.C. 3362(a)) is
16 amended by striking “or noncompetitive”.

17 (2) AUTHORIZATION OF APPROPRIATIONS.—
18 Section 1490(f) of the National Agricultural Re-
19 search, Extension, and Teaching Policy Act of 1977
20 (7 U.S.C. 3362(f)) is amended by striking “section”
21 and all that follows and inserting the following: “sec-
22 tion—

23 “(1) such sums as are necessary for each of fis-
24 cal years 2002 through 2012; and

1 “(2) \$2,000,000 for each of fiscal years 2013
2 through 2017.”.

3 (b) RESIDENT INSTRUCTION GRANTS FOR INSULAR
4 AREAS.—Section 1491(c) of the National Agricultural Re-
5 search, Extension, and Teaching Policy Act of 1977 (7
6 U.S.C. 3363(c)) is amended by striking “such sums as
7 are necessary” and all that follows and inserting the fol-
8 lowing: “to carry out this section—

9 “(1) such sums as are necessary for each of fis-
10 cal years 2002 through 2012; and

11 “(2) \$2,000,000 for each of fiscal years 2013
12 through 2017.”.

13 **Subtitle B—Food, Agriculture, Con-**
14 **servation, and Trade Act of 1990**

15 **SEC. 7201. BEST UTILIZATION OF BIOLOGICAL APPLICA-**
16 **TIONS.**

17 Section 1624 of the Food, Agriculture, Conservation,
18 and Trade Act of 1990 (7 U.S.C. 5814) is amended—

19 (1) by striking “\$40,000,000 for each fiscal
20 year”; and

21 (2) by inserting “\$40,000,000 for each of fiscal
22 years 2012 through 2017” after “chapter”.

1 **SEC. 7202. INTEGRATED MANAGEMENT SYSTEMS.**

2 Section 1627 of the Food, Agriculture, Conservation,
3 and Trade Act of 1990 (7 U.S.C. 5821) is amended by
4 striking subsection (d) and inserting the following:

5 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
6 is authorized to be appropriated to carry out this section
7 through the National Institute of Food and Agriculture
8 \$20,000,000 for each of fiscal years 2012 through 2017.”.

9 **SEC. 7203. SUSTAINABLE AGRICULTURE TECHNOLOGY DE-**
10 **VELOPMENT AND TRANSFER PROGRAM.**

11 Section 1628 of the Food, Agriculture, Conservation,
12 and Trade Act of 1990 (7 U.S.C. 5831) is amended by
13 striking subsection (f) and inserting the following:

14 “(f) AUTHORIZATION OF APPROPRIATIONS.—There
15 are authorized to be appropriated to carry out this section
16 such sums as are necessary for each of fiscal years 2012
17 through 2017.”.

18 **SEC. 7204. NATIONAL TRAINING PROGRAM.**

19 Section 1629 of the Food, Agriculture, Conservation,
20 and Trade Act of 1990 (7 U.S.C. 5832) is amended by
21 striking subsection (i) and inserting the following:

22 “(i) AUTHORIZATION OF APPROPRIATIONS.—There is
23 authorized to be appropriated to carry out the National
24 Training Program \$20,000,000 for each of fiscal years
25 2012 through 2017.”.

1 **SEC. 7205. NATIONAL GENETICS RESOURCES PROGRAM.**

2 Section 1635(b) of the Food, Agriculture, Conserva-
3 tion, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amend-
4 ed—

5 (1) by striking “such funds as may be nec-
6 essary”; and

7 (2) by striking “subtitle” and all that follows
8 and inserting the following: “subtitle—

9 “(1) such sums as are necessary for each of fis-
10 cal years 1991 through 2012; and

11 “(2) \$1,000,000 for each of fiscal years 2013
12 through 2017.”.

13 **SEC. 7206. NATIONAL AGRICULTURAL WEATHER INFORMA-**
14 **TION SYSTEM.**

15 Section 1641(e) of the Food, Agriculture, Conserva-
16 tion, and Trade Act of 1990 (7 U.S.C. 5855(e)) is amend-
17 ed by inserting “and \$1,000,000 for each of fiscal years
18 2013 through 2017” before the period at the end.

19 **SEC. 7207. HIGH-PRIORITY RESEARCH AND EXTENSION INI-**
20 **TIATIVES.**

21 Section 1672 of the Food, Agriculture, Conservation,
22 and Trade Act of 1990 (7 U.S.C. 5925) is amended—

23 (1) in the first sentence of subsection (a), by
24 striking “subsections (e) through (i) of”;

25 (2) in subsection (b)(2)—

1 (A) by striking the first sentence and in-
2 serting the following:

3 “(A) IN GENERAL.—To facilitate the mak-
4 ing of research and extension grants under sub-
5 section (d), the Secretary may appoint a task
6 force to make recommendations to the Sec-
7 retary.”; and

8 (B) in the second sentence, by striking
9 “The Secretary may not incur costs in excess of
10 \$1,000 for any fiscal year in connection with
11 each” and inserting the following:

12 “(B) COSTS.—The Secretary may not
13 incur costs in excess of \$1,000 for any fiscal
14 year in connection with a”;

15 (3) in subsection (e)—

16 (A) by striking paragraphs (1) through
17 (5), (7), (8), (11) through (39), (41) through
18 (43), (47), (48), (51), and (52); and

19 (B) by redesignating paragraphs (6), (9),
20 (10), (40), (44), (45), (46), (49), and (50) as
21 paragraphs (1), (2), (3), (4), (5), (6), (7), (8),
22 and (9), respectively;

23 (4) by striking subsections (f), (g), and (i);

24 (5) by inserting after subsection (e) the fol-
25 lowing:

1 “(f) PULSE HEALTH INITIATIVE.—

2 “(1) DEFINITIONS.—In this subsection;

3 “(A) INITIATIVE.—The term ‘Initiative’
4 means the pulse health initiative established by
5 paragraph (2).

6 “(B) PULSE.—The term ‘pulse’ means dry
7 beans, dry peas, lentils, and chickpeas or
8 garbanzo beans.

9 “(2) ESTABLISHMENT.—Notwithstanding any
10 other provision of law, during the period beginning
11 on the date of enactment of the Agriculture Reform,
12 Food, and Jobs Act of 2012 and ending on Sep-
13 tember 30, 2017, the Secretary shall carry out a
14 pulse crop health and extension initiative to address
15 the critical needs of the pulse crop industry by devel-
16 oping and disseminating science-based tools and in-
17 formation, including—

18 “(A) research in health and nutrition, such
19 as—

20 “(i) identifying global dietary patterns
21 of pulse crops in relation to population
22 health;

23 “(ii) researching pulse crop diets and
24 the ability of the diets to reduce obesity
25 and associated chronic disease (including

1 cardiovascular disease, type 2 diabetes,
2 and cancer); and

3 “(iii) identifying the underlying mech-
4 anisms of the health benefits of pulse crop
5 consumption (including disease biomarkers,
6 bioactive components, and relevant plant
7 genetic components to enhance the health
8 promoting value of pulse crops);

9 “(B) research in functionality, such as—

10 “(i) improving the functional prop-
11 erties of pulse crops and pulse fractions;

12 “(ii) developing new and innovative
13 technologies to improve pulse crops as an
14 ingredient in food products; and

15 “(iii) developing nutrient-dense food
16 product solutions to ameliorate chronic dis-
17 ease and enhance food security worldwide;

18 “(C) research in sustainability to enhance
19 global food security, such as—

20 “(i) plant breeding, genetics and
21 genomics to improve productivity, nutrient
22 density, and phytonutrient content for a
23 growing world population;

24 “(ii) pest and disease management,
25 including resistance to pests and diseases

1 resulting in reduced application manage-
2 ment strategies; and

3 “(iii) improving nitrogen fixation to
4 reduce the carbon and energy footprint of
5 agriculture;

6 “(D) optimizing pulse cropping systems to
7 reduce water usage; and

8 “(E) education and technical service, such
9 as—

10 “(i) providing technical expertise to
11 help food companies include nutrient-dense
12 pulse crops in innovative and healthy
13 foods; and

14 “(ii) establishing an educational pro-
15 gram to encourage the consumption and
16 production of pulse crops in the United
17 States and other countries.

18 “(3) ELIGIBLE ENTITIES.—The Secretary may
19 carry out the Initiative through—

20 “(A) Federal agencies, including the Agri-
21 cultural Research Service and the National In-
22 stitute of Food and Agriculture;

23 “(B) National Laboratories;

24 “(C) institutions of higher education;

25 “(D) research institutions or organizations;

1 “(E) private organizations or corporations;

2 “(F) State agricultural experiment sta-
3 tions;

4 “(G) individuals; or

5 “(H) groups consisting of 2 or more enti-
6 ties or individuals described in subparagraphs
7 (A) through (G).

8 “(4) RESEARCH PROJECT GRANTS.—

9 “(A) IN GENERAL.—In carrying out this
10 subsection, the Secretary shall award grants on
11 a competitive basis.

12 “(B) IN GENERAL.—The Secretary shall—

13 “(i) seek and accept proposals for
14 grants;

15 “(ii) determine the relevance and
16 merit of proposals through a system of
17 peer review, in consultation with the pulse
18 crop industry; and

19 “(iii) award grants on the basis of
20 merit, quality, and relevance.

21 “(C) PRIORITIES.—In making grants
22 under this subsection, the Secretary shall pro-
23 vide a higher priority to projects that—

24 “(i) are multistate, multiinstitutional,
25 and multidisciplinary; and

1 “(ii) include explicit mechanisms to
2 communicate results to the pulse crop in-
3 dustry and the public.

4 “(5) AUTHORIZATION OF APPROPRIATIONS.—
5 There is authorized to be appropriated to carry out
6 this subsection \$25,000,000 for each of fiscal years
7 2013 through 2017.

8 “(g) TRAINING COORDINATION FOR FOOD AND AGRI-
9 CULTURE PROTECTION.—

10 “(1) IN GENERAL.—The Secretary shall make
11 grants and enter into contracts or cooperative agree-
12 ments with eligible entities described in paragraph
13 (2) for the purposes of establishing a Comprehensive
14 Food Safety Training Network.

15 “(2) ELIGIBILITY.—

16 “(A) IN GENERAL.—For purposes of this
17 subsection, an eligible entity is a multiinstitu-
18 tional consortium that includes—

19 “(i) a nonprofit institution that pro-
20 vides administering food protection train-
21 ing; and

22 “(ii) 1 or more training centers in in-
23 stitutions of higher education that have
24 demonstrated expertise in developing and

1 delivering community-based training in
2 food and agricultural safety and defense.

3 “(B) REQUIREMENTS.—To ensure that co-
4 ordination and administration is provided
5 across all the disciplines and provide com-
6 prehensive food protection training, the Sec-
7 retary may only consider an entire consortium
8 collectively rather than on an institution-by-in-
9 stitution basis.

10 “(C) MEMBERSHIP.—An eligible entity
11 may alter the consortium membership to meet
12 specific training expertise needs.

13 “(3) DUTIES OF ELIGIBLE ENTITY.—As a con-
14 dition of the receipt of assistance under this sub-
15 section, an eligible entity, in cooperation with the
16 Secretary, shall establish and maintain the network
17 for an internationally integrated training system to
18 enhance protection of the United States food supply,
19 including, at a minimum—

20 “(A) developing curricula and a training
21 network to provide basic, technical, manage-
22 ment, and leadership training to regulatory and
23 public health officials, producers, processors,
24 and other agrifood businesses;

1 “(B) serving as the hub for the adminis-
2 tration of an open training network;

3 “(C) implementing standards to ensure the
4 delivery of quality training through a national
5 curricula;

6 “(D) building and overseeing a nationally
7 recognized instructor cadre to ensure the avail-
8 ability of highly qualified instructors;

9 “(E) reviewing training proposed through
10 the National Institute of Food and Agriculture
11 and other relevant Federal agencies that report
12 to the Secretary on the quality and content of
13 proposed and existing courses;

14 “(F) assisting Federal agencies in the im-
15 plementation of food protection training re-
16 quirements including requirements contained in
17 the Agriculture Reform, Food, and Jobs Act of
18 2012, the FDA Food Safety Modernization Act
19 (Public Law 111–353; 124 Stat. 3885), and
20 amendments made by those Acts; and

21 “(G) performing evaluation and outcome-
22 based studies to provide to the Secretary feed-
23 back on the effectiveness and impact of training
24 and metrics on jurisdictions and sectors within
25 the food safety system.

1 “(4) AUTHORIZATION OF APPROPRIATIONS.—

2 There is authorized to be appropriated to carry out
3 this section \$20,000,000 for each of fiscal years
4 2013 through 2017, to remain available until ex-
5 pended.”;

6 (6) in subsection (h), by striking “2012” each
7 place it appears and inserting “2017”;

8 (7) by redesignating subsection (j) as sub-
9 section (i); and

10 (8) in subsection (i) (as so redesignated), by
11 striking “2012” and inserting “2017”.

12 **SEC. 7208. ORGANIC AGRICULTURE RESEARCH AND EXTEN-**
13 **SION INITIATIVE.**

14 Section 1672B of the Food, Agriculture, Conserva-
15 tion, and Trade Act of 1990 (7 U.S.C. 5925b) is amend-
16 ed—

17 (1) in subsection (a)—

18 (A) in the matter preceding paragraph (1),
19 by inserting “, education,” after “support re-
20 search”;

21 (B) in paragraph (1), by inserting “and
22 improvement” after “development”;

23 (C) in paragraph (2), by striking “to pro-
24 ducers and processors who use organic meth-
25 ods” and inserting “of organic agricultural pro-

1 duction and methods to producers, processors,
2 and rural communities”;

3 (D) in paragraph (5), by inserting “and
4 researching solutions to” after “identifying”;
5 and

6 (E) in paragraph (6), by striking “and
7 marketing” and inserting “, marketing, and
8 food safety”;

9 (2) by striking subsection (e);

10 (3) by redesignating subsection (f) as sub-
11 section (e); and

12 (4) in subsection (e) (as so redesignated)—

13 (A) in paragraph (1)—

14 (i) in subparagraph (A), by striking
15 “and” at the end;

16 (ii) in subparagraph (B), by striking
17 the period at the end and inserting “;
18 and”; and

19 (iii) by adding at the end the fol-
20 lowing:

21 “(C) \$16,000,000 for each of fiscal years
22 2013 through 2017.”; and

23 (B) in paragraph (2), by striking “2012”
24 and inserting “2017”.

1 **SEC. 7209. FARM BUSINESS MANAGEMENT.**

2 Section 1672D(d) of the Food, Agriculture, Con-
3 servation, and Trade Act of 1990 (7 U.S.C. 5925f(d)) is
4 amended by striking “such sums as are necessary to carry
5 out this section.” and inserting the following: “to carry
6 out this section—

7 “(1) such sums as are necessary for fiscal year
8 2012; and

9 “(2) \$5,000,000 for each of fiscal years 2013
10 through 2017.”.

11 **SEC. 7210. REGIONAL CENTERS OF EXCELLENCE.**

12 Subtitle H of the Food, Agriculture, Conservation,
13 and Trade Act of 1990 is amended by inserting after sec-
14 tion 1672D (7 U.S.C. 5925) the following:

15 **“SEC. 1673. REGIONAL CENTERS OF EXCELLENCE.**

16 “(a) ESTABLISHMENT.—The Secretary may
17 prioritize regional centers of excellence established for spe-
18 cific agricultural commodities for the receipt of funding.

19 “(b) COMPOSITION.—A regional center of excellence
20 shall be composed of 1 or more colleges and universities
21 (including land-grant institutions, schools of forestry,
22 schools of veterinary medicine, or NLGCA Institutions (as
23 defined in section 1404 of the National Agricultural Re-
24 search, Extension, and Teaching Policy Act of 1977 (7
25 U.S.C. 3103))) that provide financial support to the re-
26 gional center of excellence.

1 “(c) CRITERIA FOR REGIONAL CENTERS OF EXCEL-
2 LENCE.—The criteria for consideration to be a regional
3 center of excellence shall include efforts—

4 “(1) to ensure coordination and cost-effective-
5 ness by reducing unnecessarily duplicative efforts re-
6 garding research, teaching, and extension;

7 “(2) to leverage available resources by using
8 public/private partnerships among agricultural in-
9 dustry groups, institutions of higher education, and
10 the Federal Government;

11 “(3) to implement teaching initiatives to in-
12 crease awareness and effectively disseminate solu-
13 tions to target audiences through extension activi-
14 ties;

15 “(4) to increase the economic returns to rural
16 communities by identifying, attracting, and directing
17 funds to high-priority agricultural issues; and

18 “(5) to improve teaching capacity and infra-
19 structure at colleges and universities (including land-
20 grant institutions, schools of forestry, and schools of
21 veterinary medicine, and NLGCA Institutions).

22 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
23 is authorized to be appropriated to carry out this section
24 \$10,000,000 for each of fiscal years 2013 through 2017.”.

1 **SEC. 7211. ASSISTIVE TECHNOLOGY PROGRAM FOR FARM-**
 2 **ERS WITH DISABILITIES.**

3 Section 1680(c)(1) of the Food, Agriculture, Con-
 4 servation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1))
 5 is amended—

6 (1) by striking “is” and inserting “are”; and

7 (2) by striking “section” and all that follows
 8 and inserting the following: “section—

9 “(A) \$6,000,000 for each of fiscal years
 10 1999 through 2012; and

11 “(B) \$5,000,000 for each of fiscal years
 12 2013 through 2017.”.

13 **SEC. 7212. NATIONAL RURAL INFORMATION CENTER**
 14 **CLEARINGHOUSE.**

15 Section 2381(e) of the Food, Agriculture, Conserva-
 16 tion, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is
 17 amended by striking “2012” and inserting “2017”.

18 **Subtitle C—Agricultural Research,**
 19 **Extension, and Education Re-**
 20 **form Act of 1998**

21 **SEC. 7301. RELEVANCE AND MERIT OF AGRICULTURAL RE-**
 22 **SEARCH, EXTENSION, AND EDUCATION FUND-**
 23 **ED BY THE DEPARTMENT.**

24 Section 103(a)(2) of the Agricultural Research, Ex-
 25 tension, and Education Reform Act of 1998 (7 U.S.C.
 26 7613(a)(2)) is amended—

1 (1) by striking the paragraph designation and
2 heading and inserting the following:

3 “(2) RELEVANCE AND MERIT REVIEW OF RE-
4 SEARCH, EXTENSION, AND EDUCATION GRANTS.—”;

5 (2) in subparagraph (A)—

6 (A) by inserting “relevance and” before
7 “merit”; and

8 (B) by striking “extension or education”
9 and inserting, “research, extension, or edu-
10 cation”; and

11 (3) in subparagraph (B) by inserting “on a con-
12 tinuous basis” after “procedures”.

13 **SEC. 7302. INTEGRATED RESEARCH, EDUCATION, AND EX-**
14 **TENSION COMPETITIVE GRANTS PROGRAM.**

15 Section 406(f) of the Agricultural Research, Exten-
16 sion, and Education Reform Act of 1998 (7 U.S.C.
17 7626(f)) is amended by striking “2012” and inserting
18 “2017”.

19 **SEC. 7303. SUPPORT FOR RESEARCH REGARDING DISEASES**
20 **OF WHEAT, TRITICALE, AND BARLEY CAUSED**
21 **BY FUSARIUM GRAMINEARUM OR BY**
22 **TILLETIA INDICA.**

23 Section 408(e) of the Agricultural Research, Exten-
24 sion, and Education Reform Act of 1998 (7 U.S.C.
25 7628(e)) is amended by striking “such sums as may be

1 necessary for each of fiscal years 1999 through 2012” and
2 inserting “\$10,000,000 for each of fiscal years 2013
3 through 2017”.

4 **SEC. 7304. GRANTS FOR YOUTH ORGANIZATIONS.**

5 Section 410(d) of the Agricultural Research, Extension,
6 sion, and Education Reform Act of 1998 (7 U.S.C.
7 7630(d)) is amended by striking “section such sums as
8 are necessary” and all that follows and inserting the fol-
9 lowing: “section—

10 “(1) such sums as are necessary for each of fis-
11 cal years 2008 through 2012; and

12 “(2) \$3,000,000 for each of fiscal years 2013
13 through 2017.”.

14 **SEC. 7305. SPECIALTY CROP RESEARCH INITIATIVE.**

15 Section 412 of the Agricultural Research, Extension,
16 and Education Reform Act of 1998 (7 U.S.C. 7632) is
17 amended—

18 (1) in subsection (b)(3), by inserting “handling
19 and processing,” after “production efficiency,”;

20 (2) in subsection (e)—

21 (A) in paragraph (1)—

22 (i) in subparagraph (B), by striking
23 “and” at the end;

1 (ii) in subparagraph (C), by striking
2 the period at the end and inserting “;
3 and”; and

4 (iii) by inserting after subparagraph
5 (C) the following:

6 “(D) consult with the specialty crops com-
7 mittee authorized under section 1408A of the
8 National Agricultural Research, Extension, and
9 Teaching Policy Act of 1977 (7 U.S.C. 3123a)
10 during the peer and merit review process.”; and

11 (B) in paragraph (3), by striking “non-
12 Federal” and all that follows through the end
13 of the paragraph and inserting “other sources
14 in an amount that is at least equal to the
15 amount provided by a grant received under this
16 section.”; and

17 (3) in subsection (h)—

18 (A) in paragraph (1)—

19 (i) by striking “(1) IN GENERAL.—Of
20 the funds” and inserting the following:

21 “(1) MANDATORY FUNDING.—

22 “(A) IN GENERAL.—Of the funds”; and

23 (ii) by adding at the end the fol-
24 lowing:

1 “(B) SUBSEQUENT FUNDING.—Of the
2 funds of the Commodity Credit Corporation, the
3 Secretary shall make available to carry out this
4 section—

5 “(i) \$25,000,000 for fiscal year 2013;

6 “(ii) \$30,000,000 for each of fiscal
7 years 2014 and 2015;

8 “(iii) \$65,000,000 for fiscal year
9 2016; and

10 “(iv) \$50,000,000 for fiscal year 2017
11 and each fiscal year thereafter.”; and

12 (B) in paragraph (2), by striking “2012”
13 and inserting “2017”.

14 **SEC. 7306. FOOD ANIMAL RESIDUE AVOIDANCE DATABASE**
15 **PROGRAM.**

16 Section 604(e) of the Agricultural Research, Exten-
17 sion, and Education Reform Act of 1998 (7 U.S.C.
18 7642(e)) is amended by striking “2012” and inserting
19 “2017”.

20 **SEC. 7307. OFFICE OF PEST MANAGEMENT POLICY.**

21 Section 614(f) of the Agricultural Research, Exten-
22 sion, and Education Reform Act of 1998 (7 U.S.C.
23 7653(f)) is amended—

24 (1) by striking “such sums as are necessary”;

25 and

1 (2) by striking “section” and all that follows
2 and inserting the following: “section—

3 “(1) such sums as are necessary for each of fis-
4 cal years 1999 through 2012; and

5 “(2) \$3,000,000 for each of fiscal years 2013
6 through 2017.”.

7 **SEC. 7308. AUTHORIZATION OF REGIONAL INTEGRATED**
8 **PEST MANAGEMENT CENTERS.**

9 Subtitle B of title VI of the Agricultural Research,
10 Extension, and Education Reform Act of 1998 (7 U.S.C.
11 7651 et seq.) is amended by adding at the end the fol-
12 lowing:

13 **“SEC. 621. AUTHORIZATION OF REGIONAL INTEGRATED**
14 **PEST MANAGEMENT CENTERS.**

15 “(a) IN GENERAL.—There are established 4 regional
16 integrated pest management centers (referred to in this
17 section as the ‘Centers’), which shall be located at such
18 specific locations in the north central, northeastern, south-
19 ern, and western regions of the United States as the Sec-
20 retary shall specify.

21 “(b) PURPOSES.—The purposes of the Centers shall
22 be—

23 “(1) to strengthen the connection of the De-
24 partment with production agriculture, research, and

1 extension programs, and agricultural stakeholders
2 throughout the United States;

3 “(2) to increase the effectiveness of providing
4 pest management solutions for the private and pub-
5 lic sectors;

6 “(3) to quickly respond to information needs of
7 the public and private sectors; and

8 “(4) to improve communication among the rel-
9 evant stakeholders.

10 “(c) DUTIES.—In meeting the purposes described in
11 subsection (b) and otherwise carrying out this section, the
12 Centers shall—

13 “(1) develop regional strategies to address pest
14 management needs;

15 “(2) assist the Department and partner institu-
16 tions of the Department in identifying, prioritizing,
17 and coordinating a national pest management re-
18 search, extension, and education program imple-
19 mented on a regional basis;

20 “(3) establish a national pest management com-
21 munication network that includes—

22 “(A) the agencies of the Department and
23 other government agencies;

24 “(B) scientists at institutions of higher
25 education; and

1 “(C) stakeholders focusing on pest man-
2 agement issues;

3 “(4) serve as regional hubs responsible for en-
4 suring efficient access to pest management expertise
5 and data available through institutions of higher
6 education; and

7 “(5) on behalf of the Department, manage
8 grants that can be most effectively and efficiently
9 delivered at the regional level, as determined by the
10 Secretary.”.

11 **Subtitle D—Other Laws**

12 **SEC. 7401. CRITICAL AGRICULTURAL MATERIALS ACT.**

13 Section 16(a) of the Critical Agricultural Materials
14 Act (7 U.S.C. 178n(a)) is amended—

15 (1) by striking “such sums as are necessary”;
16 and

17 (2) by striking “Act” and all that follows and
18 inserting the following: “Act—

19 “(1) such sums as are necessary for each of fis-
20 cal years 1991 through 2012; and

21 “(2) \$2,000,000 for each of fiscal years 2013
22 through 2017.”.

1 **SEC. 7402. EQUITY IN EDUCATIONAL LAND-GRANT STATUS**

2 **ACT OF 1994.**

3 (a) DEFINITION OF 1994 INSTITUTIONS.—Section
4 532 of the Equity in Educational Land-Grant Status Act
5 of 1994 (7 U.S.C. 301 note; Public Law 103–382) is
6 amended to read as follows:

7 **“SEC. 532. DEFINITION OF 1994 INSTITUTIONS.**

8 “In this part, the term ‘1994 Institutions’ means any
9 1 of the following:

10 “(1) Aaniiih Nakoda College.

11 “(2) Bay Mills Community College.

12 “(3) Blackfeet Community College.

13 “(4) Cankdeska Cikana Community College.

14 “(5) Chief Dull Knife Memorial College.

15 “(6) College of Menominee Nation.

16 “(7) College of the Muscogee Nation.

17 “(8) Comanche Nation College.

18 “(9) D-Q University.

19 “(10) Dine College.

20 “(11) Fond du Lac Tribal and Community Col-
21 lege.

22 “(12) Fort Berthold Community College.

23 “(13) Fort Peck Community College.

24 “(14) Haskell Indian Nations University.

25 “(15) Ilisagvik College.

- 1 “(16) Institute of American Indian and Alaska
2 Native Culture and Arts Development.
- 3 “(17) Keweenaw Bay Ojibwa Community Col-
4 lege.
- 5 “(18) Lac Courte Oreilles Ojibwa Community
6 College.
- 7 “(19) Leech Lake Tribal College.
- 8 “(20) Little Big Horn College.
- 9 “(21) Little Priest Tribal College.
- 10 “(22) Navajo Technical College.
- 11 “(23) Nebraska Indian Community College.
- 12 “(24) Northwest Indian College.
- 13 “(25) Oglala Lakota College.
- 14 “(26) Saginaw Chippewa Tribal College.
- 15 “(27) Salish Kootenai College.
- 16 “(28) Sinte Gleska University.
- 17 “(29) Sisseton Wahpeton College.
- 18 “(30) Sitting Bull College.
- 19 “(31) Southwestern Indian Polytechnic Insti-
20 tute.
- 21 “(32) Stone Child College.
- 22 “(33) Tohono O’odham Community College.
- 23 “(34) Turtle Mountain Community College.
- 24 “(35) United Tribes Technical College.

1 “(36) White Earth Tribal and Community Col-
2 lege.”.

3 (b) ENDOWMENT FOR 1994 INSTITUTIONS.—

4 (1) IN GENERAL.—Section 533 of the Equity in
5 Educational Land-Grant Status Act of 1994 (7
6 U.S.C. 301 note; Public Law 103–382) is amend-
7 ed—

8 (A) in subsection (a)(2)(A)(ii), by striking
9 “of such Act as added by section 534(b)(1) of
10 this part” and inserting “of that Act (7 U.S.C.
11 343(b)(3)) and for programs for children,
12 youth, and families at risk and for Federally
13 recognized tribes implemented under section
14 3(d) of that Act (7 U.S.C. 343(d))”; and

15 (B) in subsection (b), in the first sentence
16 by striking “2012” and inserting “2017”.

17 (2) CONFORMING AMENDMENT.—Section 3(d)
18 of the Smith-Lever Act (7 U.S.C. 343(d)) is amend-
19 ed in the second sentence by inserting “and, in the
20 case of programs for children, youth, and families at
21 risk and for Federally recognized tribes, the 1994
22 Institutions (as defined in section 532 of the Equity
23 in Educational Land-Grant Status Act of 1994 (7
24 U.S.C. 301 note; Public Law 103–382)),” before
25 “may compete for”.

1 (c) INSTITUTIONAL CAPACITY BUILDING GRANTS.—
2 Section 535 of the Equity in Educational Land-Grant Sta-
3 tus Act of 1994 (7 U.S.C. 301 note; Public Law 103-
4 382) is amended by striking “2012” each place it appears
5 in subsections (b)(1) and (c) and inserting “2017”.

6 (d) RESEARCH GRANTS.—

7 (1) AUTHORIZATION OF APPROPRIATIONS.—
8 Section 536(c) of the Equity in Educational Land-
9 Grant Status Act of 1994 (7 U.S.C. 301 note; Pub-
10 lic Law 103-382) is amended in the first sentence
11 by striking “2012” and inserting “2017”.

12 (2) RESEARCH GRANT REQUIREMENTS.—Sec-
13 tion 536(b) of the Equity in Educational Land-
14 Grant Status Act of 1994 (7 U.S.C. 301 note; Pub-
15 lic Law 103-382) is amended by striking “with at
16 least 1 other land-grant college or university” and
17 all that follows and inserting the following: “with—
18 “

19 “(1) the Agricultural Research Service of the
20 Department of Agriculture; or

21 “(2) at least 1—

22 “(A) other land-grant college or university
23 (exclusive of another 1994 Institution);

24 “(B) non-land-grant college of agriculture
25 (as defined in section 1404 of the National Ag-

1 ricultural Research, Extension, and Teaching
2 Policy Act of 1977 (7 U.S.C. 3103)); or

3 “(C) cooperating forestry school (as de-
4 fined in that section).”.

5 (e) EFFECTIVE DATE.—The amendments made by
6 subsections (a), (b), and (d)(2) take effect on October 1,
7 2012.

8 **SEC. 7403. RESEARCH FACILITIES ACT.**

9 Section 6(a) of the Research Facilities Act (7 U.S.C.
10 390d(a)) is amended by striking “2012” and inserting
11 “2017”.

12 **SEC. 7404. COMPETITIVE, SPECIAL, AND FACILITIES RE-**
13 **SEARCH GRANT ACT.**

14 Section 2 of the Competitive, Special, and Facilities
15 Research Grant Act (7 U.S.C. 450i) is amended—

16 (1) in subsection (b)(11)(A), in the matter pre-
17 ceding clause (i), by striking “2012” and inserting
18 “2017”; and

19 (2) by adding at the end the following:

20 “(1) STREAMLINING GRANT APPLICATION PROC-
21 ESS.—Not later than 1 year after the date of enactment
22 of this subsection, the Secretary shall submit to Congress
23 a report that includes—

24 “(1) an analysis of barriers that exist in the
25 competitive grants process administered by the Na-

1 tional Institute of Food and Agriculture that prevent
 2 eligible institutions and organizations with limited
 3 institutional capacity from successfully applying and
 4 competing for competitive grants; and

5 “(2) specific recommendations for future steps
 6 that the Department can take to streamline the
 7 competitive grants application process so as to re-
 8 move the barriers and increase the success rates of
 9 applicants described in paragraph (1).”.

10 **SEC. 7405. ENHANCED USE LEASE AUTHORITY PILOT PRO-**
 11 **GRAM UNDER DEPARTMENT OF AGRI-**
 12 **CULTURE REORGANIZATION ACT OF 1994.**

13 Section 308(b)(6) of the Department of Agriculture
 14 Reorganization Act of 1994 (7 U.S.C. 3125a note; Public
 15 Law 103–354) is amended by striking subparagraph (A)
 16 and inserting the following:

17 “(A) on September 30, 2017; or”.

18 **SEC. 7406. RENEWABLE RESOURCES EXTENSION ACT OF**
 19 **1978.**

20 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
 21 6 of the Renewable Resources Extension Act of 1978 (16
 22 U.S.C. 1675) is amended in the first sentence by striking
 23 “2012” and inserting “2017”.

24 (b) TERMINATION DATE.—Section 8 of the Renew-
 25 able Resources Extension Act of 1978 (16 U.S.C. 1671

1 note; Public Law 95–306) is amended by striking “2012”
2 and inserting “2017”.

3 **SEC. 7407. NATIONAL AQUACULTURE ACT OF 1980.**

4 Section 10 of the National Aquaculture Act of 1980
5 (16 U.S.C. 2809) is amended by striking “2012” each
6 place it appears and inserting “2017”.

7 **SEC. 7408. BEGINNING FARMER AND RANCHER DEVELOP-**
8 **MENT PROGRAM UNDER FARM SECURITY**
9 **AND RURAL INVESTMENT ACT OF 2002.**

10 Section 7405 of the Farm Security and Rural Invest-
11 ment Act of 2002 (7 U.S.C. 3319f) is amended—

12 (1) in subsection (c)(8)—

13 (A) in subparagraph (B), by striking
14 “and” at the end;

15 (B) in subparagraph (C), by striking the
16 period at the end and inserting “; and”; and

17 (C) by adding at the end the following:

18 “(D) beginning farmers and ranchers who
19 are veterans (as defined in section 101 of title
20 38, United States Code).”; and

21 (2) in subsection (h)—

22 (A) in paragraph (1)—

23 (i) in subparagraph (A), by striking
24 “and” at the end;

1 (ii) in subparagraph (B), by striking
2 the period at the end and inserting “;
3 and”; and

4 (iii) by adding at the end the fol-
5 lowing:

6 “(C) \$50,000,000 for fiscal year 2013, to
7 remain available until expended.”; and

8 (B) in paragraph (2), by striking “2012”
9 and inserting “2017”.

10 **Subtitle E—Food, Conservation,**
11 **and Energy Act of 2008**

12 **PART I—AGRICULTURAL SECURITY**

13 **SEC. 7501. AGRICULTURAL BIOSECURITY COMMUNICATION**

14 **CENTER.**

15 Section 14112 of the Food, Conservation, and En-
16 ergy Act of 2008 (7 U.S.C. 8912) is amended by striking
17 subsection (c) and inserting the following:

18 “(c) **AUTHORIZATION OF APPROPRIATIONS.**—There
19 are authorized to be appropriated to carry out this sec-
20 tion—

21 “(1) such sums as are necessary for each of fis-
22 cal years 2008 through 2012; and

23 “(2) \$2,000,000 for each of fiscal years 2013
24 through 2017.”.

1 **SEC. 7502. ASSISTANCE TO BUILD LOCAL CAPACITY IN AG-**
2 **RICULTURAL BIOSECURITY PLANNING, PREP-**
3 **ARATION, AND RESPONSE.**

4 Section 14113 of the Food, Conservation, and En-
5 ergy Act of 2008 (7 U.S.C. 8913) is amended—

6 (1) in subsection (a)(2)—

7 (A) by striking “such sums as may be nec-
8 essary”; and

9 (B) by striking “subsection” and all that
10 follows and inserting the following: “sub-
11 section—

12 “(1) such sums as are necessary for each of fis-
13 cal years 2008 through 2012; and

14 “(2) \$15,000,000 for each of fiscal years 2013
15 through 2017.”; and

16 (2) in subsection (b)(2), by striking “is author-
17 ized to be appropriated to carry out this subsection”
18 and all that follows and inserting the following: “are
19 authorized to be appropriated to carry out this sub-
20 section—

21 “(1) \$25,000,000 for each of fiscal years 2008
22 through 2012; and

23 “(2) \$15,000,000 for each of fiscal years 2013
24 through 2017.”.

1 **SEC. 7503. RESEARCH AND DEVELOPMENT OF AGRICUL-**
2 **TURAL COUNTERMEASURES.**

3 Section 14121(b) of the Food, Conservation, and En-
4 ergy Act of 2008 (7 U.S.C. 8921(b)) is amended by strik-
5 ing “is authorized to be appropriated to carry out this sec-
6 tion” and all that follows and inserting the following: “are
7 authorized to be appropriated to carry out this section—

8 “(1) \$50,000,000 for each of fiscal years 2008
9 through 2012; and

10 “(2) \$15,000,000 for each of fiscal years 2013
11 through 2017.”.

12 **SEC. 7504. AGRICULTURAL BIOSECURITY GRANT PROGRAM.**

13 Section 14122(e) of the Food, Conservation, and En-
14 ergy Act of 2008 (7 U.S.C. 8922(e)) is amended—

15 (1) by striking “such sums as are necessary”;
16 and

17 (2) by striking “section” and all that follows
18 and inserting the following: “section—

19 “(1) such sums as are necessary for each of fis-
20 cal years 2008 through 2012, to remain available
21 until expended; and

22 “(2) \$5,000,000 for each of fiscal years 2013
23 through 2017, to remain available until expended.”.

1 **PART II—MISCELLANEOUS**

2 **SEC. 7511. GRAZINGLANDS RESEARCH LABORATORY.**

3 Section 7502 of the Food, Conservation, and Energy
4 Act of 2008 (Public Law 110–246; 112 Stat. 2019) is
5 amended by striking “for the 5-year period beginning on
6 the date of enactment of this Act” and inserting “until
7 September 30, 2017”.

8 **SEC. 7512. BUDGET SUBMISSION AND FUNDING.**

9 Section 7506 of the Food, Conservation, and Energy
10 Act of 2008 (7 U.S.C. 7614e) is amended—

11 (1) in subsection (a)—

12 (A) by striking “(a) DEFINITION OF COM-
13 PETITIVE PROGRAMS.—In this section, the
14 term”; and inserting the following:

15 “(a) DEFINITIONS.—In this section:

16 “(1) COMPETITIVE PROGRAMS.—The term”;

17 and

18 (B) by adding at the end the following:

19 “(2) COVERED PROGRAM.—The term ‘covered
20 program’ means—

21 “(A) each research program carried out by
22 the Agricultural Research Service or the Eco-
23 nomic Research Service for which annual appro-
24 priations are requested in the annual budget
25 submission of the President; and

1 “(B) each competitive program (as defined
2 in section 251(f)(1) of the Department of Agri-
3 culture Reorganization Act of 1994 (7 U.S.C.
4 6971(f)(1))) carried out by the National Insti-
5 tute of Food and Agriculture for which annual
6 appropriations are requested in the annual
7 budget submission of the President.

8 “(3) REQUEST FOR AWARDS.—The term ‘re-
9 quest for awards’ means a funding announcement
10 published by the National Institute of Food and Ag-
11 riculture that provides detailed information on fund-
12 ing opportunities at the Institute, including the pur-
13 pose, eligibility, restriction, focus areas, evaluation
14 criteria, regulatory information, and instructions on
15 how to apply for such opportunities.”; and

16 (2) by adding at the end the following:

17 “(e) ADDITIONAL PRESIDENTIAL BUDGET SUBMIS-
18 SION REQUIREMENT.—

19 “(1) IN GENERAL.—Each year, the President
20 shall submit to Congress, together with the annual
21 budget submission of the President, the information
22 described in paragraph (2) for each funding request
23 for a covered program.

24 “(2) INFORMATION DESCRIBED.—The informa-
25 tion described in this paragraph includes—

1 “(A) baseline information, including with
2 respect to each covered program—

3 “(i) the funding level for the program
4 for the fiscal year preceding the year the
5 annual budget submission of the President
6 is submitted;

7 “(ii) the funding level requested in the
8 annual budget submission of the President,
9 including any increase or decrease in the
10 funding level; and

11 “(iii) an explanation justifying any
12 change from the funding level specified in
13 clause (i) to the level specified in clause
14 (ii);

15 “(B) with respect to each covered program
16 that is carried out by the Economic Research
17 Service or the Agricultural Research Service,
18 the location and staff years of the program;

19 “(C) the proposed funding levels to be allo-
20 cated to, and the expected publication date,
21 scope, and allocation level for, each request for
22 awards to be published under—

23 “(i) each priority area specified in sec-
24 tion 2(b)(2) of the Competitive, Special,

1 and Facilities Research Grant Act (7
2 U.S.C. 450i(b)(2));

3 “(ii) each research and extension
4 project carried out under section 1621(a)
5 of the Food, Agriculture, Conservation,
6 and Trade Act of 1990 (7 U.S.C.
7 5811(a));

8 “(iii) each grant awarded under sec-
9 tion 1672B(a) of the Food, Agriculture,
10 Conservation, and Trade Act of 1990 (7
11 U.S.C. 5925b(a));

12 “(iv) each grant awarded under sec-
13 tion 412(b) of the Agricultural Research,
14 Extension, and Education Reform Act of
15 1998 (7 U.S.C. 7632(b)); and

16 “(v) each grant awarded under
17 7405(c)(1) of the Farm Security and
18 Rural Investment Act of 2002 (7 U.S.C.
19 3319f(c)(1)); or

20 “(D) any other information the Secretary
21 determines will increase congressional oversight
22 with respect to covered programs.

23 “(3) PROHIBITION.—Unless the President sub-
24 mits the information described in paragraph (2)(C)
25 for a fiscal year, the President may not carry out

1 any program during the fiscal year that is author-
2 ized under—

3 “(A) section 2(b) of the Competitive, Spe-
4 cial, and Facilities Research Grant Act (7
5 U.S.C. 450i(b));

6 “(B) section 1621 of the Food, Agri-
7 culture, Conservation, and Trade Act of 1990
8 (7 U.S.C. 5811);

9 “(C) section 1672B of the Food, Agri-
10 culture, Conservation, and Trade Act of 1990
11 (7 U.S.C. 5925b);

12 “(D) section 411 of the Agricultural Re-
13 search, Extension, and Education Reform Act
14 of 1998 (7 U.S.C. 7631); or

15 “(E) section 7405 of the Farm Security
16 and Rural Investment Act of 2002 (7 U.S.C.
17 3319f).

18 “(f) REPORT OF THE SECRETARY OF AGRI-
19 CULTURE.—Each year on a date that is not later than
20 the date on which the President submits the annual budg-
21 et submission, the Secretary shall submit to Congress a
22 report containing a description of the agricultural re-
23 search, extension, and education activities carried out by
24 the Federal Government during the fiscal year that imme-

1 diately precedes the year for which the report is submitted,
2 including—

3 “(1) a review of the extent to which those ac-
4 tivities—

5 “(A) are duplicative or overlap within the
6 Department of Agriculture; or

7 “(B) are similar to activities carried out
8 by—

9 “(i) other Federal agencies;

10 “(ii) the States (including the District
11 of Columbia, the Commonwealth of Puerto
12 Rico and other territories or possessions of
13 the United States);

14 “(iii) institutions of higher education
15 (as defined in section 101 of the Higher
16 Education Act of 1965 (20 U.S.C. 1001));

17 or

18 “(iv) the private sector; and

19 “(2) for each report submitted under this sec-
20 tion on or after January 1, 2013, a 5-year projection
21 of national priorities with respect to agricultural re-
22 search, extension, and education, taking into account
23 both domestic and international needs.”.

1 **SEC. 7513. NATURAL PRODUCTS RESEARCH PROGRAM.**

2 Section 7525 of the Food, Conservation, and Energy
3 Act of 2008 (7 U.S.C. 5937) is amended by striking sub-
4 section (e) and inserting the following:

5 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
6 is authorized to be appropriated to carry out this section
7 \$7,000,000 for each of fiscal years 2013 through 2017.”.

8 **SEC. 7514. SUN GRANT PROGRAM.**

9 (a) IN GENERAL.—Section 7526 of the Food, Con-
10 servation, and Energy Act of 2008 (7 U.S.C. 8114) is
11 amended—

12 (1) in subsection (a)(4)(B), by striking “the
13 Department of Energy” and inserting “other appro-
14 priate Federal agencies (as determined by the Sec-
15 retary)”;

16 (2) in subsection (b)(1)—

17 (A) in subparagraph (A), by striking “at
18 South Dakota State University”;

19 (B) in subparagraph (B), by striking “at
20 the University of Tennessee at Knoxville”;

21 (C) in subparagraph (C), by striking “at
22 Oklahoma State University”;

23 (D) in subparagraph (D), by striking “at
24 Oregon State University”;

25 (E) in subparagraph (E), by striking “at
26 Cornell University”; and

1 (F) in subparagraph (F), by striking “at
2 the University of Hawaii”;

3 (3) in subsection (c)(1)—

4 (A) in subparagraph (B), by striking
5 “multistate” and all that follows through “tech-
6 nology implementation” and inserting “inte-
7 grated, multistate research, extension, and edu-
8 cation programs on technology development and
9 technology implementation”;

10 (B) by striking subparagraph (C); and

11 (C) by redesignating subparagraph (D) as
12 subparagraph (C);

13 (4) in subsection (d)—

14 (A) in paragraph (1)—

15 (i) by striking “gasification” and in-
16 serting “bioproducts”; and

17 (ii) by striking “the Department of
18 Energy” and inserting “other appropriate
19 Federal agencies”;

20 (B) by striking paragraph (2);

21 (C) by redesignating paragraphs (3) and
22 (4) as paragraphs (2) and (3), respectively; and

23 (D) in paragraph (1), by striking “in ac-
24 cordance with paragraph (2)”;

1 (5) in subsection (g), by striking “2012” and
2 inserting “2017”.

3 (b) CONFORMING AMENDMENTS.—Section 7526(f) of
4 the Food, Conservation, and Energy Act of 2008 (7
5 U.S.C. 8114(f)) is amended—

6 (1) in paragraph (1), by striking “subsection
7 (c)(1)(D)(i)” and inserting “subsection (c)(1)(C)(i)”;
8 and

9 (2) in paragraph (2), by striking “subsection
10 (d)(1)” and inserting “subsection (d)”.

11 **Subtitle F—Miscellaneous**

12 **SEC. 7601. FOUNDATION FOR FOOD AND AGRICULTURE RE-**

13 **SEARCH.**

14 (a) DEFINITIONS.—In this section:

15 (1) BOARD.—The term “Board” means the
16 Board of Directors described in subsection (e).

17 (2) DEPARTMENT.—The term “Department”
18 means the Department of Agriculture.

19 (3) FOUNDATION.—The term “Foundation”
20 means the Foundation for Food and Agriculture Re-
21 search established under subsection (b).

22 (4) SECRETARY.—The term “Secretary” means
23 the Secretary of Agriculture.

24 (b) ESTABLISHMENT.—

1 (1) IN GENERAL.—The Secretary shall establish
2 a nonprofit corporation to be known as the “Foun-
3 dation for Food and Agriculture Research”.

4 (2) STATUS.—

5 (A) TAX-EXEMPT STATUS.—The Founda-
6 tion shall be considered to be an entity de-
7 scribed in section 501(c)(3) of the Internal Rev-
8 enue Code of 1986 and exempt from taxation
9 under section 501(a) of such Code.

10 (B) LIMITATION.—The Foundation shall
11 not be an agency or instrumentality of the
12 United States Government.

13 (c) PURPOSES.—The purposes of the Foundation
14 shall be—

15 (1) to advance the research mission of the De-
16 partment by supporting agricultural research activi-
17 ties focused on addressing key problems of national
18 and international significance including—

19 (A) plant health, production, and plant
20 products;

21 (B) animal health, production, and prod-
22 ucts;

23 (C) food safety, nutrition, and health;

24 (D) renewable energy, natural resources,
25 and the environment;

- 1 (E) agricultural and food security;
- 2 (F) agriculture systems and technology;
- 3 and
- 4 (G) agriculture economics and rural com-
- 5 munities; and
- 6 (2) to foster collaboration with agricultural re-
- 7 searchers from the Federal Government, institutions
- 8 of higher education, industry, and nonprofit organi-
- 9 zations.

10 (d) DUTIES.—

11 (1) IN GENERAL.—The Foundation shall—

12 (A) award grants to, or enter into con-

13 tracts, memoranda of understanding, or cooper-

14 ative agreements with, scientists and entities,

15 which may include agricultural research agen-

16 cies in the Department, university consortia,

17 public-private partnerships, institutions of high-

18 er education, nonprofit organizations, and in-

19 dustry, to efficiently and effectively advance the

20 goals and priorities of the Foundation;

21 (B) in consultation with the Secretary—

22 (i) identify existing and proposed Fed-

23 eral intramural and extramural research

24 and development programs relating to the

1 purposes of the Foundation described in
2 subsection (c); and

3 (ii) coordinate Foundation activities
4 with those programs so as to minimize du-
5 plication of existing efforts;

6 (C) identify unmet and emerging agricul-
7 tural research needs after reviewing the Road-
8 map for Agricultural Research, Education and
9 Extension as required by section 7504 of the
10 Food, Conservation, and Energy Act of 2008 (7
11 U.S.C. 7614a);

12 (D) facilitate technology transfer and re-
13 lease of information and data gathered from the
14 activities of the Foundation to the agricultural
15 research community;

16 (E) promote and encourage the develop-
17 ment of the next generation of agricultural re-
18 search scientists; and

19 (F) carry out such other activities as the
20 Board determines to be consistent with the pur-
21 poses of the Foundation.

22 (2) AUTHORITY.—The Foundation shall be the
23 sole entity responsible for carrying out the activities
24 described in this subsection.

1 (3) RELATIONSHIP TO OTHER ACTIVITIES.—

2 The activities described in paragraph (1) shall be
3 supplemental to any other activities at the Depart-
4 ment and shall not preempt any authority or respon-
5 sibility of the Department under another provision
6 of law.

7 (e) BOARD OF DIRECTORS.—

8 (1) ESTABLISHMENT.—The Foundation shall
9 be governed by a Board of Directors.

10 (2) COMPOSITION.—

11 (A) IN GENERAL.—The Board shall be
12 composed of appointed and ex-officio, nonvoting
13 members.

14 (B) EX-OFFICIO MEMBERS.—The ex-officio
15 members of the Board shall be the following in-
16 dividuals or designees:

17 (i) The Secretary.

18 (ii) The Under Secretary of Agri-
19 culture for Research, Education, and Eco-
20 nomics.

21 (iii) The Administrator of the Agricul-
22 tural Research Service.

23 (iv) The Director of the National In-
24 stitute of Food and Agriculture.

1 (v) The Director of the National
2 Science Foundation.

3 (C) APPOINTED MEMBERS.—

4 (i) IN GENERAL.—The ex-officio mem-
5 bers of the Board under subparagraph (B)
6 shall, by majority vote, appoint to the
7 Board 15 individuals, of whom—

8 (I) 8 shall be selected from a list
9 of candidates to be provided by the
10 National Academy of Sciences; and

11 (II) 7 shall be selected from lists
12 of candidates provided by industry.

13 (ii) REQUIREMENTS.—

14 (I) EXPERTISE.—The ex-officio
15 members shall ensure that a majority
16 of the members of the Board have ac-
17 tual experience in agricultural re-
18 search and, to the extent practicable,
19 represent diverse sectors of agri-
20 culture.

21 (II) LIMITATION.—No employee
22 of the Federal Government may serve
23 as an appointed member of the Board
24 under this subparagraph.

1 (III) NOT FEDERAL EMPLOY-
2 MENT.—Appointment to the Board
3 under this subparagraph shall not
4 constitute Federal employment.

5 (iii) AUTHORITY.—All appointed
6 members of the Board shall be voting
7 members.

8 (D) CHAIR.—The Board shall, from among
9 the members of the Board, designate an indi-
10 vidual to serve as Chair of the Board.

11 (3) INITIAL MEETING.—Not later than 60 days
12 after the date of enactment of this Act, the Sec-
13 retary shall convene a meeting of the ex-officio mem-
14 bers of the Board—

15 (A) to incorporate the Foundation; and

16 (B) to appoint the members of the Board
17 in accordance with paragraph (2)(C)(i).

18 (4) DUTIES.—

19 (A) IN GENERAL.—The Board shall—

20 (i) establish bylaws for the Founda-
21 tion that, at a minimum, include—

22 (I) policies for the selection of fu-
23 ture Board members, officers, employ-
24 ees, agents, and contractors of the
25 Foundation;

1 (II) policies, including ethical
2 standards, for—

3 (aa) the acceptance, solicita-
4 tion, and disposition of donations
5 and grants to the Foundation;
6 and

7 (bb) the disposition of assets
8 of the Foundation, including ap-
9 propriate limits on the ability of
10 donors to designate, by stipula-
11 tion or restriction, the use or re-
12 cipient of donated funds;

13 (III) policies that would subject
14 all employees, fellows, trainees, and
15 other agents of the Foundation (in-
16 cluding members of the Board) to the
17 conflict of interest standards under
18 section 208 of title 18, United States
19 Code;

20 (IV) policies for writing, editing,
21 printing, publishing, and vending of
22 books and other materials;

23 (V) policies for the conduct of
24 the general operations of the Founda-
25 tion, including a cap on administrative

1 expenses for recipients of a grant,
2 contract, or cooperative agreement
3 from the Foundation; and

4 (VI) specific duties for the Exec-
5 utive Director;

6 (ii) prioritize and provide overall di-
7 rection for the activities of the Foundation;

8 (iii) evaluate the performance of the
9 Executive Director; and

10 (iv) carry out any other necessary ac-
11 tivities regarding the Foundation.

12 (B) ESTABLISHMENT OF BYLAWS.—In es-
13 tablishing bylaws under subparagraph (A)(i),
14 the Board shall ensure that the bylaws do
15 not—

16 (i) reflect unfavorably on the ability of
17 the Foundation to carry out the duties of
18 the Foundation in a fair and objective
19 manner; or

20 (ii) compromise, or appear to com-
21 promise, the integrity of any governmental
22 agency or program, or any officer or em-
23 ployee employed by or involved in a govern-
24 mental agency or program.

25 (5) TERMS AND VACANCIES.—

1 (A) TERMS.—

2 (i) IN GENERAL.—The term of each
3 member of the Board appointed under
4 paragraph (2)(C) shall be 5 years.

5 (ii) PARTIAL TERMS.—If a member of
6 the Board does not serve the full term ap-
7 plicable under clause (i), the individual ap-
8 pointed to fill the resulting vacancy shall
9 be appointed for the remainder of the term
10 of the predecessor of the individual.

11 (iii) TRANSITION.—A member of the
12 Board may continue to serve after the ex-
13 piration of the term of the member until a
14 successor is appointed.

15 (B) VACANCIES.—Any vacancy in the
16 membership of the Board shall be filled in the
17 manner in which the original position was made
18 and shall not affect the power of the remaining
19 members to execute the duties of the Board.

20 (6) COMPENSATION.—Members of the Board
21 may not receive compensation for service on the
22 Board but may be reimbursed for travel, subsist-
23 ence, and other necessary expenses incurred in car-
24 rying out the duties of the Board.

1 (7) MEETINGS AND QUORUM.—A majority of
2 the members of the Board shall constitute a quorum
3 for purposes of conducting business of the Board.

4 (f) ADMINISTRATION.—

5 (1) EXECUTIVE DIRECTOR.—

6 (A) IN GENERAL.—The Board shall hire
7 an Executive Director who shall carry out such
8 duties and responsibilities as the Board may
9 prescribe.

10 (B) SERVICE.—The Executive Director
11 shall serve at the pleasure of the Board.

12 (2) ADMINISTRATIVE POWERS.—

13 (A) IN GENERAL.—In carrying out this
14 section, the Board, acting through the Execu-
15 tive Director, may—

16 (i) adopt, alter, and use a corporate
17 seal, which shall be judicially noticed;

18 (ii) hire, promote, compensate, and
19 discharge 1 or more officers, employees,
20 and agents, as may be necessary, and de-
21 fine the duties of the officers, employees,
22 and agents;

23 (iii) solicit and accept any funds,
24 gifts, grants, devises, or bequests of real or
25 personal property made to the Foundation,

- 1 including such support from private enti-
2 ties;
- 3 (iv) prescribe the manner in which—
- 4 (I) real or personal property of
5 the Foundation is acquired, held, and
6 transferred;
- 7 (II) general operations of the
8 Foundation are to be conducted; and
- 9 (III) the privileges granted to the
10 Board by law are exercised and en-
11 joyed;
- 12 (v) with the consent of the applicable
13 executive department or independent agen-
14 cy, use the information, services, and facili-
15 ties of the department or agency in car-
16 rying out this section;
- 17 (vi) enter into contracts with public
18 and private organizations for the writing,
19 editing, printing, and publishing of books
20 and other material;
- 21 (vii) hold, administer, invest, and
22 spend any gift, devise, or bequest of real or
23 personal property made to the Foundation;
- 24 (viii) enter into such contracts, leases,
25 cooperative agreements, and other trans-

1 actions as the Board considers appropriate
2 to conduct the activities of the Foundation;

3 (ix) modify or consent to the modifica-
4 tion of any contract or agreement to which
5 the Foundation is a party or in which the
6 Foundation has an interest;

7 (x) take such action as may be nec-
8 essary to obtain patents and licenses for
9 devices and procedures developed by the
10 Foundation and employees of the Founda-
11 tion;

12 (xi) sue and be sued in the corporate
13 name of the Foundation, and complain and
14 defend in courts of competent jurisdiction;

15 (xii) appoint other groups of advisors
16 as may be determined necessary to carry
17 out the functions of the Foundation; and

18 (xiii) exercise such other incidental
19 powers as are necessary to carry out the
20 duties and functions of the Foundation in
21 accordance with this section

22 (B) LIMITATION.—No appointed member
23 of the Board or officer or employee of the
24 Foundation or of any program established by
25 the Foundation (other than ex-officio members

1 of the Board) shall exercise administrative con-
2 trol over any Federal employee

3 (3) RECORDS.—

4 (A) AUDITS.—The Foundation shall—

5 (i) provide for annual audits of the fi-
6 nancial condition of the Foundation; and

7 (ii) make the audits, and all other
8 records, documents, and other papers of
9 the Foundation, available to the Secretary
10 and the Comptroller General of the United
11 States for examination or audit.

12 (B) REPORTS.—

13 (i) ANNUAL REPORT ON FOUNDA-
14 TION.—

15 (I) IN GENERAL.—Not later than
16 5 months following the end of each
17 fiscal year, the Foundation shall pub-
18 lish a report for the preceding fiscal
19 year that includes—

20 (aa) a description of Foun-
21 dation activities, including ac-
22 complishments; and

23 (bb) a comprehensive state-
24 ment of the operations and finan-
25 cial condition of the Foundation.

1 (II) FINANCIAL CONDITION.—

2 Each report under subclause (I) shall
3 include a description of all gifts or
4 grants to the Foundation of real or
5 personal property or money, which
6 shall include—

7 (aa) the source of the gifts
8 or grants; and

9 (bb) any restrictions on the
10 purposes for which the gift or
11 grant may be used.

12 (III) AVAILABILITY.—The Foun-
13 dation shall—

14 (aa) make copies of each re-
15 port submitted under subclause
16 (I) available for public inspection;
17 and

18 (bb) on request, provide a
19 copy of the report to any indi-
20 vidual.

21 (IV) PUBLIC MEETING.—The
22 Board shall hold an annual public
23 meeting to summarize the activities of
24 the Foundation.

1 (ii) GRANT REPORTING.—Any recipi-
2 ent of a grant under subsection (d)(1)(A)
3 shall provide the Foundation with a report
4 at the conclusion of any research or studies
5 conducted the describes the results of the
6 research or studies, including any data
7 generated.

8 (4) INTEGRITY.—

9 (A) IN GENERAL.—To ensure integrity in
10 the operations of the Foundation, the Board
11 shall develop and enforce procedures relating to
12 standards of conduct, financial disclosure state-
13 ments, conflict of interest (including recusal
14 and waiver rules), audits, and any other mat-
15 ters determined appropriate by the Board.

16 (B) FINANCIAL CONFLICTS OF INTER-
17 EST.—Any individual who is an officer, em-
18 ployee, or member of the Board is prohibited
19 from any participation in deliberations by the
20 Foundation of a matter that would directly or
21 predictably affect any financial interest of—

22 (i) the individual;

23 (ii) a relative (as defined in section
24 109 of the Ethics in Government Act of

1 1978 (5 U.S.C. App.)) of that individual;

2 or

3 (iii) a business organization or other
4 entity in which the individual has an inter-
5 est, including an organization or other en-
6 tity with which the individual is negoti-
7 ating employment.

8 (5) INTELLECTUAL PROPERTY.—The Board
9 shall adopt written standards to govern ownership of
10 any intellectual property rights derived from the col-
11 laborative efforts of the Foundation.

12 (6) LIABILITY.—The United States shall not be
13 liable for any debts, defaults, acts, or omissions of
14 the Foundation nor shall the full faith and credit of
15 the United States extend to any obligations of the
16 Foundation.

17 (g) FUNDS.—

18 (1) MANDATORY FUNDING.—

19 (A) IN GENERAL.—On October 1, 2012, of
20 the funds of the Commodity Credit Corporation,
21 the Secretary shall transfer to the Foundation
22 to carry out this section \$100,000,000, to re-
23 main available until expended under the condi-
24 tions described in subparagraph (B).

1 (B) CONDITIONS ON EXPENDITURE.—The
 2 Foundation may use the funds made available
 3 under subparagraph (A) to carry out the pur-
 4 poses of the Foundation only to the extent that
 5 the Foundation secures an equal amount of
 6 non-Federal matching funds for each expendi-
 7 ture.

8 (C) PROHIBITION ON CONSTRUCTION.—
 9 None of the funds made available under sub-
 10 subparagraph (A) may be used for construction.

11 (2) SEPARATION OF FUNDS.—The Executive
 12 Director shall ensure that any funds received under
 13 paragraph (1) or (2) are held in separate accounts
 14 from funds received from nongovernmental entities
 15 as described in subsection (f)(2)(A)(iii).

16 **TITLE VIII—FORESTRY**
 17 **Subtitle A—Repeal of Certain**
 18 **Forestry Programs**

19 **SEC. 8001. FOREST LAND ENHANCEMENT PROGRAM.**

20 (a) REPEAL.—Section 4 of the Cooperative Forestry
 21 Assistance Act of 1978 (16 U.S.C. 2103) is repealed.

22 (b) CONFORMING AMENDMENT.—Section 8002 of the
 23 Farm Security and Rural Investment Act of 2002 (Public
 24 Law 107–171; 16 U.S.C. 2103 note) is amended by strik-
 25 ing subsection (a).

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on October 1, 2012.

3 **SEC. 8002. WATERSHED FORESTRY ASSISTANCE PROGRAM.**

4 (a) REPEAL.—Section 6 of the Cooperative Forestry
5 Assistance Act of 1978 (16 U.S.C. 2103b) is repealed.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall take effect on October 1, 2012.

8 **SEC. 8003. EXPIRED COOPERATIVE NATIONAL FOREST**
9 **PRODUCTS MARKETING PROGRAM.**

10 Section 18 of the Cooperative Forestry Assistance
11 Act of 1978 (16 U.S.C. 2112) is repealed.

12 **SEC. 8004. HISPANIC-SERVING INSTITUTION AGRICUL-**
13 **TURAL LAND NATIONAL RESOURCES LEAD-**
14 **ERSHIP PROGRAM.**

15 (a) REPEAL.—Section 8402 of the Food, Conserva-
16 tion, and Energy Act of 2008 (16 U.S.C. 1649a) is re-
17 pealed.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall take effect on October 1, 2012.

20 **SEC. 8005. TRIBAL WATERSHED FORESTRY ASSISTANCE**
21 **PROGRAM.**

22 (a) REPEAL.—Section 303 of the Healthy Forests
23 Restoration Act of 2003 (16 U.S.C. 6542) is repealed.

24 (b) EFFECTIVE DATE.—The amendment made by
25 this section shall take effect on October 1, 2012.

1 **Subtitle B—Reauthorization of Co-**
2 **operative Forestry Assistance**
3 **Act of 1978 Programs**

4 **SEC. 8101. STATE-WIDE ASSESSMENT AND STRATEGIES FOR**
5 **FOREST RESOURCES.**

6 Section 2A(f)(1) of the Cooperative Forestry Assist-
7 ance Act of 1978 (16 U.S.C. 2101a(f)(1)) is amended by
8 striking “2012” and inserting “2017”.

9 **SEC. 8102. FOREST STEWARDSHIP PROGRAM.**

10 Section 5(h) of the Cooperative Forestry Assistance
11 Act of 1978 (16 U.S.C. 2103a(h)) is amended by striking
12 “such sums as may be necessary thereafter” and inserting
13 “\$50,000,000 for each of fiscal years 2013 through
14 2017”.

15 **SEC. 8103. FOREST LEGACY PROGRAM.**

16 Section 7 of the Cooperative Forestry Assistance Act
17 of 1978 (16 U.S.C. 2103e) is amended by striking sub-
18 section (m) and inserting the following:

19 “(m) FUNDING.—

20 “(1) AUTHORIZATION OF APPROPRIATIONS.—

21 There is authorized to be appropriated to carry out
22 this section \$200,000,000 for each of fiscal years
23 2013 through 2017.

24 “(2) ADDITIONAL FUNDING SOURCES.—In ad-
25 dition to any funds appropriated for each fiscal year

1 to carry out this section, the Secretary may use any
2 other Federal funds available to the Secretary.”.

3 **SEC. 8104. COMMUNITY FOREST AND OPEN SPACE CON-**
4 **SERVATION PROGRAM.**

5 Section 7A of the Cooperative Forestry Assistance
6 Act of 1978 (16 U.S.C. 2103d) is amended by striking
7 subsection (g) and inserting the following:

8 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
9 is authorized to be appropriated to carry out this section
10 \$50,000,000 for each of fiscal years 2013 through 2017.”.

11 **SEC. 8105. URBAN AND COMMUNITY FORESTRY ASSIST-**
12 **ANCE.**

13 Section 9(i) of the Cooperative Forestry Assistance
14 Act of 1978 (16 U.S.C. 2105(i)) is amended by striking
15 “such sums as may be necessary for each fiscal year there-
16 after” and inserting “\$50,000,000 for each of fiscal years
17 2013 through 2017”.

18 **Subtitle C—Reauthorization of**
19 **Other Forestry-related Laws**

20 **SEC. 8201. RURAL REVITALIZATION TECHNOLOGIES.**

21 Section 2371(d)(2) of the Food, Agriculture, Con-
22 servation, and Trade Act of 1990 (7 U.S.C. 6601(d)(2))
23 is amended by striking “2012” and inserting “2017”.

1 **SEC. 8202. OFFICE OF INTERNATIONAL FORESTRY.**

2 Section 2405 of the Global Climate Change Preven-
3 tion Act of 1990 (7 U.S.C. 6704) is amended by striking
4 subsection (d) and inserting the following:

5 “(d) AUTHORIZATION OF APPROPRIATIONS.—To
6 carry out this section, there are authorized to be appro-
7 priated—

8 “(1) such sums as are necessary for each of fis-
9 cal years 1996 through 2012; and

10 “(2) \$10,000,000 for each of fiscal years 2013
11 through 2017.”.

12 **SEC. 8203. INSECT INFESTATIONS AND RELATED DISEASES.**

13 (a) FINDINGS AND PURPOSES.—Section 401 of the
14 Healthy Forests Restoration Act of 2003 (16 U.S.C.
15 6551) is amended—

16 (1) in subsection (a)—

17 (A) by redesignating paragraphs (3)
18 through (12) as paragraphs (4) through (13),
19 respectively; and

20 (B) by inserting after paragraph (2) the
21 following:

22 “(3) the mountain pine beetle is—

23 “(A) threatening and ravaging forests
24 throughout the Western region of the United
25 States, including Arizona, California, Colorado,

1 Idaho, Montana, Nevada, New Mexico, Oregon,
2 and South Dakota;

3 “(B) reaching epidemic populations and se-
4 verely impacting over 41,000,000 acres in west-
5 ern forests; and

6 “(C) deteriorating forest health in national
7 forests and, when combined with drought, dis-
8 ease, and storm damage, is resulting in extreme
9 fire hazards in national forests across the West-
10 ern United States and endangering the eco-
11 nomic stability of surrounding adjacent commu-
12 nities, ranches, and parks;” and

13 (2) in subsection (b)—

14 (A) in paragraph (2), by striking “and” at
15 the end;

16 (B) in paragraph (3), by striking the pe-
17 riod at the end and inserting “; and”; and

18 (C) by adding at the end the following:

19 “(4) to provide for designation of treatment
20 areas pursuant to section 405.”.

21 (b) DESIGNATION OF TREATMENT AREAS.—Title IV
22 of the Healthy Forests Restoration Act of 2003 (16
23 U.S.C. 6551 et seq.) is amended—

1 (1) by redesignating sections 405 and 406 (16
2 U.S.C. 6555, 6556) as sections 406 and 407, respec-
3 tively; and

4 (2) by inserting after section 404 (16 U.S.C.
5 6554) the following:

6 **“SEC. 405. DESIGNATION OF TREATMENT AREAS.**

7 “(a) DESIGNATION OF TREATMENT AREAS.—Not
8 later than 60 days after the date of enactment of the Agri-
9 culture Reform, Food, and Jobs Act of 2012, the Sec-
10 retary shall designate treatment areas on at least 1 na-
11 tional forest in each State, if requested by the Governor
12 of the State, that the Secretary determines, based on an-
13 nual forest health surveys, are experiencing declining for-
14 est health due to insect or disease infestation.

15 “(b) TREATMENT OF AREAS.—The Secretary may
16 carry out treatments to address the insect or disease infes-
17 tation in the areas designated under subsection (a) in ac-
18 cordance with sections 104, 105, 106, and 401.

19 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
20 is authorized to be appropriated to carry out this section
21 \$100,000,000 for each of fiscal years 2013 through
22 2017.”.

23 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
24 407 of the Healthy Forests Restoration Act of 2003 (as

1 redesignated by subsection (b)(1)) is amended by striking
2 “2008” and inserting “2017”.

3 **SEC. 8204. STEWARDSHIP END RESULT CONTRACTING**
4 **PROJECTS.**

5 (a) IN GENERAL.—Title VI of the Healthy Forests
6 Restoration Act of 2003 (16 U.S.C. 6591) is amended by
7 adding at the end the following:

8 **“SEC. 602. STEWARDSHIP END RESULT CONTRACTING**
9 **PROJECTS.**

10 “(a) DEFINITIONS.—In this section:

11 “(1) CHIEF.—The term ‘Chief’ means the Chief
12 of the Forest Service.

13 “(2) DIRECTOR.—The term ‘Director’ means
14 the Director of the Bureau of Land Management.

15 “(b) PROJECTS.—The Chief and the Director, via
16 agreement or contract as appropriate, may enter into
17 stewardship contracting projects with private persons or
18 other public or private entities to perform services to
19 achieve land management goals for the national forests
20 and the public lands that meet local and rural community
21 needs.

22 “(c) LAND MANAGEMENT GOALS.—The land man-
23 agement goals of a project under subsection (b) may in-
24 clude—

1 “(1) road and trail maintenance or obliteration
2 to restore or maintain water quality;

3 “(2) soil productivity, habitat for wildlife and
4 fisheries, or other resource values;

5 “(3) setting of prescribed fires to improve the
6 composition, structure, condition, and health of
7 stands or to improve wildlife habitat;

8 “(4) removing vegetation or other activities to
9 promote healthy forest stands, reduce fire hazards,
10 or achieve other land management objectives;

11 “(5) watershed restoration and maintenance;

12 “(6) restoration and maintenance of wildlife
13 and fish; or

14 “(7) control of noxious and exotic weeds and re-
15 establishing.

16 “(d) AGREEMENTS OR CONTRACTS.—

17 “(1) PROCUREMENT PROCEDURE.—A source
18 for performance of an agreement or contract under
19 subsection (b) shall be selected on a best-value basis,
20 including consideration of source under other public
21 and private agreements or contracts.

22 “(2) CONTRACT FOR SALE OF PROPERTY.—A
23 contract entered into under this section may, at the
24 discretion of the Secretary of Agriculture, be consid-
25 ered a contract for the sale of property under such

1 terms as the Secretary may prescribe without regard
2 to any other provision of law.

3 “(3) TERM.—

4 “(A) IN GENERAL.—Except as provided in
5 subparagraph (B), the Chief and the Director
6 may enter into a contract under subsection (b)
7 in accordance with section 3903 of title 41,
8 United States Code.

9 “(B) MAXIMUM.—The period of the con-
10 tract under subsection (b) may exceed 5 years
11 but may not exceed 10 years.

12 “(4) OFFSETS.—

13 “(A) IN GENERAL.—The Chief and the Di-
14 rector may apply the value of timber or other
15 forest products removed as an offset against the
16 cost of services received under the agreement or
17 contract described in subsection (b).

18 “(B) METHODS OF APPRAISAL.—The value
19 of timber or other forest products used as an
20 offset under subparagraph (A)—

21 “(i) shall be determined using appro-
22 priate methods of appraisal commensurate
23 with the quantity of products to be re-
24 moved; and

25 “(ii) may—

1 “(I) be determined using a unit
2 of measure appropriate to the con-
3 tracts; and

4 “(II) may include valuing prod-
5 ucts on a per-acre basis.

6 “(5) RELATION TO OTHER LAWS.—Notwith-
7 standing subsections (d) and (g) of section 14 of the
8 National Forest Management Act of 1976 (16
9 U.S.C. 472a), the Chief may enter into an agree-
10 ment or contract under subsection (b).

11 “(6) CONTRACTING OFFICER.—Notwithstanding
12 any other provision of law, the Secretary or the Sec-
13 retary of the Interior may determine the appropriate
14 contracting officer to enter into and administer an
15 agreement or contract under subsection (b).

16 “(e) RECEIPTS.—

17 “(1) IN GENERAL.—The Chief and the Director
18 may collect monies from an agreement or contract
19 under subsection (b) if the collection is a secondary
20 objective of negotiating the contract that will best
21 achieve the purposes of this section.

22 “(2) USE.—Monies from an agreement or con-
23 tract under subsection (b)—

24 “(A) may be retained by the Chief and the
25 Director; and

1 “(B) shall be available for expenditure
2 without further appropriation at the project site
3 from which the monies are collected or at an-
4 other project site.

5 “(3) RELATION TO OTHER LAWS.—

6 “(A) IN GENERAL.—Notwithstanding any
7 other provision of law, the value of services re-
8 ceived by the Chief or the Director under a
9 stewardship contract project conducted under
10 this section, and any payments made or re-
11 sources provided by the contractor, Chief, or
12 Director shall not be considered monies received
13 from the National Forest System or the public
14 lands.

15 “(B) KNUTSON-VANDERBERG ACT.—The
16 Act of June 9, 1930 (commonly known as the
17 ‘Knutson-Vanderberg Act’) (16 U.S.C. 576 et
18 seq.) shall not apply to any agreement or con-
19 tract under subsection (b).

20 “(f) COSTS OF REMOVAL.—Notwithstanding the fact
21 that a contractor did not harvest the timber, the Chief
22 may collect deposits from a contractor covering the costs
23 of removal of timber or other forest products under—

24 “(1) the Act of August 11, 1916 (16 U.S.C.
25 490); and

1 “(2) and the Act of June 30, 1914 (16 U.S.C.
2 498).

3 “(g) PERFORMANCE AND PAYMENT GUARANTEES.—

4 “(1) IN GENERAL.—The Chief and the Director
5 may require performance and payment bonds under
6 sections 28.103–2 and 28.103–3 of the Federal Ac-
7 quisition Regulation, in an amount that the con-
8 tracting officer considers sufficient to protect the in-
9 vestment in receipts by the Federal Government
10 generated by the contractor from the estimated
11 value of the forest products to be removed under a
12 contract under subsection (b).

13 “(2) EXCESS OFFSET VALUE.—If the offset
14 value of the forest products exceeds the value of the
15 resource improvement treatments, the Chief and the
16 Director may—

17 “(A) collect any residual receipts under the
18 Act of June 9, 1930 (commonly known as the
19 ‘Knutson-Vanderberg Act’) (16 U.S.C. 576 et
20 seq.); and

21 “(B) apply the excess to other authorized
22 stewardship projects.

23 “(h) MONITORING AND EVALUATION.—

24 “(1) IN GENERAL.—The Chief and the Director
25 shall establish a multiparty monitoring and evalua-

1 tion process that accesses the stewardship con-
2 tracting projects conducted under this section.

3 “(2) PARTICIPANTS.—Other than the Chief and
4 Director, participants in the process described in
5 paragraph (1) may include—

6 “(A) any cooperating governmental agen-
7 cies, including tribal governments; and

8 “(B) any other interested groups or indi-
9 viduals.

10 “(i) REPORTING.—Not later than 1 year after the
11 date of enactment of this section, and annually thereafter,
12 the Chief and the Director shall report to the Committee
13 on Agriculture, Nutrition, and Forestry of the Senate and
14 the Committee on Agriculture of the House of Representa-
15 tives on—

16 “(1) the status of development, execution, and
17 administration of agreements or contracts under
18 subsection (b);

19 “(2) the specific accomplishments that have re-
20 sulted; and

21 “(3) the role of local communities in the devel-
22 opment of agreements or contract plans.”.

23 (b) CONFORMING AMENDMENT.—Section 347 of the
24 Department of the Interior and Related Agencies Appro-

1 priations Act, 1999 (16 U.S.C. 2104 note; Public Law
2 105–277) is repealed.

3 **SEC. 8205. HEALTHY FORESTS RESERVE PROGRAM.**

4 (a) DEFINITION OF ACREAGE OWNED BY INDIAN
5 TRIBES.—Section 502(e)(3) of the Healthy Forests Res-
6 toration Act (16 U.S.C. 6572(e)(3)) is amended—

7 (1) in subparagraph (C), by striking “subpara-
8 graphs (A) and (B)” and inserting “clauses (i) and
9 (ii)”;

10 (2) by redesignating subparagraphs (A) through
11 (C) as clauses (i) through (iii), respectively, and in-
12 denting appropriately; and

13 (3) by striking “In the case of” and inserting
14 the following:

15 “(A) DEFINITION OF ACREAGE OWNED BY
16 INDIAN TRIBES.—In this paragraph, the term
17 ‘acreage owned by Indian tribes’ includes—

18 “(i) land that is held in trust by the
19 United States for Indian tribes or indi-
20 vidual Indians;

21 “(ii) land, the title to which is held by
22 Indian tribes or individual Indians subject
23 to Federal restrictions against alienation
24 or encumbrance;

1 “(iii) land that is subject to rights of
2 use, occupancy, and benefit of certain In-
3 dian tribes;

4 “(iv) land that is held in fee title by
5 an Indian tribe; or

6 “(v) land that is owned by a native
7 corporation formed under section 17 of the
8 Act of June 18, 1934 (commonly known as
9 the ‘Indian Reorganization Act’) (25
10 U.S.C. 477) or section 8 of the Alaska Na-
11 tive Claims Settlement Act (43 U.S.C.
12 1607); or

13 “(vi) a combination of 1 or more
14 types of land described in clauses (i)
15 through (v).

16 “(B) ENROLLMENT OF ACREAGE.—In the
17 case of”.

18 (b) CHANGE IN FUNDING SOURCE FOR HEALTHY
19 FORESTS RESERVE PROGRAM.—Section 508 of the
20 Healthy Forests Restoration Act of 2003 (16 U.S.C.
21 6578) is amended—

22 (1) in subsection (a), by striking “IN GEN-
23 ERAL” and inserting “FISCAL YEARS 2009
24 THROUGH 2012”;

1 (2) by redesignating subsection (b) as sub-
2 section (d); and

3 (3) by inserting after subsection (a) the fol-
4 lowing:

5 “(b) FISCAL YEARS 2013 THROUGH 2017.—There is
6 authorized to be appropriated to the Secretary of Agri-
7 culture to carry out this section \$9,750,000 for each of
8 fiscal years 2013 through 2017.

9 “(c) ADDITIONAL SOURCE OF FUNDS.—In addition
10 to funds appropriated pursuant to the authorization of ap-
11 propriations in subsection (b) for a fiscal year, the Sec-
12 retary may use such amount of the funds appropriated
13 for that fiscal year to carry out the Soil Conservation and
14 Domestic Allotment Act (16 U.S.C. 590a et seq.) as the
15 Secretary determines necessary to cover the cost of tech-
16 nical assistance, management, and enforcement respon-
17 sibilities for land enrolled in the healthy forests reserve
18 program pursuant to subsections (a) and (b) of section
19 504.”.

20 **Subtitle D—Miscellaneous**
21 **Provisions**

22 **SEC. 8301. MCINTIRE-STENNIS COOPERATIVE FORESTRY**
23 **ACT.**

24 (a) 1890 WAIVERS.—Section 4 of Public Law 87–
25 788 (commonly known as the “McIntire-Stennis Coopera-

1 tive Forestry Act”) (16 U.S.C. 582a–3) is amended by
2 inserting “The matching funds requirement shall not be
3 applicable to eligible 1890 Institutions (as defined in sec-
4 tion 2 of the Agricultural Research, Extension, and Edu-
5 cation Reform Act of 1998 (7 U.S.C. 7601)) if the alloca-
6 tion is below \$200,000.” before “The Secretary is author-
7 ized” in the second sentence.

8 (b) PARTICIPATION.—Section 8 of Public Law 87–
9 788 (commonly known as the “McIntire-Stennis Cooper-
10 ative Forestry Act”) (16 U.S.C. 582a–7) is amended by
11 inserting ‘the Federated States of Micronesia, American
12 Samoa, the Northern Mariana Islands,’ before ‘and
13 Guam’ ”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section take effect on October 1, 2012.

16 **SEC. 8302. REVISION OF STRATEGIC PLAN FOR FOREST IN-**
17 **VENTORY AND ANALYSIS.**

18 (a) REVISION REQUIRED.—Not later than 180 days
19 after the date of enactment of this Act, the Secretary of
20 Agriculture shall revise the strategic plan for forest inven-
21 tory and analysis initially prepared pursuant to section
22 3(e) of the Forest and Rangeland Renewable Resources
23 Research Act of 1978 (16 U.S.C. 1642(e)) to address the
24 requirements imposed by subsection (b).

1 (b) ELEMENTS OF REVISED STRATEGIC PLAN.—In
2 revising the strategic plan, the Secretary of Agriculture
3 shall describe in detail the organization, procedures, and
4 funding needed to achieve each of the following:

5 (1) Complete the transition to a fully
6 annualized forest inventory program and include in-
7 ventory and analysis of interior Alaska.

8 (2) Implement an annualized inventory of trees
9 in urban settings, including the status and trends of
10 trees and forests, and assessments of their eco-
11 system services, values, health, and risk to pests and
12 diseases.

13 (3) Report information on renewable biomass
14 supplies and carbon stocks at the local, State, re-
15 gional, and national level, including by ownership
16 type.

17 (4) Engage State foresters and other users of
18 information from the forest inventory and analysis
19 in reevaluating the list of core data variables col-
20 lected on forest inventory and analysis plots with an
21 emphasis on demonstrated need.

22 (5) Improve the timeliness of the timber prod-
23 uct output program and accessibility of the
24 annualized information on that database.

1 (6) Foster greater cooperation among the forest
2 inventory and analysis program, research station
3 leaders, and State foresters and other users of infor-
4 mation from the forest inventory and analysis.

5 (7) Availability of and access to non-Federal re-
6 sources to improve information analysis and infor-
7 mation management.

8 (8) Collaborate with the Natural Resources
9 Conservation Service, National Aeronautics and
10 Space Administration, National Oceanic and Atmos-
11 pheric Administration, and United States Geological
12 Survey to integrate remote sensing, spatial analysis
13 techniques, and other new technologies in the forest
14 inventory and analysis program.

15 (9) Understand and report on changes in land
16 cover and use.

17 (10) Expand existing programs to promote sus-
18 tainable forest stewardship through increased under-
19 standing, in partnership with other Federal agencies,
20 of the over 10 million family forest owners, their de-
21 mographics, and the barriers to forest stewardship.

22 (11) Implement procedures to improve the sta-
23 tistical precision of estimates at the sub-State level.

24 (c) SUBMISSION OF REVISED STRATEGIC PLAN.—
25 The Secretary of Agriculture shall submit the revised stra-

1 tegic plan to the Committee on Agriculture of the House
2 of Representatives and the Committee on Agriculture, Nu-
3 trition, and Forestry of the Senate.

4 **TITLE IX—ENERGY**

5 **SEC. 9001. DEFINITION OF RENEWABLE CHEMICAL.**

6 Section 9001 of the Farm Security and Rural Invest-
7 ment Act of 2002 (7 U.S.C. 8101) is amended—

8 (1) by redesignating paragraphs (13) and (14)
9 as paragraphs (14) and (15) respectively; and

10 (2) by inserting after paragraph (12) the fol-
11 lowing:

12 “(13) RENEWABLE CHEMICAL.—The term ‘re-
13 newable chemical’ means a monomer, polymer, plas-
14 tic, formulated product, or chemical substance pro-
15 duced from renewable biomass.”.

16 **SEC. 9002. BIOBASED MARKETS PROGRAM.**

17 (a) IN GENERAL.—Section 9002 of the Farm Secu-
18 rity and Rural Investment Act of 2002 (7 U.S.C. 8102)
19 is amended—

20 (1) in subsection (a)—

21 (A) in paragraph (2)(A)(i)—

22 (i) in subclause (I), by striking “and”
23 at the end;

1 (ii) in subclause (II)(bb), by striking
2 the period at the end and inserting “;
3 and”; and

4 (iii) by adding at the end the fol-
5 lowing:

6 “(III) establish a targeted
7 biobased-only procurement require-
8 ment under which the procuring agen-
9 cy shall issue a certain number of
10 biobased-only contracts when the pro-
11 curing agency is purchasing products,
12 or purchasing services that include the
13 use of products, that are included in
14 a biobased product category des-
15 ignated by the Secretary.”; and

16 (B) in paragraph (3)—

17 (i) in subparagraph (B)—

18 (I) in clause (v), by inserting “as
19 determined to be necessary by the
20 Secretary based on the availability of
21 data,” before “provide information”;

22 (II) by redesignating clauses (v)
23 and (vi) as clauses (vii) and (viii), re-
24 spectively; and

1 (III) by inserting after clause (iv)
2 the following:

3 “(v) require reporting of quantities
4 and types of biobased products purchased
5 by procuring agencies;

6 “(vi) focus on products that apply an
7 innovative approach to growing, har-
8 vesting, procuring, processing, or manufac-
9 turing biobased products regardless of the
10 date of entry of the products into the mar-
11 ketplace;”; and

12 (ii) by adding at the end the fol-
13 lowing:

14 “(F) REQUIRED DESIGNATIONS.—Not
15 later than 1 year after the date of enactment of
16 this subparagraph, the Secretary shall begin to
17 designate intermediate ingredients or feedstocks
18 and assembled and finished biobased products
19 in the guidelines issued under this paragraph.”;

20 (2) in subsection (b)—

21 (A) in paragraph (3)—

22 (i) by striking “The Secretary” and
23 inserting the following:

24 “(A) IN GENERAL.—The Secretary”; and

1 (ii) by adding at the end the fol-
2 lowing:

3 “(B) AUDITING AND COMPLIANCE.—The
4 Secretary may carry out such auditing and
5 compliance activities as the Secretary deter-
6 mines to be necessary to ensure compliance
7 with subparagraph (A).”; and

8 (B) by adding at the end the following:

9 “(4) ASSEMBLED AND FINISHED PRODUCTS.—
10 Not later than 1 year after the date of enactment
11 of this paragraph, the Secretary shall begin issuing
12 criteria for determining which assembled and fin-
13 ished products may qualify to receive the label under
14 paragraph (1).”;

15 (3) by redesignating subsections (d), (e), (f),
16 (g), and (h) as subsections (e), (f), (g), (i), and (j),
17 respectively;

18 (4) by inserting after subsection (c) the fol-
19 lowing:

20 “(d) OUTREACH, EDUCATION, AND PROMOTION.—

21 “(1) IN GENERAL.—The Secretary may engage
22 in outreach, educational, and promotional activities
23 intended to increase knowledge, awareness, and ben-
24 efits of biobased products.

1 “(2) AUTHORIZED ACTIVITIES.—In carrying
2 out this subsection, the Secretary may—

3 “(A) conduct consumer education and out-
4 reach (including consumer and awareness sur-
5 veys);

6 “(B) conduct outreach to and support for
7 State and local governments interested in im-
8 plementing biobased purchasing programs;

9 “(C) partner with industry and nonprofit
10 groups to produce educational and outreach
11 materials and conduct educational and outreach
12 events;

13 “(D) sponsor special conferences and
14 events to bring together buyers and sellers of
15 biobased products; and

16 “(E) support pilot and demonstration
17 projects.”;

18 (5) in subsection (h) (as redesignated by para-
19 graph (3))—

20 (A) in paragraph (2)—

21 (i) in the matter preceding subpara-
22 graph (A) by striking “The report” and in-
23 sserting “Each report under paragraph
24 (1)”;

1 (ii) in subparagraph (A), by striking
2 “and” at the end;

3 (iii) in subparagraph (B)(ii), by strik-
4 ing the period at the end and inserting a
5 semicolon; and

6 (iv) by adding at the end the fol-
7 lowing:

8 “(C) the progress made by other Federal
9 agencies in compliance with the biobased pro-
10 curement requirements, including the quantity
11 of purchases made; and

12 “(D) the status of outreach, educational,
13 and promotional activities carried out by the
14 Secretary under subsection (d), including the
15 attainment of specific milestones and overall re-
16 sults.”; and

17 (B) by adding at the end the following:

18 “(3) ECONOMIC IMPACT STUDY AND REPORT.—

19 “(A) IN GENERAL.—The Secretary shall
20 conduct a study to assess the economic impact
21 of the biobased products industry, including—

22 “(i) the quantity of biobased products
23 sold;

24 “(ii) the value of the biobased prod-
25 ucts;

1 “(iii) the quantity of jobs created;

2 “(iv) the quantity of petroleum dis-
3 placed;

4 “(v) other environmental benefits; and

5 “(vi) areas in which the use or manu-
6 facturing of biobased products could be
7 more effectively used, including identifying
8 any technical and economic obstacles and
9 recommending how those obstacles can be
10 overcome.

11 “(B) REPORT.—Not later than 180 days
12 after the date of enactment of this subpara-
13 graph, the Secretary shall submit to Congress a
14 report describing the results of the study con-
15 ducted under subparagraph (A).”.

16 (6) by inserting after subsection (g) (as redesign-
17 nated by paragraph (3)) the following:

18 “(h) FOREST PRODUCTS LABORATORY COORDINA-
19 TION.—In determining whether products are eligible for
20 the ‘USDA Certified Biobased Product’ label, the Sec-
21 retary (acting through the Forest Products Laboratory)
22 shall—

23 “(1) review and approve forest-related products
24 for which an application is submitted for the pro-
25 gram;

1 “(2) expedite the approval of innovative prod-
2 ucts resulting from technology developed by the For-
3 est Products Laboratory or partners of the Labora-
4 tory; and

5 “(3) provide appropriate technical assistance to
6 applicants, as determined by the Secretary.”; and

7 (7) in subsection (j) (as redesignated by para-
8 graph (3))—

9 (A) in the heading of paragraph (1), by in-
10 serting “FOR FISCAL YEARS 2008 THROUGH
11 2012” after “FUNDING”;

12 (B) in the heading of paragraph (2), by in-
13 serting “FOR FISCAL YEARS 2009 THROUGH
14 2012” after “FUNDING”; and

15 (C) by adding at the end the following:

16 “(3) FISCAL YEARS 2013 THROUGH 2017.—
17 There is authorized to be appropriated to carry out
18 this section \$2,000,000 for each of fiscal years 2013
19 through 2017.

20 “(4) MANDATORY FUNDING FOR FISCAL YEARS
21 2013 THROUGH 2017.—Of the funds of the Com-
22 modity Credit Corporation, the Secretary shall use
23 to carry out this section \$3,000,000 for each of fis-
24 cal years 2013 through 2017.”.

1 (b) CONFORMING AMENDMENT.—Section
2 944(c)(2)(A) of the Energy Policy Act of 2005 (42 U.S.C.
3 16253(c)(2)(A)) is amended by striking “section
4 9002(h)(1)” and inserting “section 9002(b)”.

5 **SEC. 9003. BIOREFINERY, RENEWABLE CHEMICAL, AND**
6 **BIOBASED PRODUCT MANUFACTURING AS-**
7 **SISTANCE.**

8 (a) PROGRAM ADJUSTMENTS.—

9 (1) IN GENERAL.—Section 9003 of the Farm
10 Security and Rural Investment Act of 2002 (7
11 U.S.C. 8103) is amended—

12 (A) in the section heading, by inserting “,
13 **RENEWABLE CHEMICAL, AND BIOBASED**
14 **PRODUCT MANUFACTURING”** after “**BIO-**
15 **REFINERY”**;

16 (B) in subsection (a), in the matter pre-
17 ceding paragraph (1), by inserting “renewable
18 chemicals, and biobased product manufac-
19 turing” after “advanced biofuels,”;

20 (C) in subsection (b)—

21 (i) by redesignating paragraphs (1)
22 and (2) as paragraphs (2) and (3), respec-
23 tively; and

24 (ii) by inserting before paragraph (2)
25 (as so redesignated) the following:

1 “(1) BIOBASED PRODUCT MANUFACTURING.—
2 The term ‘biobased product manufacturing’ means
3 development, construction, and retrofitting of tech-
4 nologically new commercial-scale processing and
5 manufacturing equipment and required facilities that
6 will be used to convert renewable chemicals and
7 other biobased outputs of biorefineries into end-user
8 products on a commercial scale.”; and

9 (D) in subsection (c)—

10 (i) in paragraph (1), by striking
11 “and” at the end;

12 (ii) in paragraph (2), by striking the
13 period at the end and inserting “; and”;
14 and

15 (iii) by adding at the end the fol-
16 lowing:

17 “(3) grants and loan guarantees to fund the de-
18 velopment and construction of renewable chemical
19 and biobased product manufacturing facilities.”.

20 (2) EFFECTIVE DATE.—The amendments made
21 by paragraph (1) shall take effect on October 1,
22 2012.

23 (b) FUNDING.—Section 9003(h) of the Farm Secu-
24 rity and Rural Investment Act of 2002 (7 U.S.C. 8103(b))
25 is amended—

1 (1) by striking paragraph (1) and inserting the
2 following:

3 “(1) MANDATORY FUNDING.—

4 “(A) IN GENERAL.—Subject to subpara-
5 graph (B), of the funds of the Commodity
6 Credit Corporation, the Secretary shall use for
7 the cost of loan guarantees under this section,
8 to remain available until expended—

9 “(i) \$100,000,000 for fiscal year
10 2013; and

11 “(ii) \$58,000,000 for each of fiscal
12 years 2014 and 2015.

13 “(B) BIOBASED PRODUCT MANUFAC-
14 TURING.—Of the total amount of funds made
15 available for the period of fiscal years 2013
16 through 2015 under subparagraph (A), the Sec-
17 retary use for the cost of loan guarantees under
18 this section not more than \$25,000,000 to pro-
19 mote biobased product manufacturing.”; and

20 (2) in paragraph (2), by striking “2012” and
21 inserting “2017”.

1 **SEC. 9004. REPEAL OF REPOWERING ASSISTANCE PRO-**
2 **GRAM AND TRANSFER OF REMAINING FUNDS.**

3 (a) REPEAL.—Subject to subsection (b), section 9004
4 of the Farm Security and Rural Investment Act of 2002
5 (7 U.S.C. 8104) is repealed.

6 (b) USE OF REMAINING FUNDING FOR RURAL EN-
7 ERGY FOR AMERICA PROGRAM.—Funds made available
8 pursuant to subsection (d) of section 9004 of the Farm
9 Security and Rural Investment Act of 2002 (7 U.S.C.
10 8104) that are unobligated on the day before the date of
11 enactment of this section shall—

12 (1) remain available until expended;

13 (2) be used by the Secretary of Agriculture to
14 carry out financial assistance for energy efficiency
15 improvements and renewable energy systems under
16 section 9007(a)(2) of the Farm Security and Rural
17 Investment Act of 2002 (7 U.S.C. 8107(a)(2)); and

18 (3) be in addition to any other funds made
19 available to carry out that program.

20 **SEC. 9005. BIOENERGY PROGRAM FOR ADVANCED**
21 **BIOFUELS.**

22 Section 9005(g) of the Farm Security and Rural In-
23 vestment Act of 2002 (7 U.S.C. 8105(c)) is amended—

24 (1) in the heading of paragraph (1), by insert-
25 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
26 “FUNDING”;

1 (2) in the heading of paragraph (2), by insert-
2 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
3 “FUNDING”;

4 (3) by redesignating paragraph (3) as para-
5 graph (4); and

6 (4) by inserting after paragraph (2) the fol-
7 lowing:

8 “(3) FISCAL YEARS 2013 THROUGH 2017.—
9 There is authorized to be appropriated to carry out
10 this section \$20,000,000 for each of fiscal years
11 2013 through 2017.”.

12 **SEC. 9006. BIODIESEL FUEL EDUCATION PROGRAM.**

13 Section 9006(d) of the Farm Security and Rural In-
14 vestment Act of 2002 (7 U.S.C. 8106(d)) is amended—

15 (1) by striking “(d) FUNDING.—Of the funds”
16 and inserting “(d) FUNDING.—

17 “(1) FISCAL YEARS 2008 THROUGH 2012.—Of
18 the funds”; and

19 (2) by adding at the end the following:

20 “(2) FISCAL YEARS 2013 THROUGH 2017.—
21 There is authorized to be appropriated to carry out
22 this section \$1,000,000 for each of fiscal years 2013
23 through 2017.

24 “(3) MANDATORY FUNDING FOR FISCAL YEARS
25 2013 THROUGH 2017.—Of the funds of the Com-

1 modity Credit Corporation, the Secretary shall use
2 to carry out this section \$1,000,000 for each of fis-
3 cal years 2013 through 2017.”.

4 **SEC. 9007. RURAL ENERGY FOR AMERICA PROGRAM.**

5 (a) PROGRAM ADJUSTMENTS.—

6 (1) IN GENERAL.—Section 9007 of the Farm
7 Security and Rural Investment Act of 2002 (7
8 U.S.C. 8107) is amended—

9 (A) in subsection (b)(2)—

10 (i) in subparagraph (C), by striking
11 “and” at the end;

12 (ii) by redesignating subparagraph
13 (D) as subparagraph (E); and

14 (iii) by inserting after subparagraph
15 (C) the following:

16 “(D) a council (as defined in section 1528
17 of the Agriculture and Food Act of 1981 (16
18 U.S.C. 3451)); and”;

19 (B) in subsection (c)—

20 (i) in paragraph (1)(A), by inserting
21 “, such as for agricultural and associated
22 residential purposes” after “electricity”;

23 (ii) by striking paragraph (3);

24 (iii) by redesignating paragraph (4) as
25 paragraph (3);

1 (iv) in paragraph (3) (as so redesignig-
2 nated), by striking subparagraph (A) and
3 inserting the following:

4 “(A) GRANTS.—The amount of a grant
5 under this subsection shall not exceed the lesser
6 of—

7 “(i) \$500,000; and

8 “(ii) 25 percent of the cost of the ac-
9 tivity carried out using funds from the
10 grant.”; and

11 (v) by adding at the end the following:

12 “(4) TIERED APPLICATION PROCESS.—

13 “(A) IN GENERAL.—In providing loan
14 guarantees and grants under this subsection,
15 the Secretary shall use a 3-tiered application
16 process that reflects the size of proposed
17 projects in accordance with this paragraph.

18 “(B) TIER 1.—The Secretary shall estab-
19 lish a separate application process for projects
20 for which the cost of the activity funded under
21 this subsection is not more than \$80,000.

22 “(C) TIER 2.—The Secretary shall estab-
23 lish a separate application process for projects
24 for which the cost of the activity funded under

1 this subsection is greater than \$80,000 but less
2 than \$200,000.

3 “(D) TIER 3.—The Secretary shall estab-
4 lish a separate application process for projects
5 for which the cost of the activity funded under
6 this subsection is equal to or greater than
7 \$200,000.

8 “(E) APPLICATION PROCESS.—The Sec-
9 retary shall establish an application, evaluation,
10 and oversight process that is the most sim-
11 plified for tier I projects and more comprehen-
12 sive for each subsequent tier.”.

13 (2) EFFECTIVE DATE.—The amendments made
14 by paragraph (1) shall take effect on October 1,
15 2012.

16 (b) FUNDING.—Section 9007(g) of the Farm Secu-
17 rity and Rural Investment Act of 2002 (7 U.S.C. 8107(g))
18 is amended—

19 (1) in the heading of paragraph (1), by insert-
20 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
21 “FUNDING”;

22 (2) in the heading of paragraph (2), by insert-
23 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
24 “FUNDING”;

1 (3) in the heading of paragraph (3), by insert-
2 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
3 “FUNDING”; and

4 (4) by adding at the end the following:

5 “(4) FISCAL YEARS 2013 THROUGH 2017.—
6 There is authorized to be appropriated to carry out
7 this section \$20,000,000 for each of fiscal years
8 2013 through 2017.

9 “(5) MANDATORY FUNDING FOR FISCAL YEARS
10 2013 THROUGH 2017.—Of the funds of the Com-
11 modity Credit Corporation, the Secretary shall use
12 to carry out this section \$48,200,000 for each of fis-
13 cal years 2013 through 2017.”.

14 **SEC. 9008. BIOMASS RESEARCH AND DEVELOPMENT.**

15 Section 9008(h) of the Farm Security and Rural In-
16 vestment Act of 2002 (7 U.S.C. 8108(h)) is amended—

17 (1) in the heading of paragraph (1), by insert-
18 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
19 “FUNDING”;

20 (2) in the heading of paragraph (2), by insert-
21 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
22 “FUNDING”; and

23 (3) by adding at the end the following:

24 “(3) FISCAL YEARS 2013 THROUGH 2017.—
25 There is authorized to be appropriated to carry out

1 this section \$30,000,000 for each of fiscal years
2 2013 through 2017.

3 “(4) MANDATORY FUNDING FOR FISCAL YEARS
4 2013 THROUGH 2017.—Of the funds of the Com-
5 modity Credit Corporation, the Secretary shall use
6 to carry out this section \$26,000,000 for each of fis-
7 cal years 2013 through 2017.”.

8 **SEC. 9009. FEEDSTOCK FLEXIBILITY PROGRAM FOR BIO-**
9 **ENERGY PRODUCERS.**

10 Section 9010(b) of the Farm Security and Rural In-
11 vestment Act of 2002 (7 U.S.C. 8110(b)) is amended—

12 (1) in paragraph (1)(A), by striking “2012”
13 and inserting “2017”; and

14 (2) in paragraph (2)(A), by striking “2012”
15 and inserting “2017”.

16 **SEC. 9010. BIOMASS CROP ASSISTANCE PROGRAM.**

17 Section 9011 of the Farm Security and Rural Invest-
18 ment Act of 2002 (7 U.S.C. 8111) is amended to read
19 as follows:

20 **“SEC. 9011. BIOMASS CROP ASSISTANCE PROGRAM.**

21 “(a) DEFINITIONS.—In this section:

22 “(1) BCAP.—The term ‘BCAP’ means the Bio-
23 mass Crop Assistance Program established under
24 this section.

1 “(2) BCAP PROJECT AREA.—The term ‘BCAP
2 project area’ means an area that—

3 “(A) has specified boundaries that are sub-
4 mitted to the Secretary by the project sponsor
5 and subsequently approved by the Secretary;

6 “(B) includes producers with contract
7 acreage that will supply a portion of the renew-
8 able biomass needed by a biomass conversion
9 facility; and

10 “(C) is physically located within an eco-
11 nomically practicable distance from the biomass
12 conversion facility.

13 “(3) CONTRACT ACREAGE.—The term ‘contract
14 acreage’ means eligible land that is covered by a
15 BCAP contract entered into with the Secretary.

16 “(4) ELIGIBLE CROP.—

17 “(A) IN GENERAL.—The term ‘eligible
18 crop’ means a crop of renewable biomass.

19 “(B) EXCLUSIONS.—The term ‘eligible
20 crop’ does not include—

21 “(i) any crop that is eligible to receive
22 payments under title I of the Food, Con-
23 servation, and Energy Act of 2008 (7
24 U.S.C. 8702 et seq.) or an amendment
25 made by that title;

1 “(ii) any plant that is invasive or nox-
2 ious or species or varieties of plants that
3 credible risk assessment tools or other
4 credible sources determine are potentially
5 invasive, as determined by the Secretary in
6 consultation with other appropriate Fed-
7 eral or State departments and agencies; or
8 “(iii) algae.

9 “(5) ELIGIBLE LAND.—

10 “(A) IN GENERAL.—The term ‘eligible
11 land’ includes—

12 “(i) agricultural and nonindustrial
13 private forest lands (as defined in section
14 5(c) of the Cooperative Forestry Assistance
15 Act of 1978 (16 U.S.C. 2103a(c))); and

16 “(ii) land enrolled in the agricultural
17 conservation easement program established
18 under subtitle H of title XII of the Food
19 Security Act of 1985.

20 “(B) EXCLUSIONS.—The term ‘eligible
21 land’ does not include—

22 “(i) Federal- or State-owned land;

23 “(ii) land that is native sod, as of the
24 date of enactment of the Food, Conserva-

1 tion, and Energy Act of 2008 (7 U.S.C.
2 8701 et seq.);

3 “(iii) land enrolled in the conservation
4 reserve program established under sub-
5 chapter B of chapter 1 of subtitle D of
6 title XII of the Food Security Act of 1985
7 (16 U.S.C. 3831 et seq.);

8 “(iv) land enrolled in the Agricultural
9 Conservation Easement Program estab-
10 lished under subtitle H of title XII of that
11 Act; or

12 “(v) land enrolled in the conservation
13 reserve program or the Agricultural Con-
14 servation Easement Program under a con-
15 tract that will expire at the end of the cur-
16 rent fiscal year.

17 “(6) ELIGIBLE MATERIAL.—

18 “(A) IN GENERAL.—The term ‘eligible ma-
19 terial’ means renewable biomass harvested di-
20 rectly from the land, including crop residue
21 from any crop that is eligible to receive pay-
22 ments under title I of the Agriculture Reform,
23 Food, and Jobs Act of 2012 or an amendment
24 made by that title.

1 “(B) INCLUSIONS.—The term ‘eligible ma-
2 terial’ shall only include—

3 “(i) eligible material that is collected
4 or harvested by the eligible material
5 owner—

6 “(I) directly from—

7 “(aa) National Forest Sys-
8 tem;

9 “(bb) Bureau of Land Man-
10 agement land;

11 “(cc) non-Federal land; or

12 “(dd) land owned by an in-
13 dividual Indian or Indian tribe
14 that is held in trust by the
15 United States for the benefit of
16 the individual Indian or Indian
17 tribe or subject to a restriction
18 against alienation imposed by the
19 United States;

20 “(II) in a manner that is con-
21 sistent with—

22 “(aa) a conservation plan;

23 “(bb) a forest stewardship
24 plan; or

1 “(cc) a plan that the Sec-
2 retary determines is equivalent to
3 a plan described in item (aa) or
4 (bb) and consistent with Execu-
5 tive Order 13112 (42 U.S.C.
6 4321 note; relating to invasive
7 species);

8 “(ii) if woody eligible material, woody
9 eligible material that is produced on land
10 other than contract acreage that—

11 “(I) is a byproduct of a preventa-
12 tive treatment that is removed to re-
13 duce hazardous fuel or to reduce or
14 contain disease or insect infestation;
15 and

16 “(II) if harvested from Federal
17 land, is harvested in accordance with
18 section 102(e) of the Healthy Forests
19 Restoration Act of 2003 (16 U.S.C.
20 6512(e)); and

21 “(iii) eligible material that is delivered
22 to a qualified biomass conversion facility to
23 be used for heat, power, biobased products,
24 research, or advanced biofuels.

1 “(C) EXCLUSIONS.—The term ‘eligible ma-
2 terial’ does not include—

3 “(i) material that is whole grain from
4 any crop that is eligible to receive pay-
5 ments under title I of the Agriculture Re-
6 form, Food, and Jobs Act of 2012 or an
7 amendment made by that title, including—

8 “(I) barley, corn, grain sorghum,
9 oats, rice, or wheat;

10 “(II) honey;

11 “(III) mohair;

12 “(IV) oilseeds, including canola,
13 crambe, flaxseed, mustard seed,
14 rapeseed, safflower seed, soybeans,
15 sesame seed, and sunflower seed;

16 “(V) peanuts;

17 “(VI) pulse;

18 “(VII) chickpeas, lentils, and dry
19 peas;

20 “(VIII) dairy products;

21 “(IX) sugar; and

22 “(X) wool and cotton boll fiber;

23 “(ii) animal waste and byproducts, in-
24 cluding fat, oil, grease, and manure;

25 “(iii) food waste and yard waste;

1 “(iv) algae;

2 “(v) woody eligible material that—

3 “(I) is removed outside contract
4 acreage; and

5 “(II) is not a byproduct of a pre-
6 ventative treatment to reduce haz-
7 ardous fuel or to reduce or contain
8 disease or insect infestation;

9 “(vi) any woody eligible material col-
10 lected or harvested outside contract acre-
11 age that would otherwise be used for exist-
12 ing market products; or

13 “(vii) bagasse.

14 “(7) PRODUCER.—The term ‘producer’ means
15 an owner or operator of contract acreage that is
16 physically located within a BCAP project area.

17 “(8) PROJECT SPONSOR.—The term ‘project
18 sponsor’ means—

19 “(A) a group of producers; or

20 “(B) a biomass conversion facility.

21 “(9) SOCIALLY DISADVANTAGED FARMER OR
22 RANCHER.—The term ‘socially disadvantaged farmer
23 or rancher’ has the meaning given the term in sec-
24 tion 2501(e) of the Food, Agriculture, Conservation,
25 and Trade Act of 1990 (7 U.S.C. 2279(e)).

1 “(b) ESTABLISHMENT AND PURPOSE.—The Sec-
2 retary shall establish and administer a Biomass Crop As-
3 sistance Program to—

4 “(1) support the establishment and production
5 of eligible crops for conversion to bioenergy in se-
6 lected BCAP project areas; and

7 “(2) assist agricultural and forest land owners
8 and operators with the collection, harvest, storage,
9 and transportation of eligible material for use in a
10 biomass conversion facility.

11 “(c) BCAP PROJECT AREA.—

12 “(1) IN GENERAL.—The Secretary shall provide
13 financial assistance to a producer of an eligible crop
14 in a BCAP project area.

15 “(2) SELECTION OF PROJECT AREAS.—

16 “(A) IN GENERAL.—To be considered for
17 selection as a BCAP project area, a project
18 sponsor shall submit to the Secretary a pro-
19 posal that, at a minimum, includes—

20 “(i) a description of the eligible land
21 and eligible crops of each producer that
22 will participate in the proposed BCAP
23 project area;

24 “(ii) a letter of commitment from a
25 biomass conversion facility that the facility

1 will use the eligible crops intended to be
2 produced in the proposed BCAP project
3 area;

4 “(iii) evidence that the biomass con-
5 version facility has sufficient equity avail-
6 able, as determined by the Secretary, if the
7 biomass conversion facility is not oper-
8 ational at the time the proposal is sub-
9 mitted to the Secretary; and

10 “(iv) any other information about the
11 biomass conversion facility or proposed bio-
12 mass conversion facility that the Secretary
13 determines necessary for the Secretary to
14 be reasonably assured that the plant will
15 be in operation by the date on which the
16 eligible crops are ready for harvest.

17 “(B) BCAP PROJECT AREA SELECTION CRI-
18 TERIA.—In selecting BCAP project areas, the
19 Secretary shall consider—

20 “(i) the volume of the eligible crops
21 proposed to be produced in the proposed
22 BCAP project area and the probability
23 that those crops will be used for the pur-
24 poses of the BCAP;

1 “(ii) the volume of renewable biomass
2 projected to be available from sources
3 other than the eligible crops grown on con-
4 tract acres;

5 “(iii) the anticipated economic impact
6 in the proposed BCAP project area;

7 “(iv) the opportunity for producers
8 and local investors to participate in the
9 ownership of the biomass conversion facil-
10 ity in the proposed BCAP project area;

11 “(v) the participation rate by—

12 “(I) beginning farmers or ranch-
13 ers (as defined in accordance with sec-
14 tion 343(a) of the Consolidated Farm
15 and Rural Development Act (7 U.S.C.
16 1991(a))); or

17 “(II) socially disadvantaged
18 farmers or ranchers;

19 “(vi) the impact on soil, water, and
20 related resources;

21 “(vii) the variety in biomass produc-
22 tion approaches within a project area, in-
23 cluding (as appropriate)—

24 “(I) agronomic conditions;

1 “(II) harvest and postharvest
2 practices; and

3 “(III) monoculture and
4 polyculture crop mixes;

5 “(viii) the range of eligible crops
6 among project areas; and

7 “(ix) any additional information that
8 the Secretary determines to be necessary.

9 “(3) CONTRACT.—

10 “(A) IN GENERAL.—On approval of a
11 BCAP project area by the Secretary, each pro-
12 ducer in the BCAP project area shall enter into
13 a contract directly with the Secretary.

14 “(B) MINIMUM TERMS.—At a minimum, a
15 contract under this subsection shall include
16 terms that cover—

17 “(i) an agreement to make available
18 to the Secretary, or to an institution of
19 higher education or other entity designated
20 by the Secretary, such information as the
21 Secretary considers to be appropriate to
22 promote the production of eligible crops
23 and the development of biomass conversion
24 technology;

1 “(ii) compliance with the highly erod-
2 ible land conservation requirements of sub-
3 title B of title XII of the Food Security
4 Act of 1985 (16 U.S.C. 3811 et seq.) and
5 the wetland conservation requirements of
6 subtitle C of title XII of that Act (16
7 U.S.C. 3821 et seq.);

8 “(iii) the implementation of (as deter-
9 mined by the Secretary)—

10 “(I) a conservation plan;

11 “(II) a forest stewardship plan;

12 or

13 “(III) a plan that is equivalent to
14 a conservation or forest stewardship
15 plan; and

16 “(iv) any additional requirements that
17 Secretary determines to be necessary.

18 “(C) DURATION.—A contract under this
19 subsection shall have a term of not more
20 than—

21 “(i) 5 years for annual and perennial
22 crops; or

23 “(ii) 15 years for woody biomass.

24 “(4) RELATIONSHIP TO OTHER PROGRAMS.—In
25 carrying out this subsection, the Secretary shall pro-

1 vide for the preservation of cropland base and yield
2 history applicable to the land enrolled in a BCAP
3 contract.

4 “(5) PAYMENTS.—

5 “(A) IN GENERAL.—The Secretary shall
6 make establishment and annual payments di-
7 rectly to producers to support the establishment
8 and production of eligible crops on contract
9 acreage.

10 “(B) AMOUNT OF ESTABLISHMENT PAY-
11 MENTS.—

12 “(i) IN GENERAL.—Subject to clause
13 (ii), the amount of an establishment pay-
14 ment under this subsection shall be not
15 more than 50 percent of the costs of estab-
16 lishing an eligible perennial crop covered
17 by the contract but not to exceed \$500 per
18 acre, including—

19 “(I) the cost of seeds and stock
20 for perennials;

21 “(II) the cost of planting the pe-
22 rennial crop, as determined by the
23 Secretary; and

1 “(III) in the case of nonindus-
2 trial private forestland, the costs of
3 site preparation and tree planting.

4 “(ii) SOCIALLY DISADVANTAGES
5 FARMERS OR RANCHERS.—In the case of
6 socially disadvantaged farmers or ranchers,
7 the costs of establishment may not exceed
8 \$750 per acre.

9 “(C) AMOUNT OF ANNUAL PAYMENTS.—

10 “(i) IN GENERAL.—Subject to clause
11 (ii), the amount of an annual payment
12 under this subsection shall be determined
13 by the Secretary.

14 “(ii) REDUCTION.—The Secretary
15 shall reduce an annual payment by an
16 amount determined to be appropriate by
17 the Secretary, if—

18 “(I) an eligible crop is used for
19 purposes other than the production of
20 energy at the biomass conversion fa-
21 cility;

22 “(II) an eligible crop is delivered
23 to the biomass conversion facility;

24 “(III) the producer receives a
25 payment under subsection (d);

1 “(IV) the producer violates a
2 term of the contract; or

3 “(V) the Secretary determines a
4 reduction is necessary to carry out
5 this section.

6 “(d) ASSISTANCE WITH COLLECTION, HARVEST,
7 STORAGE, AND TRANSPORTATION.—

8 “(1) IN GENERAL.—The Secretary shall make a
9 payment for the delivery of eligible material to a bio-
10 mass conversion facility to—

11 “(A) a producer of an eligible crop that is
12 produced on BCAP contract acreage; or

13 “(B) a person with the right to collect or
14 harvest eligible material, regardless of whether
15 the eligible material is produced on contract
16 acreage.

17 “(2) PAYMENTS.—

18 “(A) COSTS COVERED.—A payment under
19 this subsection shall be in an amount described
20 in subparagraph (B) for—

21 “(i) collection;

22 “(ii) harvest;

23 “(iii) storage; and

24 “(iv) transportation to a biomass con-
25 version facility.

1 “(B) AMOUNT.—Subject to paragraph (3),
2 the Secretary may provide matching payments
3 at a rate of up to \$1 for each \$1 per ton pro-
4 vided by the biomass conversion facility, in an
5 amount not to exceed \$20 per dry ton for a pe-
6 riod of 4 years.

7 “(3) LIMITATION ON ASSISTANCE FOR BCAP
8 CONTRACT ACREAGE.—As a condition of the receipt
9 of an annual payment under subsection (c), a pro-
10 ducer receiving a payment under this subsection for
11 collection, harvest, storage, or transportation of an
12 eligible crop produced on BCAP acreage shall agree
13 to a reduction in the annual payment.

14 “(e) REPORT.—Not later than 4 years after the date
15 of enactment of the Agriculture Reform, Food, and Jobs
16 Act of 2012, the Secretary shall submit to the Committee
17 on Agriculture of the House of Representatives and the
18 Committee on Agriculture, Nutrition, and Forestry of the
19 Senate a report on the dissemination by the Secretary of
20 the best practice data and information gathered from par-
21 ticipants receiving assistance under this section.

22 “(f) FUNDING.—

23 “(1) IN GENERAL.—Of the funds of the Com-
24 modity Credit Corporation, the Secretary shall use

1 to carry out this section \$38,600,000 for each of fis-
2 cal years 2013 through 2017.

3 “(2) COLLECTION, HARVEST, STORAGE, AND
4 TRANSPORTATION PAYMENTS.—Of the amount made
5 available under paragraph (1) for each fiscal year,
6 the Secretary shall use not less than 10 percent, nor
7 more than 50 percent, of the amount to make collec-
8 tion, harvest, transportation, and storage payments
9 under subsection (d)(2).”.

10 **SEC. 9011. REPEAL OF FOREST BIOMASS FOR ENERGY.**

11 Section 9012 of the Farm Security and Rural Invest-
12 ment Act of 2002 (7 U.S.C. 8112) is repealed.

13 **SEC. 9012. COMMUNITY WOOD ENERGY PROGRAM.**

14 Section 9013(e) of the Farm Security and Rural In-
15 vestment Act of 2002 (7 U.S.C. 8113(e)) is amended by
16 inserting before the period at the end “and \$5,000,000
17 for each of fiscal years 2013 through 2017”.

18 **SEC. 9013. REPEAL OF RENEWABLE FERTILIZER STUDY.**

19 Section 9003 of the Food, Conservation, and Energy
20 Act of 2008 (Public Law 110–246; 122 Stat. 2096) is re-
21 pealed.

1 **TITLE X—HORTICULTURE**

2 **SEC. 10001. SPECIALTY CROPS MARKET NEWS ALLOCATION.**

3 Section 10107(b) of the Food, Conservation, and En-
4 ergy Act of 2008 (7 U.S.C. 1622b(b)) is amended by strik-
5 ing “2012” and inserting “2017”.

6 **SEC. 10002. REPEAL OF GRANT PROGRAM TO IMPROVE**
7 **MOVEMENT OF SPECIALTY CROPS.**

8 Section 10403 of the Food, Conservation, and En-
9 ergy Act of 2008 (7 U.S.C. 1622c) is repealed.

10 **SEC. 10003. FARMERS MARKET AND LOCAL FOOD PRO-**
11 **MOTION PROGRAM.**

12 Section 6 of the Farmer-to-Consumer Direct Mar-
13 keting Act of 1976 (7 U.S.C. 3005) is amended—

14 (1) in the section heading, by adding “AND
15 LOCAL FOOD” after “MARKET”;

16 (2) in subsection (a)—

17 (A) by inserting “and Local Food” after
18 “Market”;

19 (B) by striking “farmers’ markets and to
20 promote”; and

21 (C) by inserting “and local food capacity
22 development” before the period at the end;

23 (3) in subsection (b), by striking paragraph (1)
24 and inserting the following:

1 “(1) IN GENERAL.—The purposes of the Pro-
2 gram are to increase domestic consumption of and
3 access to locally and regionally produced agricultural
4 products by developing, improving, expanding, and
5 providing outreach, training, and technical assist-
6 ance to, or assisting in the development, improve-
7 ment and expansion of—

8 “(A) domestic farmers’ markets, roadside
9 stands, community-supported agriculture pro-
10 grams, agritourism activities, and other direct
11 producer-to-consumer market opportunities; and

12 “(B) local and regional food enterprises
13 that are not direct producer-to-consumer mar-
14 kets but process, distribute, aggregate, store,
15 and market locally or regionally produced food
16 products.”;

17 (4) in subsection (c)(1)—

18 (A) by inserting “or other business entity”
19 after “cooperative”; and

20 (B) by inserting “, including a community
21 supported agriculture network or association”
22 after “association”;

23 (5) by redesignating subsection (e) as sub-
24 section (f);

1 (6) by inserting after subsection (d) the fol-
2 lowing:

3 “(e) PRIORITIES.—In providing grants under the
4 Program, priority shall be given to applications that in-
5 clude projects that—

6 “(1) benefit underserved communities;

7 “(2) develop market opportunities for small and
8 mid-sized farm and ranch operations; and

9 “(3) include a strategic plan to maximize the
10 use of funds to build capacity for local and regional
11 food systems in a community.”;

12 (7) in subsection (f) (as redesignated by para-
13 graph (5))—

14 (A) in paragraph (1)—

15 (i) in subparagraph (B), by striking
16 “and” after the semicolon at the end;

17 (ii) in subparagraph (C), by striking
18 the period at the end and inserting “;
19 and”; and

20 (iii) by adding at the end the fol-
21 lowing:

22 “(D) \$20,000,000 for each of fiscal years
23 2013 through 2017.”;

24 (B) by striking paragraphs (2) and (4);

1 (C) by redesignating paragraph (3) as
2 paragraph (4);

3 (D) by inserting after paragraph (1) the
4 following:

5 “(2) AUTHORIZATION OF APPROPRIATIONS.—In
6 addition to funds made available under paragraph
7 (1), there is authorized to be appropriated to carry
8 out this section \$20,000,000 for each of fiscal years
9 2013 through 2017.

10 “(3) USE OF FUNDS.—

11 “(A) IN GENERAL.—Of the funds made
12 available to carry out the Program for each fis-
13 cal year, 50 percent shall be used for the pur-
14 poses described in subsection (b)(1)(A) and 50
15 percent shall be used for the purposes described
16 in subsection (b)(1)(B).

17 “(B) COST SHARE.—To be eligible to re-
18 ceive a grant for a project described in sub-
19 section (b)(1)(B), a recipient shall provide a
20 match in the form of cash or in-kind contribu-
21 tions in an amount equal to 25 percent of the
22 total cost of the project.”; and

23 (E) by adding at the end the following:

24 “(5) ADMINISTRATIVE EXPENSES.—Not more
25 than 10 percent of the total amount made available

1 to carry out this section for a fiscal year may be
2 used for administrative expenses.

3 “(6) LIMITATIONS.—An eligible entity may not
4 use a grant or other assistance provided under the
5 Program for the purchase, construction, or rehabili-
6 tation of a building or structure.”.

7 **SEC. 10004. STUDY ON LOCAL FOOD PRODUCTION AND PRO-**
8 **GRAM EVALUATION.**

9 (a) IN GENERAL.—The Secretary shall—

10 (1) collect data on the production and mar-
11 keting of locally or regionally produced agricultural
12 food products;

13 (2) facilitate interagency collaboration and data
14 sharing on programs related to local and regional
15 food systems; and

16 (3) monitor the effectiveness of programs de-
17 signed to expand or facilitate local food systems.

18 (b) REQUIREMENTS.—In carrying out this section,
19 the Secretary shall, at a minimum—

20 (1) collect and distribute comprehensive report-
21 ing of prices of locally or regionally produced agri-
22 cultural food products;

23 (2) conduct surveys and analysis and publish
24 reports relating to the production, handling, dis-
25 tribution, retail sales, and trend studies (including

1 consumer purchasing patterns) of or on locally or re-
2 regionally produced agricultural food products;

3 (3) evaluate the effectiveness of existing pro-
4 grams in growing local and regional food systems,
5 including—

6 (A) the impact of local food systems on job
7 creation and economic development;

8 (B) the level of participation in the Farm-
9 ers' Market and Local Food Promotion Pro-
10 gram established under section 6 of the Farm-
11 er-to-Consumer Direct Marketing Act of 1976
12 (7 U.S.C. 3005), including the percentage of
13 projects funded in comparison to applicants and
14 the types of eligible entities receiving funds;

15 (C) the ability for participants to leverage
16 private capital and a synopsis of the places
17 from which non-Federal funds are derived; and

18 (D) any additional resources required to
19 aid in the development or expansion of local
20 and regional food systems;

21 (4) expand the Agricultural Resource Manage-
22 ment Survey to include questions on locally or re-
23 gionally produced agricultural food products; and

24 (5) seek to establish or expand private-public
25 partnerships to facilitate, to the maximum extent

1 practicable, the collection of data on locally or re-
2 regionally produced agricultural food products, includ-
3 ing the development of a nationally coordinated and
4 regionally balanced evaluation of the redevelopment
5 of locally or regionally produced food systems.

6 (c) REPORT.—Not later than 1 year after the date
7 of enactment of this Act and annually thereafter, the Sec-
8 retary shall submit to the Committee on Agriculture of
9 the House of Representatives and the Committee on Agri-
10 culture, Nutrition, and Forestry of the Senate a report
11 describing the progress that has been made in imple-
12 menting this section and identifying any additional needs
13 related to developing local and regional food systems.

14 **SEC. 10005. ORGANIC AGRICULTURE.**

15 (a) ORGANIC PRODUCTION AND MARKET DATA INI-
16 TIATIVES.—Section 7407 of the Farm Security and Rural
17 Investment Act of 2002 (7 U.S.C. 5925c) is amended—

18 (1) in subsection (c)—

19 (A) in the matter preceding paragraph (1),
20 by inserting “and annually thereafter” after
21 “this subsection”;

22 (B) in paragraph (1), by striking “and” at
23 the end;

24 (C) by redesignating paragraph (2) as
25 paragraph (3); and

1 (D) by inserting after paragraph (1) the
2 following:

3 “(2) describes how data collection agencies
4 (such as the Agricultural Marketing Service and the
5 National Agricultural Statistics Service) are coordi-
6 nating with data user agencies (such as the Risk
7 Management Agency) to ensure that data collected
8 under this section can be used by data user agencies,
9 including by the Risk Management Agency to offer
10 price elections for all organic crops; and”;

11 (2) in subsection (d)—

12 (A) by redesignating paragraph (2) as
13 paragraph (3);

14 (B) by inserting after paragraph (1) the
15 following:

16 “(2) MANDATORY FUNDING.—In addition to
17 any funds available under paragraph (1), of the
18 funds of the Commodity Credit Corporation, the
19 Secretary shall use to carry out this section
20 \$5,000,000, to remain available until expended.”;
21 and

22 (C) in paragraph (3) (as redesignated by
23 subparagraph (A))—

24 (i) by striking “paragraph (1)” and
25 inserting “paragraphs (1) and (2)”;

1 (ii) by striking “2012” and inserting
2 “2017”.

3 (b) MODERNIZATION AND TECHNOLOGY UPGRADE
4 FOR NATIONAL ORGANIC PROGRAM.—Section 2123 of the
5 Organic Foods Production Act of 1990 (7 U.S.C. 6522)
6 is amended—

7 (1) in subsection (b)—

8 (A) in paragraph (5), by striking “and” at
9 the end;

10 (B) by redesignating paragraph (6) as
11 paragraph (7); and

12 (C) by inserting after paragraph (5) the
13 following:

14 “(6) \$15,000,000 for each of fiscal years 2013
15 through 2017; and”; and

16 (2) by adding at the end the following:

17 “(c) MODERNIZATION AND TECHNOLOGY UPGRADE
18 FOR NATIONAL ORGANIC PROGRAM.—

19 “(1) IN GENERAL.—The Secretary shall mod-
20 ernize database and technology systems of the na-
21 tional organic program.

22 “(2) FUNDING.—Of the funds of the Com-
23 modity Credit Corporation and in addition to any
24 other funds made available for that purpose, the
25 Secretary shall make available to carry out this sub-

1 section \$5,000,000 in fiscal year 2013, to remain
2 available until expended.

3 “(d) REPORT.—Not later than 180 days after the
4 date of enactment of this subsection, the Secretary shall
5 submit to the Committee on Agriculture of the House of
6 Representatives and the Committee on Agriculture, Nutri-
7 tion, and Forestry of the Senate a report that—

8 “(1) describes the efforts of the Secretary to
9 ensure that activities conducted through commodity
10 research and promotion programs adequately reflect
11 the priorities of all members of the applicable orders;
12 and

13 “(2) includes an assessment of the feasibility of
14 establishing an organic research and promotion pro-
15 gram, including any current barriers to establish-
16 ment and challenges related to implementation.”.

17 **SEC. 10006. FOOD SAFETY EDUCATION INITIATIVES.**

18 Section 10105(c) of the Food, Conservation, and En-
19 ergy Act of 2008 (7 U.S.C. 7655a(c)) is amended by strik-
20 ing “2012” and inserting “2017”.

21 **SEC. 10007. COORDINATED PLANT MANAGEMENT PRO-**
22 **GRAM.**

23 (a) IN GENERAL.—Section 420 of the Plant Protec-
24 tion Act (7 U.S.C. 7721) is amended—

1 (1) by striking the section heading and insert-
2 ing “**COORDINATED PLANT MANAGEMENT PRO-**
3 **GRAM.**”;

4 (2) by redesignating subsection (e) as sub-
5 section (f); and

6 (3) by inserting after subsection (d) the fol-
7 lowing:

8 “(e) NATIONAL CLEAN PLANT NETWORK.—

9 “(1) IN GENERAL.—The Secretary shall estab-
10 lish a program to be known as the ‘National Clean
11 Plant Network’ (referred to in this subsection as the
12 ‘Program’).

13 “(2) REQUIREMENTS.—Under the Program, the
14 Secretary shall establish a network of clean plant
15 centers for diagnostic and pathogen elimination serv-
16 ices—

17 “(A) to produce clean propagative plant
18 material; and

19 “(B) to maintain blocks of pathogen-tested
20 plant material in sites located throughout the
21 United States.

22 “(3) AVAILABILITY OF CLEAN PLANT SOURCE
23 MATERIAL.—Clean plant source material produced
24 or maintained under the Program may be made
25 available to—

1 “(A) a State for a certified plant program
2 of the State; and

3 “(B) private nurseries and producers.

4 “(4) CONSULTATION AND COLLABORATION.—In
5 carrying out the Program, the Secretary shall—

6 “(A) consult with—

7 “(i) State departments of agriculture;
8 and

9 “(ii) land-grant colleges and univer-
10 sities and NLGCA Institutions (as those
11 terms are defined in section 1404 of the
12 National Agricultural Research, Extension,
13 and Teaching Policy Act of 1977 (7 U.S.C.
14 3103)); and

15 “(B) to the extent practicable and with
16 input from the appropriate State officials and
17 industry representatives, use existing Federal or
18 State facilities to serve as clean plant centers.”.

19 (b) FUNDING.—Subsection (f) of section 420 of the
20 Plant Protection Act (7 U.S.C. 7721) (as redesignated by
21 subsection (a)(1)) is amended—

22 (1) in paragraph (3), by striking “and” at the
23 end;

24 (2) in paragraph (4), by striking “and each fis-
25 cal year thereafter.” and inserting a semicolon; and

1 (3) by adding at the end the following:

2 “(5) \$60,000,000 for each of fiscal years 2013
3 through 2016; and

4 “(6) \$65,000,000 for fiscal year 2017 and each
5 fiscal year thereafter.”.

6 (c) REPEAL OF EXISTING PROVISION.—Section
7 10202 of the Food, Conservation, and Energy Act of 2008
8 (7 U.S.C. 7761) is repealed.

9 (d) CLARIFICATION OF USE OF FUNDS FOR TECH-
10 NICAL ASSISTANCE.—Section 420 of the Plant Protection
11 Act (7 U.S.C. 7721) (as amended by subsection (a)) is
12 amended by adding at the end the following:

13 “(g) RELATIONSHIP TO OTHER LAW.—The use of
14 Commodity Credit Corporation funds under this section
15 to provide technical assistance shall not be considered an
16 allotment or fund transfer from the Commodity Credit
17 Corporation for purposes of the limit on expenditures for
18 technical assistance imposed by section 11 of the Com-
19 modity Credit Corporation Charter Act (15 U.S.C.
20 714i).”.

21 **SEC. 10008. SPECIALTY CROP BLOCK GRANTS.**

22 Section 101 of the Specialty Crops Competitiveness
23 Act of 2004 (7 U.S.C. 1621 note; Public Law 108–465)
24 is amended—

25 (1) in subsection (a)—

1 (A) by striking “subsection (j)” and insert-
2 ing “subsection (l)”; and

3 (B) by striking “2012” and inserting
4 “2017”;

5 (2) by striking subsection (b) and inserting the
6 following:

7 “(b) GRANTS BASED ON VALUE AND ACREAGE.—
8 Subject to subsection (c), in the case of each State with
9 an application for a grant for a fiscal year that is accepted
10 by the Secretary of Agriculture under subsection (f), the
11 amount of a grant for a fiscal year to a State under this
12 section shall bear the same ratio to the total amount made
13 available under subsection (l) for that fiscal year as—

14 “(1) the average of the most recent available
15 value of specialty crop production in the State and
16 the acreage of specialty crop production in the State,
17 as demonstrated in the most recent Census of Agri-
18 culture data; bears to

19 “(2) the average of the most recent available
20 value of specialty crop production in all States and
21 the acreage of specialty crop production in all
22 States, as demonstrated in the most recent Census
23 of Agriculture data.”;

24 (3) by redesignating subsection (j) as sub-
25 section (l);

1 (4) by inserting after subsection (i) the fol-
2 lowing:

3 “(j) MULTISTATE PROJECTS.—

4 “(1) IN GENERAL.—Not later than 180 days
5 after the date of enactment of the Agriculture Re-
6 form, Food, and Jobs Act of 2012, the Secretary of
7 Agriculture shall issue guidance for the purpose of
8 making grants to multistate projects under this sec-
9 tion for projects involving—

10 “(A) food safety;

11 “(B) plant pests and disease;

12 “(C) crop-specific projects addressing com-
13 mon issues; and

14 “(D) any other area that furthers the pur-
15 poses of this section, as determined by the Sec-
16 retary.

17 “(2) FUNDING.—Of the funds provided under
18 subsection (l), the Secretary of Agriculture may allo-
19 cate for grants under this subsection, to remain
20 available until expended—

21 “(A) \$1,000,000 for fiscal year 2013;

22 “(B) \$2,000,000 for fiscal year 2014;

23 “(C) \$3,000,000 for fiscal year 2015;

24 “(D) \$4,000,000 for fiscal year 2016; and

25 “(E) \$5,000,000 for fiscal year 2017.

1 “(k) ADMINISTRATION.—

2 “(1) DEPARTMENT.—The Secretary of Agri-
3 culture may not use more than 3 percent of the
4 funds made available to carry out this section for a
5 fiscal year for administrative expenses.

6 “(2) STATES.—A State receiving a grant under
7 this section may not use more than 8 percent of the
8 funds received under the grant for a fiscal year for
9 administrative expenses.”; and

10 (5) in subsection (l) (as redesignated by para-
11 graph (3))—

12 (A) in paragraph (2), by striking “and” at
13 the end;

14 (B) in paragraph (3), by striking the pe-
15 riod at the end and inserting “; and”; and

16 (C) by adding at the end the following:

17 “(4) \$70,000,000 for fiscal year 2013 and each
18 fiscal year thereafter.”.

19 **SEC. 10009. RECORDKEEPING, INVESTIGATIONS, AND EN-**
20 **FORCEMENT.**

21 The Organic Foods Production Act of 1990 is amend-
22 ed by inserting after section 2120 (7 U.S.C. 6519) the
23 following:

1 **“SEC. 2120A. RECORDKEEPING, INVESTIGATIONS, AND EN-**
2 **FORCEMENT.**

3 “(a) RECORDKEEPING.—

4 “(1) IN GENERAL.—Except as otherwise pro-
5 vided in this title, all persons, including producers,
6 handlers, and certifying agents, required to report
7 information to the Secretary under this title shall
8 maintain, and make available to the Secretary on
9 the request of the Secretary, all contracts, agree-
10 ments, receipts, and other records associated with
11 the organic certification program established by the
12 Secretary under this title.

13 “(2) DURATION OF RECORDKEEPING REQUIRE-
14 MENT.—A record covered by paragraph (1) shall be
15 maintained—

16 “(A) by a person covered by this title, ex-
17 cept for a certifying agent, for a period of 5
18 years beginning on the date of the creation of
19 the record; and

20 “(B) by a certifying agent, for a period of
21 10 years beginning on the date of the creation
22 of the record.

23 “(b) CONFIDENTIALITY.—

24 “(1) IN GENERAL.—Subject to paragraph (2),
25 and except as otherwise directed by the Secretary or
26 the Attorney General for enforcement purposes, no

1 officer, employee, or agent of the United States shall
2 make available to the public information, statistics,
3 or documents obtained from or made available by
4 any person under this title, other than in a manner
5 that ensures that confidentiality is preserved regard-
6 ing the identity of persons, including parties to a
7 contract, and proprietary business information.

8 “(2) ALLEGED VIOLATORS AND NATURE OF AC-
9 TIONS.—The Secretary may release the name of the
10 alleged violator and the nature of the actions trig-
11 gering an order, suspension, or revocation under
12 subsection (e).

13 “(c) INVESTIGATION.—

14 “(1) IN GENERAL.—The Secretary may take
15 such investigative actions as the Secretary considers
16 to be necessary to carry out this title—

17 “(A) to verify the accuracy of any informa-
18 tion reported or made available under this title;
19 and

20 “(B) to determine, with regard to actions,
21 practices, or information required under this
22 title, whether a person covered by this title has
23 committed, or will commit, a violation of any
24 provision of this title, including an order or reg-
25 ulation promulgated by the Secretary.

1 “(2) INVESTIGATIVE POWERS.—The Secretary
2 may administer oaths and affirmations, subpoena
3 witnesses, compel attendance of witnesses, take evi-
4 dence, and require the production of any books, pa-
5 pers, and documents that are relevant to the inves-
6 tigation.

7 “(d) UNLAWFUL ACT.—It shall be unlawful and a
8 violation of this title for any person covered by this title—

9 “(1) to fail or refuse to provide, or delay the
10 timely provision of, accurate information required by
11 the Secretary under this section;

12 “(2) to violate—

13 “(A) an order of the Secretary;

14 “(B) a suspension or revocation of the or-
15 ganic certification of a producer or handler; or

16 “(C) a suspension or revocation of the ac-
17 creditation of a certifying agent; or

18 “(3) to sell, or attempt to sell, a product that
19 is represented as being organically produced under
20 this title if in fact the product has been produced or
21 handled by an operation that is not yet a certified
22 organic producer or handler under this title.

23 “(e) ENFORCEMENT.—

24 “(1) ORDER.—The Secretary may issue an
25 order to stop the sale of an agricultural product that

1 is labeled or otherwise represented as being organi-
2 cally produced—

3 “(A) until the product can be verified—

4 “(i) as meeting the national and State
5 standards for organic production and han-
6 dling as provided in sections 2105 through
7 2114;

8 “(ii) as having been produced or han-
9 dled without the use of a prohibited sub-
10 stance listed under section 2118; and

11 “(iii) as being produced and handled
12 by a certified organic operation; and

13 “(B) if a person has committed an unlaw-
14 ful act with respect to the product under sub-
15 section (d).

16 “(2) CERTIFICATION OR ACCREDITATION.—

17 “(A) SUSPENSION.—

18 “(i) IN GENERAL.—The Secretary
19 may suspend the organic certification of a
20 producer or handler, or accreditation of a
21 certifying agent, for a period not to exceed
22 30 days, and may renew the suspension for
23 an additional period, under the cir-
24 cumstances described in clause (ii).

1 “(ii) ACTIONS TRIGGERING SUSPEN-
2 SION.—The Secretary may take the sus-
3 pension or renewal actions described in
4 clause (i), if the Secretary has reason to
5 believe that a person producing or han-
6 dling an agricultural product, or a certi-
7 fying agent, has violated or is violating any
8 provision of this title, including an order or
9 regulation promulgated under this title.

10 “(iii) CONTINUATION OF SUSPENSION
11 THROUGH APPEAL.—If the Secretary de-
12 termines subsequent to an investigation
13 that a violation of this title by a person
14 covered by this title has occurred, the sus-
15 pension shall remain in effect until the
16 Secretary issues a revocation of the certifi-
17 cation of the person or of the accreditation
18 of the certifying agent, covered by this
19 title, after an expedited administrative ap-
20 peal under section 2121 has been com-
21 pleted.

22 “(B) REVOCATION.—After notice and op-
23 portunity for an administrative appeal under
24 section 2121, if a violation described in sub-
25 paragraph (A)(ii) is determined to have oc-

1 curred and is an unlawful act under subsection
2 (d), the Secretary shall revoke the organic cer-
3 tification of the producer or handler, or the ac-
4 creditation of the certifying agent.

5 “(3) VIOLATION OF ORDER OR REVOCATION.—
6 A person who violates an order to stop the sale of
7 a product as an organically produced product under
8 paragraph (1), or a revocation of certification or ac-
9 creditation under paragraph (2)(B), shall be subject
10 to 1 or more of the penalties provided in subsections
11 (a) and (b) of section 2120.

12 “(f) APPEAL.—

13 “(1) IN GENERAL.—An order under subsection
14 (e)(1), or a revocation of certification or accredita-
15 tion under subsection (e)(2)(B) shall be final and
16 conclusive unless the affected person files an appeal
17 of the order—

18 “(A) first, to the administrative appeals
19 process established under section 2121(a); and

20 “(B) second, if the affected person so
21 elects, to a United States district court as pro-
22 vided in section 2121(b) not later than 30 days
23 after the date of the determination under sub-
24 paragraph (A).

1 “(2) STANDARD.—An order under subsection
2 (e)(1), or a revocation of certification or accredita-
3 tion under subsection (e)(2)(B), shall be set aside
4 only if the order, or the revocation of certification or
5 accreditation, is not supported by substantial evi-
6 dence.

7 “(g) NONCOMPLIANCE.—

8 “(1) IN GENERAL.—If a person covered by this
9 title fails to obey an order, or a revocation of certifi-
10 cation or accreditation, described in subsection (f)(2)
11 after the order or revocation has become final and
12 conclusive or after the appropriate United States
13 district court has entered a final judgment in favor
14 of the Secretary, the United States may apply to the
15 appropriate United States district court for enforce-
16 ment of the order, or the revocation of certification
17 or accreditation.

18 “(2) ENFORCEMENT.—If the court determines
19 that the order or revocation was lawfully made and
20 duly served and that the person violated the order
21 or revocation, the court shall enforce the order or
22 revocation.

23 “(3) CIVIL PENALTY.—If the court finds that
24 the person violated the order or revocation, the per-

1 son shall be subject to a civil penalty of not more
2 than \$10,000 for each offense.”.

3 **SEC. 10010. REPORT ON HONEY.**

4 (a) IN GENERAL.—Not later than 180 days after the
5 date of enactment of this Act, the Secretary, in consulta-
6 tion with affected stakeholders, shall submit to the Com-
7 missioner of Food and Drugs a report describing how an
8 appropriate Federal standard for the identity of honey
9 would promote honesty and fair dealing and would be in
10 the interest of consumers, the honey industry, and United
11 States agriculture.

12 (b) CONTENTS.—In preparing the report under sub-
13 section (a), the Secretary shall take into consideration the
14 March 2006 Standard of Identity citizens petition filed
15 with the Food and Drug Administration, including any
16 current industry amendments or clarifications necessary
17 to update that 2006 petition.

18 **SEC. 10011. EFFECTIVE DATE.**

19 This title and the amendments made by this title take
20 effect on October 1, 2012.

21 **TITLE XI—CROP INSURANCE**

22 **SEC. 11001. SUPPLEMENTAL COVERAGE OPTION.**

23 (a) AVAILABILITY OF SUPPLEMENTAL COVERAGE
24 OPTION.—Section 508(c) of the Federal Crop Insurance

1 Act (7 U.S.C. 1508(c)) is amended by striking paragraph
2 (3) and inserting the following:

3 “(3) YIELD AND LOSS BASIS OPTIONS.—A pro-
4 ducer shall have the option of purchasing additional
5 coverage based on—

6 “(A)(i) an individual yield and loss basis;

7 or

8 “(ii) an area yield and loss basis;

9 “(B) an individual yield and loss basis,
10 supplemented with coverage based on an area
11 yield and loss basis to cover all or a part of the
12 deductible under the individual yield and loss
13 policy, as authorized in paragraph (4)(C); or

14 “(C) a margin basis alone or in combina-
15 tion with—

16 “(i) individual yield and loss coverage;

17 or

18 “(ii) area yield and loss coverage.”.

19 (b) LEVEL OF COVERAGE.—Section 508(c) of the
20 Federal Crop Insurance Act (7 U.S.C. 1508(c)) is amend-
21 ed by striking paragraph (4) and inserting the following:

22 “(4) LEVEL OF COVERAGE.—

23 “(A) DOLLAR DENOMINATION AND PER-
24 CENTAGE OF YIELD.—Except as provided in
25 subparagraph (C), the level of coverage—

1 “(i) shall be dollar denominated; and

2 “(ii) may be purchased at any level
3 not to exceed 85 percent of the individual
4 yield or 95 percent of the area yield (as de-
5 termined by the Corporation).

6 “(B) INFORMATION.—The Corporation
7 shall provide producers with information on cat-
8 astrophic risk and additional coverage in terms
9 of dollar coverage (within the allowable limits of
10 coverage provided in this paragraph).

11 “(C) SUPPLEMENTAL COVERAGE OP-
12 TION.—

13 “(i) IN GENERAL.—Notwithstanding
14 subparagraph (A), in the case of the sup-
15 plemental coverage option described in
16 paragraph (3)(B), the Corporation shall
17 offer producers the opportunity to pur-
18 chase coverage in combination with a pol-
19 icy or plan of insurance offered under this
20 subtitle that would allow indemnities to be
21 paid to a producer equal to all or part of
22 the deductible under the policy or plan of
23 insurance, if sufficient area data is avail-
24 able (as determined by the Corporation).

1 “(ii) TRIGGER.—Coverage offered
2 under this subparagraph shall be triggered
3 only if the losses in the area exceed 10 per-
4 cent of normal levels (as determined by the
5 Corporation).

6 “(iii) COVERAGE.—Subject to the trig-
7 ger described in clause (ii) and the deduct-
8 ible imposed by clause (iv), coverage of-
9 fered under this subparagraph shall cover
10 the first loss incurred by the producer, not
11 to exceed the difference between—

12 “(I) 100 percent; and

13 “(II) the coverage level selected
14 by the producer for the underlying
15 policy or plan of insurance.

16 “(iv) DEDUCTIBLE.—Coverage offered
17 under this subparagraph shall be subject to
18 a deductible in an amount equal to—

19 “(I) in the case of a producer
20 who participates in the agriculture
21 risk coverage program under section
22 1105(e) of the Agriculture Reform,
23 Food, and Jobs Act of 2012, 21 per-
24 cent of the expected value of the crop
25 of the producer covered by the under-

1 lying policy or plan of insurance, as
2 determined by the Corporation; and

3 “**(II)** in the case of all other pro-
4 ducers, 10 percent of the expected
5 value of the crop of the producer cov-
6 ered by the underlying policy or plan
7 of insurance, as determined by the
8 Corporation.

9 “**(v)** **CALCULATION OF PREMIUM.**—
10 Notwithstanding subsection (d), the pre-
11 mium shall—

12 “**(I)** be sufficient to cover antici-
13 pated losses and a reasonable reserve;
14 and

15 “**(II)** include an amount for oper-
16 ating and administrative expenses es-
17 tablished in accordance with sub-
18 section (k)(4)(F).”.

19 **(c) PAYMENT OF PORTION OF PREMIUM BY COR-**
20 **PORATION.**—Section 508(e)(2) of the Federal Crop Insur-
21 ance Act (7 U.S.C. 1508(e)(2)) is amended by adding at
22 the end the following:

23 “**(H)** In the case of the supplemental cov-
24 erage option authorized in subsection (c)(4)(C),
25 the amount shall be equal to the sum of—

1 “(i) 70 percent of the additional pre-
2 mium associated with the coverage; and

3 “(ii) the amount determined under
4 subsection (c)(4)(C)(v)(II) for the coverage
5 to cover operating and administrative ex-
6 penses.”.

7 (d) CONFORMING AMENDMENT.—Section
8 508(k)(4)(F) of the Federal Crop Insurance Act (7 U.S.C.
9 1508(k)(4)(F)) is amended by inserting “or authorized
10 under subsection (c)(4)(C)” after “of this subparagraph”.

11 (e) EFFECTIVE DATE.—The Federal Crop Insurance
12 Corporation shall begin to provide additional coverage
13 based on an individual yield and loss basis, supplemented
14 with coverage based on an area yield and loss basis, not
15 later than for the 2013 crop year.

16 **SEC. 11002. PREMIUM AMOUNTS FOR CATASTROPHIC RISK**
17 **PROTECTION.**

18 Section 508(d)(2) of the Federal Crop Insurance Act
19 (7 U.S.C. 1508(d)(2)) is amended by striking subpara-
20 graph (A) and inserting the following:

21 “(A) In the case of catastrophic risk pro-
22 tection, the amount of the premium established
23 by the Corporation for each crop for which cat-
24 astrophic risk protection is available shall be re-
25 duced by the percentage equal to the difference

1 between the average loss ratio for the crop and
2 100 percent, plus a reasonable reserve, as de-
3 termined by the Corporation.”.

4 **SEC. 11003. PERMANENT ENTERPRISE UNIT.**

5 Section 508(e)(5) of the Federal Crop Insurance Act
6 (7 U.S.C. 1508(e)(5)) is amended by striking subpara-
7 graph (A) and inserting the following:

8 “(A) IN GENERAL.—The Corporation may
9 pay a portion of the premiums for plans or poli-
10 cies of insurance for which the insurable unit is
11 defined on a whole farm or enterprise unit basis
12 that is higher than would otherwise be paid in
13 accordance with paragraph (2).”.

14 **SEC. 11004. ENTERPRISE UNITS FOR IRRIGATED AND NON-**
15 **IRRIGATED CROPS.**

16 Section 508(e)(5) of the Federal Crop Insurance Act
17 (7 U.S.C. 1508(e)(5)) is amended by adding at the end
18 the following:

19 “(D) NONIRRIGATED CROPS.—Beginning
20 with the 2013 crop year, the Corporation shall
21 make available separate enterprise units for ir-
22 rigated and nonirrigated acreages of crops in
23 counties.”.

1 **SEC. 11005. DATA COLLECTION.**

2 Section 508(g)(2) of the Federal Crop Insurance Act
3 (7 U.S.C. 1508(g)(2)) is amended by adding at the end
4 the following:

5 “(E) SOURCES OF YIELD DATA.—To deter-
6 mine yields under this paragraph, the Corpora-
7 tion—

8 “(i) shall use county data collected by
9 the Risk Management Agency or the Na-
10 tional Agricultural Statistics Service, or
11 both; or

12 “(ii) if sufficient county data is not
13 available, may use other data considered
14 appropriate by the Secretary.”.

15 **SEC. 11006. ADJUSTMENT IN ACTUAL PRODUCTION HIS-**
16 **TORY TO ESTABLISH INSURABLE YIELDS.**

17 Section 508(g)(4)(B) of the Federal Crop Insurance
18 Act (7 U.S.C. 1508(g)(4)(B)) is amended—

19 (1) in the matter preceding clause (i), by insert-
20 ing “for the 2012 crop year or any prior crop year,
21 or 70 percent of the applicable transitional yield for
22 the 2013 or any subsequent crop year,” after “tran-
23 sitional yield”; and

24 (2) in clause (ii), by striking “60 percent of the
25 applicable transitional yield” and inserting “the ap-

1 plicable percentage of the transitional yield described
2 in this subparagraph”.

3 **SEC. 11007. SUBMISSION AND REVIEW OF POLICIES.**

4 Section 508(h)(1) of the Federal Crop Insurance Act
5 (7 U.S.C. 1508(h)(1)) is amended—

6 (1) by redesignating subparagraphs (A) and
7 (B) as clauses (i) and (ii), respectively, and indent-
8 ing appropriately;

9 (2) by striking “(1) IN GENERAL.—” and in-
10 sserting the following:

11 “(1) SUBMISSION AND REVIEW OF POLICIES.—

12 “(A) SUBMISSIONS.—In addition”; and

13 (3) by adding at the end the following:

14 “(B) REVIEW.—The Corporation shall re-
15 view any policy developed under section 522(c)
16 or any pilot program developed under section
17 523 and submit the policy or program to the
18 Board under this subsection if the Corporation,
19 at the sole discretion of the Corporation, finds
20 that the policy or program—

21 “(i) will likely result in a viable and
22 marketable policy consistent with this sub-
23 section;

1 “(ii) would provide crop insurance
2 coverage in a significantly improved form;
3 and

4 “(iii) adequately protects the interests
5 of producers.”.

6 **SEC. 11008. BOARD REVIEW AND APPROVAL.**

7 (a) REVIEW AND APPROVAL BY THE BOARD.—Sec-
8 tion 508(h) of the Federal Crop Insurance Act (7 U.S.C.
9 1508(h)) is amended by striking paragraph (3) and insert-
10 ing the following:

11 “(3) REVIEW AND APPROVAL BY THE BOARD.—

12 “(A) IN GENERAL.—A policy, plan of in-
13 surance, or other material submitted to the
14 Board under this subsection shall be reviewed
15 by the Board and shall be approved by the
16 Board for reinsurance and for sale by approved
17 insurance providers to producers at actuarially
18 appropriate rates and under appropriate terms
19 and conditions if the Board, at the sole discre-
20 tion of the Board, determines that—

21 “(i) the interests of producers are
22 adequately protected;

23 “(ii) the rates of premium and price
24 election methodology are actuarially appro-
25 priate;

1 “(iii) the terms and conditions for the
2 proposed policy or plan of insurance are
3 appropriate and would not unfairly dis-
4 criminate among producers;

5 “(iv) the proposed policy or plan of in-
6 surance will, at the sole discretion of the
7 Board—

8 “(I) likely result in a viable and
9 marketable policy that can reasonably
10 attain levels of participation similar to
11 other like policies or plans of insur-
12 ance;

13 “(II) provide crop insurance cov-
14 erage in a significantly improved form
15 or in a manner that addresses a rec-
16 ognized flaw or problem in an existing
17 policy; or

18 “(III) provide a new kind of cov-
19 erage for a commodity that previously
20 had no available crop insurance, or
21 has demonstrated a low level of par-
22 ticipation under existing coverage;

23 “(v) the proposed policy or plan of in-
24 surance will, at the sole discretion of the
25 Board, not have a significant adverse im-

1 pact on the crop insurance delivery system;
2 and

3 “(vi) the proposed policy or plan of in-
4 surance meets such other requirements as
5 are determined appropriate by the Board.

6 “(B) PRIORITIES.—

7 “(i) ESTABLISHMENT.—The Board,
8 at the sole discretion of the Board, may—

9 “(I) annually establish priorities
10 under this subsection that specify
11 types of submissions needed to fulfill
12 the portfolio of policies or plans of in-
13 surance to be reviewed and approved
14 under this subsection; and

15 “(II) make the priorities avail-
16 able on the website of the Corpora-
17 tion.

18 “(ii) PROCESS.—

19 “(I) IN GENERAL.—Policies or
20 plans of insurance that satisfy the pri-
21 orities established by the Board under
22 this subsection shall be considered by
23 the Board for approval prior to other
24 submissions.

1 “(II) CONSIDERATIONS.—In ap-
2 proving policies or plans of insurance,
3 the Board shall—

4 “(aa) consider providing the
5 highest priorities for policies or
6 plans of insurance that address
7 underserved commodities, includ-
8 ing commodities for which there
9 is no insurance; and

10 “(bb) consider providing the
11 highest priorities for existing
12 policies for which there is inad-
13 equate coverage or there exists
14 low levels of participation.

15 “(iii) OTHER CRITERIA.—The Board
16 may establish such other criteria as the
17 Board determines to meet the needs of
18 producers and the priorities of this sub-
19 section, consistent with the purposes of
20 this subtitle.”.

21 **SEC. 11009. CONSULTATION.**

22 Section 508(h)(4) of the Federal Crop Insurance Act
23 (7 U.S.C. 1508(h)) is amended by adding at the end the
24 following:

25 “(E) CONSULTATION.—

1 “(i) REQUIREMENT.—As part of the
2 feasibility and research associated with the
3 development of a policy or other material
4 conducted prior to making a submission to
5 the Board under this subsection, the sub-
6 mitter shall consult with groups rep-
7 resenting producers of agricultural com-
8 modities in all major producing areas for
9 the commodities to be served or potentially
10 impacted, either directly or indirectly.

11 “(ii) SUBMISSION TO THE BOARD.—
12 Any submission made to the Board under
13 this subsection shall contain a summary
14 and analysis of the feasibility and research
15 findings from the impacted groups de-
16 scribed in clause (i), including a summary
17 assessment of the support for or against
18 development of the policy and an assess-
19 ment on the impact of the proposed policy
20 to the general marketing and production of
21 the crop from both a regional and national
22 perspective.

23 “(iii) EVALUATION BY THE BOARD.—
24 In evaluating whether the interests of pro-
25 ducers are adequately protected pursuant

1 to paragraph (3) with respect to an sub-
2 mission made under this subsection, the
3 Board shall review the information pro-
4 vided pursuant to clause (ii) to determine
5 if the submission will create adverse mar-
6 ket distortions with respect to the produc-
7 tion of commodities that are the subject of
8 the submission.”.

9 **SEC. 11010. BUDGET LIMITATIONS ON RENEGOTIATION OF**
10 **THE STANDARD REINSURANCE AGREEMENT.**

11 Section 508(k)(8) of the Federal Crop Insurance Act
12 (7 U.S.C. 1508(k)(8)) is amended by adding at the end
13 the following:

14 “(F) BUDGET.—

15 “(i) IN GENERAL.—The Board shall
16 ensure that any Standard Reinsurance
17 Agreement negotiated under subparagraph
18 (A)(ii), as compared to the previous Stand-
19 ard Reinsurance Agreement—

20 “(I) to the maximum extent prac-
21 ticable, shall be budget neutral; and

22 “(II) in no event, may signifi-
23 cantly depart from budget neutrality.

24 “(ii) USE OF SAVINGS.—To the extent
25 that any budget savings is realized in the

1 renegotiation of a Standard Reinsurance
 2 Agreement under subparagraph (A)(ii),
 3 and the savings are determined not to be
 4 a significant departure from budget neu-
 5 trality under clause (i), the savings shall
 6 be used for programs administered or
 7 managed by the Risk Management Agen-
 8 cy.”.

9 **SEC. 11011. STACKED INCOME PROTECTION PLAN FOR PRO-**
 10 **DUCCERS OF UPLAND COTTON.**

11 (a) AVAILABILITY OF STACKED INCOME PROTECTION
 12 PLAN.—The Federal Crop Insurance Act is amended by
 13 inserting after section 508A (7 U.S.C. 1508a) the fol-
 14 lowing:

15 **“SEC. 508B. STACKED INCOME PROTECTION PLAN FOR**
 16 **PRODUCERS OF UPLAND COTTON.**

17 “(a) AVAILABILITY.—Beginning not later than the
 18 2013 crop of upland cotton, if practicable, the Corporation
 19 shall make available to producers of maximum eligible
 20 acres of upland cotton an additional policy (to be known
 21 as the ‘Stacked Income Protection Plan’), which shall pro-
 22 vide coverage consistent with the Group Risk Income Pro-
 23 tection Plan (and the associated Harvest Revenue Option
 24 Endorsement) offered by the Corporation for the 2011
 25 crop year.

1 “(b) REQUIRED TERMS.—The Corporation may mod-
2 ify the Stacked Income Protection Plan on a program-wide
3 basis, except that the Stacked Income Protection Plan
4 shall comply with the following requirements:

5 “(1)(A) Provide coverage for revenue loss of not
6 more than 30 percent of expected county revenue,
7 specified in increments of 5 percent.

8 “(B) The deductible is the minimum percent of
9 revenue loss at which indemnities are triggered
10 under the plan, not to be less than 10 percent of the
11 expected county revenue.

12 “(C) Once the deductible is met, any losses in
13 excess of the deductible will be paid up to the cov-
14 erage selected by the producer.

15 “(2) Be offered to producers of upland cotton
16 in all counties with upland cotton production—

17 “(A) at a county-wide level to the fullest
18 extent practicable; or

19 “(B) in counties that lack sufficient data,
20 on the basis of such larger geographical area as
21 the Corporation determines to provide sufficient
22 data for purposes of providing the coverage.

23 “(3) Be purchased in addition to any other in-
24 dividual or area coverage in effect on the producer’s
25 acreage or as a stand-alone policy, except that if a

1 producer has an individual or area coverage for the
2 same acreage, the maximum coverage available
3 under the Stacked Income Protection Plan shall not
4 exceed the deductible for the individual or area cov-
5 erage.

6 “(4) Establish coverage based on—

7 “(A) an expected price that is the expected
8 price established under existing Group Risk In-
9 come Protection or area wide policy offered by
10 the Corporation for the applicable county (or
11 area) and crop year; and

12 “(B) an expected county yield that is the
13 higher of—

14 “(i) the expected county yield estab-
15 lished for the existing area-wide plans of-
16 fered by the Corporation for the applicable
17 county (or area) and crop year (or, in geo-
18 graphic areas where area-wide plans are
19 not offered, an expected yield determined
20 in a manner consistent with those of area-
21 wide plans); or

22 “(ii)(I) the average of the applicable
23 yield data for the county (or area) for the
24 most recent 5 years, excluding the highest
25 and lowest observations, from the Risk

1 Management Agency or the National Agri-
2 cultural Statistics, or both; or

3 “(II) if sufficient county data is not
4 available, such other data considered ap-
5 propriate by the Secretary.

6 “(5) Use a multiplier factor to establish max-
7 imum protection per acre (referred to as a ‘protec-
8 tion factor’) of not more than 120 percent.

9 “(6) Pay an indemnity based on the amount
10 that the expected county revenue exceeds the actual
11 county revenue, as applied to the individual coverage
12 of the producer. Indemnities under the Stacked In-
13 come Protection Plan shall not include or overlap
14 the amount of the deductible selected under para-
15 graph (1).

16 “(7) To the maximum extent practicable, in all
17 counties for which data are available, establish sepa-
18 rate coverage for irrigated and nonirrigated prac-
19 tices.

20 “(8) Notwithstanding section 508(d), include a
21 premium that—

22 “(A) is sufficient to cover anticipated
23 losses and a reasonable reserve; and

1 “(B) includes an amount for operating and
2 administrative expenses established in accord-
3 ance with section 508(k)(4)(F).

4 “(c) RELATION TO OTHER COVERAGES.—

5 “(1) IN GENERAL.—Except as provided in para-
6 graph (2), the Stacked Income Protection Plan is in
7 addition to all other coverages available to producers
8 of upland cotton.

9 “(2) LIMITATION.—Acreage of upland cotton
10 insured under the Supplemental Coverage Option
11 shall not be eligible for the Stacked Income Protec-
12 tion Plan.

13 “(d) PAYMENT OF PORTION OF PREMIUM BY COR-
14 PORATION.—Subject to section 508(e)(4), the amount of
15 premium paid by the Corporation for all qualifying cov-
16 erage levels of the Stacked Income Protection Plan shall
17 be—

18 “(1) 80 percent of the amount of the premium
19 established under subsection (b)(8)(A) for the cov-
20 erage level selected; and

21 “(2) the amount determined under subsection
22 (b)(8)(B) to cover administrative and operating ex-
23 penses.”.

24 (b) CONFORMING AMENDMENT.—Section
25 508(k)(4)(F) of the Federal Crop Insurance Act (7 U.S.C.

1 1508(k)(4)(F)) (as amended by section 11001(d)) is
2 amended by inserting “or under section 508B” after “sub-
3 section (c)(4)(C)”.

4 **SEC. 11012. PEANUT REVENUE CROP INSURANCE.**

5 The Federal Crop Insurance Act is amended by in-
6 serting after section 508B (as added by section 11011(a))
7 the following:

8 **“SEC. 508C. PEANUT REVENUE CROP INSURANCE.**

9 “(a) IN GENERAL.—Effective beginning with the
10 2013 crop year, the Risk Management Agency and the
11 Corporation shall make available to producers of peanuts
12 a revenue crop insurance program for peanuts.

13 “(b) EFFECTIVE PRICE.—

14 “(1) IN GENERAL.—Subject to paragraph (2),
15 for purposes of the policies and plans of insurance
16 offered under subsections (a) and (b) of section 508,
17 the effective price for peanuts shall be equal to the
18 Rotterdam price index for peanuts, as adjusted to
19 reflect the farmer stock price of peanuts in the
20 United States.

21 “(2) ADJUSTMENTS.—

22 “(A) IN GENERAL.—The effective price for
23 peanuts established under paragraph (1) may
24 be adjusted by the Risk Management Agency
25 and the Corporation to correct distortions.

1 “(B) ADMINISTRATION.—If an adjustment
2 is made under subparagraph (A), the Risk
3 Management Agency and the Corporation
4 shall—

5 “(i) make the adjustment in an open
6 and transparent manner; and

7 “(ii) submit to the Committee on Ag-
8 riculture of the House of Representatives
9 and the Committee on Agriculture, Nutri-
10 tion, and Forestry of the Senate a report
11 that describes the reasons for the adjust-
12 ment.”.

13 **SEC. 11013. AUTHORITY TO CORRECT ERRORS.**

14 Section 515(c) of the Federal Crop Insurance Act (7
15 U.S.C. 1515(c)) is amended—

16 (1) in the first sentence, by striking “The Sec-
17 retary” and inserting the following:

18 “(1) IN GENERAL.—The Secretary”;

19 (2) in the second sentence, by striking “Begin-
20 ning with” and inserting the following:

21 “(2) FREQUENCY.—Beginning with”; and

22 (3) by adding at the end the following:

23 “(3) CORRECTIONS.—

24 “(A) IN GENERAL.—The Corporation shall
25 establish procedures that allow an agent and

1 approved insurance provider within a reasonable
2 amount of time following the applicable sales
3 closing date to correct information regarding
4 the entity name, social security number, tax
5 identification number, or such other eligibility
6 information as determined by the Corporation
7 that is provided by a producer for the purpose
8 of obtaining coverage under any policy or plan
9 of insurance made available under this subtitle
10 to ensure that the eligibility information is con-
11 sistent with the information reported by the
12 producer to the Farm Service Agency.

13 “(B) LIMITATION.—In accordance with the
14 procedures of the Corporation, procedures
15 under subparagraph (A) may include any subse-
16 quent correction to the eligibility information
17 described in that subparagraph made by the
18 Farm Service Agency if the corrections do not
19 allow the producer—

20 “(i) to obtain a disproportionate ben-
21 efit under the crop insurance program or
22 any related program of the Department of
23 Agriculture;

24 “(ii) to avoid ineligibility requirements
25 for insurance; or

1 “(iii) to avoid an obligation or re-
2 quirement under any Federal or State
3 law.”.

4 **SEC. 11014. IMPLEMENTATION.**

5 Section 515 of the Federal Crop Insurance Act (7
6 U.S.C. 1515) is amended—

7 (1) in subsection (j), by striking paragraph (1)
8 and inserting the following:

9 “(1) SYSTEMS MAINTENANCE AND UP-
10 GRADES.—

11 “(A) IN GENERAL.—The Secretary shall
12 maintain and upgrade the information manage-
13 ment systems of the Corporation used in the
14 administration and enforcement of this subtitle.

15 “(B) REQUIREMENT.—

16 “(i) IN GENERAL.—In maintaining
17 and upgrading the systems, the Secretary
18 shall ensure that new hardware and soft-
19 ware are compatible with the hardware and
20 software used by other agencies of the De-
21 partment to maximize data sharing and
22 promote the purposes of this section.

23 “(ii) ACREAGE REPORT STREAM-
24 LINING INITIATIVE PROJECT.—As soon as
25 practicable, the Secretary shall develop and

1 implement an acreage report streamlining
2 initiative project to allow producers to re-
3 port acreage and other information directly
4 to the Department.”; and

5 (2) in subsection (k), by striking paragraph (1)
6 and inserting the following:

7 “(1) INFORMATION TECHNOLOGY.—

8 “(A) IN GENERAL.—For purposes of sub-
9 section (j)(1), the Corporation may use, from
10 amounts made available from the insurance
11 fund established under section 516(c), not more
12 than—

13 “(i)(I) for fiscal year 2013,
14 \$25,000,000; and

15 “(II) for each of fiscal years 2014
16 through 2017, \$10,000,000; or

17 “(ii) if the Acreage Crop Reporting
18 Streamlining Initiative (ACRSI) project is
19 substantially completed by September 30,
20 2013, not more than \$15,000,000 for each
21 of fiscal years 2014 through 2017.

22 “(B) NOTIFICATION.—Not later than July
23 1, 2013, the Secretary shall notify the Com-
24 mittee on Agriculture of the House of Rep-
25 resentatives and the Committee on Agriculture,

1 Nutrition, and Forestry of the Senate on the
2 status of the substantial completion of the
3 Acreage Crop Reporting Streamlining Initiative
4 (ACRSI) project.”.

5 **SEC. 11015. APPROVAL OF COSTS FOR RESEARCH AND DE-**
6 **VELOPMENT.**

7 Section 522(b)(2) of the Federal Crop Insurance Act
8 (7 U.S.C. 1522(b)(2)) is amended by striking subpara-
9 graph (E) and inserting the following:

10 “(E) APPROVAL.—

11 “(i) IN GENERAL.—The Board may
12 approve up to 50 percent of the projected
13 total research and development costs to be
14 paid in advance to an applicant, in accord-
15 ance with the procedures developed by the
16 Board for the making of the payments, if,
17 after consideration of the reviewer reports
18 described in subparagraph (D) and such
19 other information as the Board determines
20 appropriate, the Board determines that—

21 “(I) the concept, in good faith,
22 will likely result in a viable and mar-
23 ketable policy consistent with section
24 508(h);

1 “(II) at the sole discretion of the
2 Board, the concept, if developed into a
3 policy and approved by the Board,
4 would provide crop insurance cov-
5 erage—

6 “(aa) in a significantly im-
7 proved form or that addresses a
8 unique need of agricultural pro-
9 ducers;

10 “(bb) to a crop or region not
11 traditionally served by the Fed-
12 eral crop insurance program; or

13 “(cc) in a form that ad-
14 dresses a recognized flaw or
15 problem in the program;

16 “(III) the applicant agrees to
17 provide such reports as the Corpora-
18 tion determines are necessary to mon-
19 itor the development effort;

20 “(IV) the proposed budget and
21 timetable are reasonable, as deter-
22 mined by the Board; and

23 “(V) the concept proposal meets
24 any other requirements that the
25 Board determines appropriate.

1 “(ii) WAIVER.—The Board may waive
2 the 50-percent limitation and, upon re-
3 quest of the submitter after the submitter
4 has begun research and development activi-
5 ties, the Board may approve an additional
6 25 percent advance payment to the sub-
7 mitter for research and development costs,
8 if, at the sole discretion of the Board, the
9 Board determines that—

10 “(I) the intended policy or plan
11 of insurance developed by the sub-
12 mitter will provide coverage for a re-
13 gion or crop that is underserved by
14 the Federal crop insurance program,
15 including specialty crops;

16 “(II) the submitter is making
17 satisfactory progress towards devel-
18 oping a viable and marketable policy
19 or plan of insurance consistent with
20 section 508(h); and

21 “(III) the submitter does not
22 have sufficient financial resources to
23 complete the development of the sub-
24 mission into a viable and marketable

1 policy or plan of insurance consistent
2 with section 508(h).”.

3 **SEC. 11016. WHOLE FARM RISK MANAGEMENT INSURANCE.**

4 Section 522(c) of the Federal Crop Insurance Act (7
5 U.S.C. 1522(c)) is amended by adding at the end the fol-
6 lowing:

7 “(18) WHOLE FARM DIVERSIFIED RISK MAN-
8 AGEMENT INSURANCE PLAN.—

9 “(A) IN GENERAL.—The Corporation shall
10 conduct activities or enter into contracts to
11 carry out research and development to develop
12 a whole farm risk management insurance plan,
13 with a liability limitation of \$1,500,000, that
14 allows a diversified crop or livestock producer
15 the option to qualify for an indemnity if actual
16 gross farm revenue is below 85 percent of the
17 average gross farm revenue or the expected
18 gross farm revenue that can reasonably be ex-
19 pected of the producer, as determined by the
20 Corporation.

21 “(B) ELIGIBLE PRODUCERS.—The Cor-
22 poration shall permit producers (including di-
23 rect-to-consumer marketers, and producers
24 servicing local and regional and farm identity-
25 preserved markets) who produce multiple agri-

1 cultural commodities, including specialty crops,
2 industrial crops, livestock, and aquaculture
3 products, to participate in the plan in lieu of
4 any other plan under this subtitle.

5 “(C) DIVERSIFICATION.—The Corporation
6 may provide diversification-based additional
7 coverage payment rates, premium discounts, or
8 other enhanced benefits in recognition of the
9 risk management benefits of crop and livestock
10 diversification strategies for producers that
11 grow multiple crops or that may have income
12 from the production of livestock that uses a
13 crop grown on the farm.

14 “(D) MARKET READINESS.—The Corpora-
15 tion may include coverage for the value of any
16 packing, packaging, or any other similar on-
17 farm activity the Corporation determines to be
18 the minimum required in order to remove the
19 commodity from the field.

20 “(E) REPORT.—Not later than 2 years
21 after the date of enactment of this paragraph,
22 the Corporation shall submit to the Committee
23 on Agriculture of the House of Representatives
24 and the Committee on Agriculture, Nutrition,
25 and Forestry of the Senate a report that de-

1 scribes the results and feasibility of the re-
2 search and development conducted under this
3 paragraph, including an analysis of potential
4 adverse market distortions.”.

5 **SEC. 11017. CROP INSURANCE FOR LIVESTOCK.**

6 Section 522(c) of the Federal Crop Insurance Act (as
7 amended by section 11016) is amended by adding at the
8 end the following:

9 “(19) STUDY ON SWINE CATASTROPHIC DIS-
10 EASE PROGRAM.—

11 “(A) IN GENERAL.—The Corporation shall
12 contract with a qualified person to conduct a
13 study to determine the feasibility of insuring
14 swine producers for a catastrophic event.

15 “(B) REPORT.—Not later than 1 year
16 after the date of the enactment of this para-
17 graph, the Corporation shall submit to the
18 Committee on Agriculture of the House of Rep-
19 resentatives and the Committee on Agriculture,
20 Nutrition, and Forestry of the Senate a report
21 that describes the results of the study con-
22 ducted under subparagraph (A).”.

1 **SEC. 11018. MARGIN COVERAGE FOR CATFISH.**

2 Section 522(c) of the Federal Crop Insurance Act (as
3 amended by section 11017) is amended by adding at the
4 end the following:

5 “(20) MARGIN COVERAGE FOR CATFISH.—

6 “(A) IN GENERAL.—The Corporation shall
7 offer to enter into a contract with a qualified
8 entity to conduct research and development re-
9 garding a policy to insure producers against re-
10 duction in the margin between the market value
11 of catfish and selected costs incurred in the
12 production of catfish.

13 “(B) ELIGIBILITY.—Eligibility for the pol-
14 icy described in subparagraph (A) shall be lim-
15 ited to freshwater species of catfish that are
16 propagated and reared in controlled or selected
17 environments.

18 “(C) IMPLEMENTATION.—The Board shall
19 review the policy described in subparagraph (B)
20 under subsection 508(h) and approve the policy
21 if the Board finds that the policy—

22 “(i) will likely result in a viable and
23 marketable policy consistent with this sub-
24 section;

25 “(ii) would provide crop insurance
26 coverage in a significantly improved form;

1 “(iii) adequately protects the interests
2 of producers; and

3 “(iv) the proposed policy meets other
4 requirements of this subtitle determined
5 appropriate by the Board.”.

6 **SEC. 11019. RESEARCH AND DEVELOPMENT.**

7 (a) IN GENERAL.—Section 522(c) of the Federal
8 Crop Insurance Act (7 U.S.C. 1522(c)) is amended—

9 (1) in the subsection heading, by striking “Con-
10 tracting”;

11 (2) in paragraph (1), in the matter preceding
12 subparagraph (A), by striking “may enter into con-
13 tracts to carry out research and development to”
14 and inserting “may conduct activities or enter into
15 contracts to carry out research and development to
16 maintain or improve existing policies or develop new
17 policies to”;

18 (3) in paragraph (2)—

19 (A) in subparagraph (A), by inserting
20 “conduct research and development or” after
21 “The Corporation may”; and

22 (B) by striking subparagraph (B) and in-
23 serting the following:

24 “(B) CONSULTATION.—Before conducting
25 research and development or entering into a

1 contract under subparagraph (A), the Corpora-
2 tion shall follow the consultation requirements
3 described in section 508(h)(4)(E).”;

4 (4) in paragraph (5), by inserting “after expert
5 review in accordance with section 505(e) and proce-
6 dures of the Board” after “approved by the Board”;
7 and

8 (5) in paragraph (6), by striking “a pasture,
9 range, and forage program” and inserting “policies
10 that increase participation by producers of under-
11 served agricultural commodities, including sweet sor-
12 ghum, sorghum for biomass, specialty crops, sugar-
13 cane, and dedicated energy crops”.

14 (b) FUNDING.—Section 522(e) of the Federal Crop
15 Insurance Act (7 U.S.C. 1522(e)) is amended—

16 (1) in paragraph (2)—

17 (A) by striking “(A) AUTHORITY.—” and
18 inserting “(A) CONDUCTING AND CONTRACTING
19 FOR RESEARCH AND DEVELOPMENT.—”;

20 (B) in subparagraph (A), by inserting
21 “conduct research and development and” after
22 “the Corporation may use to”; and

23 (C) in subparagraph (B), by inserting
24 “conduct research and development and” after
25 “for the fiscal year to”;

1 (2) in paragraph (3), in the matter preceding
2 subparagraph (A), by striking “to provide either re-
3 imbursement payments or contract payments”; and
4 (3) by striking paragraph (4).

5 **SEC. 11020. PILOT PROGRAMS.**

6 Section 523(a) of the Federal Crop Insurance Act (7
7 U.S.C. 1523(a)) is amended—

8 (1) in paragraph (1), by inserting “, at the sole
9 discretion of the Corporation,” after “may”; and

10 (2) by striking paragraph (5).

11 **SEC. 11021. INDEX-BASED WEATHER INSURANCE PILOT**
12 **PROGRAM.**

13 Section 523(a)(2) of the Federal Crop Insurance Act
14 (7 U.S.C. 1523(a)(2)) is amended—

15 (1) by striking “Under” inserting the following:

16 “(A) IN GENERAL.—Under”; and

17 (2) by adding at the end the following:

18 “(B) INDEX-BASED WEATHER INSURANCE
19 PILOT PROGRAM.—

20 “(i) IN GENERAL.—Notwithstanding
21 subparagraph (A), the Corporation, at the
22 sole discretion of the Corporation, may
23 conduct a pilot program to provide finan-
24 cial assistance for producers of under-
25 served crops and livestock (including spe-

1 cialty crops) to purchase an index-based
2 weather insurance product from a private
3 insurance company, subject to the require-
4 ments of this subparagraph.

5 “(ii) PAYMENT OF PREMIUM.—

6 “(I) IN GENERAL.—Subject to
7 subclause (II) and clause (v), the Cor-
8 poration may pay a portion of the pre-
9 mium for producers who purchase
10 index-based weather insurance protec-
11 tion from a private insurance com-
12 pany for a crop and policy that is not
13 reinsured under this subtitle, as deter-
14 mined by the Corporation.

15 “(II) CONDITION.—The premium
16 assistance under subclause (I) shall
17 not exceed 60 percent of the esti-
18 mated premium amount, based on ex-
19 pected losses, representative operating
20 expenses, and representative profit
21 margins, as determined by the Cor-
22 poration.

23 “(iii) ELIGIBLE PROVIDERS.—Before
24 providing premium assistance to producers
25 to purchase index-based weather insurance

1 from a private insurance company pursu-
2 ant to this subparagraph, the Corporation
3 shall verify that the company has adequate
4 experience—

5 “(I) to develop and manage the
6 index-based weather insurance prod-
7 ucts, including adequate resources, ex-
8 perience, and assets or sufficient rein-
9 surance to meet the obligations of the
10 company under this subparagraph;
11 and

12 “(II) to support and deliver the
13 index-based weather insurance prod-
14 ucts.

15 “(iv) PROCEDURES.—The Corporation
16 shall develop and publish procedures to ad-
17 minister the pilot program under this sub-
18 paragraph that—

19 “(I) require each applicable pri-
20 vate insurance company to report
21 claim and sales data, and any other
22 data the Corporation determines to be
23 appropriate, to allow the Corporation
24 to evaluate product pricing and per-
25 formance;

1 “(II) allow the private insurance
2 companies exclusive rights over the
3 private insurance offered under this
4 subparagraph, including rating of
5 policies, protection of intellectual
6 property rights on the product or pol-
7 icy, and associated rating method-
8 ology, for the period during which the
9 companies are eligible under clause
10 (iii); and

11 “(III) contain such other require-
12 ments as the Corporation determines
13 to be necessary to ensure that—

14 “(aa) the interests of pro-
15 ducers are protected; and

16 “(bb) the program operates
17 in an actuarially sound manner.

18 “(v) FUNDING.—Of the funds of the
19 Corporation, the Corporation shall use to
20 carry out this subparagraph \$10,000,000
21 for each of fiscal years 2013 through
22 2017, to remain available until expended.”.

1 **SEC. 11022. ENHANCING PRODUCER SELF-HELP THROUGH**
2 **FARM FINANCIAL BENCHMARKING.**

3 (a) DEFINITION.—Section 502(b) of the Federal
4 Crop Insurance Act (7 U.S.C. 1502(b)) is amended—

5 (1) by redesignating paragraphs (6) through
6 (9) as paragraphs (7) through (10), respectively;
7 and

8 (2) by inserting after paragraph (5) the fol-
9 lowing:

10 “(6) FARM FINANCIAL BENCHMARKING.—The
11 term ‘farm financial benchmarking’ means—

12 “(A) the process of comparing the per-
13 formance of an agricultural enterprise against
14 the performance of other similar enterprises,
15 through the use of comparable and reliable
16 data, in order to identify business management
17 strengths, weaknesses, and steps necessary to
18 improve management performance and business
19 profitability; and

20 “(B) benchmarking of the type conducted
21 by farm management and producer associations
22 consistent with the activities described in or
23 funded pursuant to section 1672D of the Food,
24 Agriculture, Conservation, and Trade Act of
25 1990 (7 U.S.C. 5925f).”.

1 (b) PARTNERSHIPS FOR RISK MANAGEMENT FOR
2 PRODUCERS OF SPECIALTY CROPS AND UNDERSERVED
3 AGRICULTURAL COMMODITIES.—Section 522(d)(3)(F) of
4 the Federal Crop Insurance Act (7 U.S.C. 1522(d)(3)(F))
5 is amended by inserting “farm financial benchmarking,”
6 after “management,”.

7 (c) CROP INSURANCE EDUCATION AND RISK MAN-
8 AGEMENT ASSISTANCE.—Section 524(a) of the Federal
9 Crop Insurance Act (7 U.S.C. 1524(a)) is amended—

10 (1) in paragraph (3)(A), by inserting “farm fi-
11 nancial benchmarking,” after “risk reduction,”; and

12 (2) in paragraph (4), in the matter preceding
13 subparagraph (A), by inserting “(including farm fi-
14 nancial benchmarking)” after “management strate-
15 gies”.

16 **SEC. 11023. BEGINNING FARMER AND RANCHER PROVI-**
17 **SIONS.**

18 (a) DEFINITION.—Section 502(b) of the Federal
19 Crop Insurance Act (7 U.S.C. 1502(b)) (as amended by
20 section 11022(a)) is amended—

21 (1) by redesignating paragraphs (3) through
22 (10) as paragraphs (4) through (11), respectively;
23 and

24 (2) by inserting after paragraph (2) the fol-
25 lowing:

1 “(3) BEGINNING FARMER OR RANCHER.—The
2 term ‘beginning farmer or rancher’ means a farmer
3 or rancher who has not actively operated and man-
4 aged a farm or ranch with a bona fide insurable in-
5 terest in a crop or livestock as an owner-operator,
6 landlord, tenant, or sharecropper for more than 5
7 crop years, as determined by the Secretary.”.

8 (b) PREMIUM ADJUSTMENTS.—Section 508 of the
9 Federal Crop Insurance Act (7 U.S.C. 1508) is amend-
10 ed—

11 (1) in subsection (b)(5)(E), by inserting “and
12 beginning farmers or ranchers” after “limited re-
13 source farmers”;

14 (2) in subsection (e), by adding at the end the
15 following:

16 “(8) PREMIUM FOR BEGINNING FARMERS OR
17 RANCHERS.—Notwithstanding any other provision of
18 this subsection regarding payment of a portion of
19 premiums, a beginning farmer or rancher shall re-
20 ceive premium assistance that is 10 percentage
21 points greater than premium assistance that would
22 otherwise be available under paragraphs (2) (except
23 for subparagraph (A) of that paragraph), (5), (6),
24 and (7) for the applicable policy, plan of insurance,

1 and coverage level selected by the beginning farmer
2 or rancher.”; and

3 (3) in subsection (g)—

4 (A) in paragraph (2)(B)—

5 (i) in clause (i), by striking “or” at
6 the end;

7 (ii) in clause (ii)(III), by striking the
8 period at the end and inserting “; or”; and

9 (iii) by adding at the end the fol-
10 lowing:

11 “(iii) if the producer is a beginning
12 farmer or rancher who was previously in-
13 volved in a farming or ranching operation,
14 including involvement in the decision-
15 making or physical involvement in the pro-
16 duction of the crop or livestock on the
17 farm, for any acreage obtained by the be-
18 ginning farmer or rancher, a yield that is
19 the higher of—

20 “(I) the actual production history
21 of the previous producer of the crop
22 or livestock on the acreage determined
23 under subparagraph (A); or

24 “(II) a yield of the producer, as
25 determined in clause (i).”; and

1 (B) in paragraph (4)(B)(ii) (as amended
2 by section 11006)—

3 (i) by inserting “(I)” after “(ii)”;

4 (ii) by striking the period at the end
5 and inserting “; or”; and

6 (iii) by adding at the end the fol-
7 lowing:

8 “(II) in the case of begin-
9 ning farmers or ranchers, replace
10 each excluded yield with a yield
11 equal to 80 percent of the appli-
12 cable transitional yield.”.

13 **SEC. 11024. AGRICULTURAL MANAGEMENT ASSISTANCE,**
14 **RISK MANAGEMENT EDUCATION, AND OR-**
15 **GANIC CERTIFICATION COST SHARE ASSIST-**
16 **ANCE.**

17 Section 524 of the Federal Crop Insurance Act (7
18 U.S.C. 1524) is amended by striking subsection (b) and
19 inserting the following:

20 “(b) AGRICULTURAL MANAGEMENT ASSISTANCE,
21 RISK MANAGEMENT EDUCATION, AND ORGANIC CERTIFI-
22 CATION COST SHARE ASSISTANCE.—

23 “(1) AUTHORITY FOR PROVISION OF ASSIST-
24 ANCE.—The Secretary shall provide assistance under
25 this section as follows:

1 “(A) Provision of organic certification cost
2 share assistance pursuant to section 10606 of
3 the Farm Security and Rural Investment Act of
4 2002 (7 U.S.C. 6523).

5 “(B) Activities to support risk manage-
6 ment education and community outreach part-
7 nerships pursuant to section 522(d), includ-
8 ing—

9 “(i) entering into futures or hedging;

10 “(ii) entering into agricultural trade
11 options as a hedging transaction to reduce
12 production, price, or revenue risk; or

13 “(iii) conducting any other activity re-
14 lating to an activity described in clause (i)
15 or (ii), including farm financial
16 benchmarking, as determined by the Sec-
17 retary.

18 “(C) Provision of agricultural management
19 assistance grants to producers in States in
20 which there has been traditionally, and con-
21 tinues to be, a low level of Federal crop insur-
22 ance participation and availability, and pro-
23 ducers underserved by the Federal crop insur-
24 ance program, as determined by the Secretary,
25 for the purposes of—

- 1 “(i) constructing or improving—
2 “(I) watershed management
3 structures; or
4 “(II) irrigation structures;
5 “(ii) planting trees to form
6 windbreaks or to improve water quality;
7 and
8 “(iii) mitigating financial risk through
9 production or marketing diversification or
10 resource conservation practices, includ-
11 ing—
12 “(I) soil erosion control;
13 “(II) integrated pest manage-
14 ment;
15 “(III) organic farming; or
16 “(IV) to develop and implement a
17 plan to create marketing opportunities
18 for the producer, including through
19 value-added processing.

20 “(2) PAYMENT LIMITATION.—The total amount
21 of payments made to a person (as defined in section
22 1001(5) of the Food Security Act (7 U.S.C.
23 1308(5))) (as in existence before the amendment
24 made by section 1603(b) of the Food, Conservation,
25 and Energy Act of 2008 (Public Law 110–246; 122

1 Stat. 1730)) under paragraph (1) for any year may
2 not exceed \$50,000.

3 “(3) FUNDING.—

4 “(A) IN GENERAL.—The Secretary shall
5 carry out this subsection through the Com-
6 modity Credit Corporation.

7 “(B) FUNDING.—For each of fiscal years
8 2013 through 2017, the Commodity Credit Cor-
9 poration shall make available to carry out this
10 subsection \$23,000,000.

11 “(C) DISTRIBUTION OF FUNDS.—Of the
12 amount made available to carry out this sub-
13 section for a fiscal year, the Commodity Credit
14 Corporation shall use not less than—

15 “(i) 50 percent to carry out para-
16 graph (1)(A);

17 “(ii) 26 percent to carry out para-
18 graph (1)(B); and

19 “(iii) 24 percent to carry out para-
20 graph (1)(C).”.

21 **SEC. 11025. CROP PRODUCTION ON NATIVE SOD.**

22 (a) FEDERAL CROP INSURANCE.—Section 508(o) of
23 the Federal Crop Insurance Act (7 U.S.C. 1508(o)) is
24 amended—

1 (1) in paragraph (1)(B), by inserting “, or the
2 producer cannot substantiate that the ground has
3 never been tilled,” after “tilled”;

4 (2) in paragraph (2)(A), by striking “for bene-
5 fits under—” and all that follows through the period
6 at the end and inserting “for—

7 “(i) a portion of crop insurance pre-
8 mium subsidies under this subtitle in ac-
9 cordance with paragraph (3);

10 “(ii) benefits under section 196 of the
11 Federal Agriculture Improvement and Re-
12 form Act of 1996 (7 U.S.C. 7333); and

13 “(iii) payments described in sub-
14 section (b) of section 1001 of the Food Se-
15 curity Act of 1985 (7 U.S.C. 1308).”;

16 (3) by striking paragraph (3) and inserting the
17 following:

18 “(3) ADMINISTRATION.—

19 “(A) IN GENERAL.—During the first 4
20 crop years of planting on native sod acreage by
21 a producer described in paragraph (2)—

22 “(i) paragraph (2) shall apply to 65
23 percent of the applicable transitional yield;
24 and

1 “(ii) the crop insurance premium sub-
2 sidy provided for the producer under this
3 subtitle shall be 50 percentage points less
4 than the premium subsidy that would oth-
5 erwise apply.

6 “(B) YIELD SUBSTITUTION.—During the
7 period native sod acreage is covered by this sub-
8 section, a producer may not substitute yields
9 for the native sod acreage.”.

10 (b) NONINSURED CROP DISASTER ASSISTANCE.—
11 Section 196(a)(4) of the Federal Agriculture Improvement
12 and Reform Act of 1996 (7 U.S.C. 7333(a)(4)) is amend-
13 ed—

14 (1) in subparagraph (A)(ii), by inserting “, or
15 the producer cannot substantiate that the ground
16 has never been tilled,” after “tilled”;

17 (2) in subparagraph (B)(i), by striking “for
18 benefits under—” and all that follows through the
19 period at the end and inserting “for—

20 “(I) benefits under this section;

21 “(II) a portion of crop insurance
22 premium subsidies under the Federal
23 Crop Insurance Act (7 U.S.C. 1501 et
24 seq.) in accordance with subparagraph
25 (C); and

1 “(III) payments described in sub-
2 section (b) of section 1001 of the
3 Food Security Act of 1985 (7 U.S.C.
4 1308).”; and

5 (3) by striking subparagraph (C) and inserting
6 the following:

7 “(C) ADMINISTRATION.—

8 “(i) IN GENERAL.—During the first 4
9 crop years of planting on native sod acre-
10 age by a producer described in subpara-
11 graph (B)—

12 “(I) subparagraph (B) shall
13 apply to 65 percent of the applicable
14 transitional yield; and

15 “(II) the crop insurance premium
16 subsidy provided for the producer
17 under the Federal Crop Insurance Act
18 (7 U.S.C. 1501 et seq.) shall be 50
19 percentage points less than the pre-
20 mium subsidy that would otherwise
21 apply.

22 “(ii) YIELD SUBSTITUTION.—During
23 the period native sod acreage is covered by
24 this paragraph, a producer may not sub-
25 stitute yields for the native sod acreage.”.

1 (c) CROPLAND REPORT.—

2 (1) BASELINE.—Not later than 180 days
3 after the date of enactment of this Act, the Sec-
4 retary of Agriculture shall submit to the Committee
5 on Agriculture of the House of Representatives and
6 the Committee on Agriculture, Nutrition, and For-
7 estry of the Senate a report that describes the crop-
8 land acreage in each county and State, and the
9 change in cropland acreage from the preceding year
10 in each county and State, beginning with calendar
11 year 2000 and including that information for the
12 most recent year for which that information is avail-
13 able.

14 (2) ANNUAL UPDATES.—Not later than Janu-
15 ary 1, 2014, and each January 1 thereafter through
16 January 1, 2017, the Secretary of Agriculture shall
17 submit to the Committee on Agriculture of the
18 House of Representatives and the Committee on Ag-
19 riculture, Nutrition, and Forestry of the Senate a
20 report that describes—

21 (A) the cropland acreage in each county
22 and State as of the date of submission of the
23 report; and

24 (B) the change in cropland acreage from
25 the preceding year in each county and State.

1 **SEC. 11026. TECHNICAL AMENDMENTS.**

2 Section 508(b) of the Federal Crop Insurance Act (7
3 U.S.C. 1508(b)) is amended—

4 (1) by striking paragraph (7); and

5 (2) by redesignating paragraphs (8) through
6 (11) as paragraphs (7) through (10), respectively.

7 **TITLE XII—MISCELLANEOUS**

8 **Subtitle A—Socially Disadvantaged**

9 **Producers and Limited Re-**

10 **source Producers**

11 **SEC. 12001. OUTREACH AND ASSISTANCE FOR SOCIALLY**

12 **DISADVANTAGED FARMERS AND RANCHERS**

13 **AND VETERAN FARMERS AND RANCHERS.**

14 (a) OUTREACH AND ASSISTANCE FOR SOCIALLY DIS-
15 ADVANTAGED FARMERS AND RANCHERS AND VETERAN
16 FARMERS AND RANCHERS.—Section 2501 of the Food,
17 Agriculture, Conservation, and Trade Act of 1990 (7
18 U.S.C. 2279) is amended—

19 (1) in the section heading, by inserting “**AND**
20 **VETERAN FARMERS AND RANCHERS**” after
21 “**RANCHERS**”;

22 (2) in subsection (a)—

23 (A) in paragraph (2)(B)(i), by inserting
24 “and veteran farmers or ranchers” after
25 “ranchers”; and

26 (B) in paragraph (4)—

1 (i) in subparagraph (A)—

2 (I) in clause (i), by striking
3 “and” at the end;

4 (II) in clause (ii), by striking the
5 period at the end and inserting “;
6 and”; and

7 (III) by adding at the end the
8 following:

9 “(iii) \$5,000,000 for each of fiscal
10 years 2013 through 2017.”; and

11 (ii) by adding at the end the fol-
12 lowing:

13 “(D) AUTHORIZATION OF APPROPRIA-
14 TIONS.—There is authorized to be appropriated
15 to carry out this section \$20,000,000 for each
16 of fiscal years 2013 through 2017.”;

17 (3) in subsection (b)(2), by inserting “or vet-
18 eran farmers and ranchers” after “socially disadvan-
19 tagged farmers and ranchers”; and

20 (4) in subsection (c)—

21 (A) in paragraph (1)(A), by inserting “vet-
22 eran farmers or ranchers and” before “mem-
23 bers”; and

1 (B) in paragraph (2)(A), by inserting “vet-
2 eran farmers or ranchers and” before “mem-
3 bers”.

4 (b) DEFINITION OF VETERAN FARMER OR RANCH-
5 ER.—Section 2501(e) of the Food, Agriculture, Conserva-
6 tion, and Trade Act of 1990 (7 U.S.C. 2279(e)) is amend-
7 ed by adding at the end the following:

8 “(7) VETERAN FARMER OR RANCHER.—The
9 term ‘veteran farmer or rancher’ means a farmer or
10 rancher who served in the active military, naval, or
11 air service, and who was discharged or released from
12 the service under conditions other than dishonor-
13 able.”.

14 **SEC. 12002. OFFICE OF ADVOCACY AND OUTREACH.**

15 Section 226B(f)(3) of the Department of Agriculture
16 Reorganization Act of 1994 (7 U.S.C. 6934(f)(3)) is
17 amended to read as follows:

18 “(3) AUTHORIZATION OF APPROPRIATIONS.—
19 There are authorized to be appropriated to carry out
20 this subsection—

21 “(A) such sums as are necessary for each
22 of fiscal years 2009 through 2012; and

23 “(B) \$2,000,000 for each of fiscal years
24 2013 through 2017.”.

1 **Subtitle B—Livestock**

2 **SEC. 12101. WILDLIFE RESERVOIR ZONOTIC DISEASE INI-** 3 **TIATIVE.**

4 Title IV of the Agricultural Research, Extension, and
5 Education Reform Act of 1998 (7 U.S.C. 7621 et seq.)
6 is amended by adding at the end the following:

7 **“SEC. 413. WILDLIFE RESERVOIR ZONOTIC DISEASE INI-** 8 **TIATIVE.**

9 “(a) DEFINITION OF COVERED DISEASE.—In this
10 section, the term ‘covered disease’ means a zoonotic dis-
11 ease affecting domestic livestock that is transmitted pri-
12 marily from wildlife.

13 “(b) ESTABLISHMENT.—There is established within
14 the Department a wildlife reservoir zoonotic disease initia-
15 tive to provide assistance through Coordinated Agricul-
16 tural Project grants for research and development of sur-
17 veillance methods, vaccines, vaccination delivery systems,
18 or diagnostic tests for covered diseases.

19 “(c) COVERED DISEASE.—

20 “(1) IN GENERAL.—To be eligible for a grant
21 under this section, an eligible entity shall conduct
22 research and development of surveillance methods,
23 vaccines, vaccination delivery systems, or diagnostic
24 tests for covered diseases in—

1 “(A) a wildlife reservoir in the United
2 States; or

3 “(B) domestic livestock or wildlife pre-
4 senting a potential concern to public health.

5 “(2) PRIORITY.—In making grants under this
6 section, the Secretary shall give priority to grants
7 that address—

8 “(A) *Brucella abortus* (Bovine Brucellosis);

9 “(B) *Mycobacterium bovis* (Bovine Tubercu-
10 culosis); or

11 “(C) other zoonotic disease in livestock
12 that is covered by a high-priority research and
13 extension initiative conducted under section
14 1672 of the Food, Agriculture, Conservation,
15 and Trade Act of 1990 (7 U.S.C. 5925).

16 “(d) ELIGIBLE ENTITIES.—The Secretary shall carry
17 out the initiative established under subsection (b) through
18 public scientific research consortia that may consist of
19 members from—

20 “(1) Federal agencies;

21 “(2) National Laboratories;

22 “(3) institutions of higher education;

23 “(4) research institutions and organizations; or

24 “(5) State agricultural experiment stations.

1 “(e) RESEARCH PROJECTS.—In carrying out this
2 section, the Secretary shall award grants on a competitive
3 basis.

4 “(f) ADMINISTRATION.—

5 “(1) IN GENERAL.—In the case of grants
6 awarded under this section, the Secretary shall—

7 “(A) seek and accept proposals for grants;

8 “(B) determine the relevance and merit of
9 proposals through a system of peer and merit
10 review in accordance with section 103;

11 “(C) award grants on the basis of merit,
12 quality, and relevance; and

13 “(D) manage the initiative established
14 under subsection (b) using a Coordinated Agri-
15 cultural Project format.

16 “(2) TERM.—The term of a grant under this
17 section may not exceed 10 years.

18 “(3) MATCHING FUNDS REQUIRED.—The Sec-
19 retary shall require the recipient of a grant under
20 this section to provide funds or in-kind support from
21 non-Federal sources in an amount that is not less
22 than 25 percent of the amount provided by the Fed-
23 eral Government.

24 “(4) OTHER CONDITIONS.—The Secretary may
25 set such other conditions on the award of a grant

1 under this section as the Secretary determines to be
2 appropriate.

3 “(g) BUILDINGS AND FACILITIES.—Funds made
4 available under this section shall not be used for—

5 “(1) the construction of a new building or facil-
6 ity; or

7 “(2) the acquisition, expansion, remodeling, or
8 alteration of an existing building or facility (includ-
9 ing site grading and improvement and architect
10 fees).

11 “(h) AUTHORIZATION OF APPROPRIATIONS.—

12 “(1) IN GENERAL.—There is authorized to be
13 appropriated to carry out this section \$7,000,000 for
14 each of fiscal years 2012 through 2017.

15 “(2) ALLOCATION.—Of the amount made avail-
16 able for a fiscal year under paragraph (1), the Sec-
17 retary shall use not less than 30 percent of the
18 amount for the fiscal year to carry out activities
19 under each of subparagraphs (A) and (B) of sub-
20 section (c)(2).”.

21 **SEC. 12102. TRICHINAE CERTIFICATION PROGRAM.**

22 Section 10405(d)(1) of the Animal Health Protection
23 Act (7 U.S.C. 8304(d)(1)) is amended in subparagraphs
24 (A) and (B) by striking “2012” each place it appears and
25 inserting “2017”.

1 **SEC. 12103. NATIONAL AQUATIC ANIMAL HEALTH PLAN.**

2 Section 11013(d) of the Food, Conservation, and En-
3 ergy Act of 2008 (7 U.S.C. 8322(d)) is amended by strik-
4 ing “2012” and inserting “2017”.

5 **SEC. 12104. SHEEP PRODUCTION AND MARKETING GRANT**
6 **PROGRAM.**

7 (a) IN GENERAL.—Subtitle A of the Agricultural
8 Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended
9 by adding at the end the following:

10 **“SEC. 209. SHEEP PRODUCTION AND MARKETING GRANT**
11 **PROGRAM.**

12 “(a) ESTABLISHMENT.—The Secretary, acting
13 through the Administrator of the Agricultural Marketing
14 Service (referred to in this section as the ‘Secretary’) shall
15 establish a competitive grant program for the purposes of
16 improving the United States sheep industry.

17 “(b) PURPOSE.—The purpose of the grant program
18 shall be to strengthen and enhance the production and
19 marketing of sheep and sheep products, including im-
20 provement of—

21 “(1) infrastructure;

22 “(2) business;

23 “(3) resource development; and

24 “(4) innovative approaches to solve long-term
25 needs.

1 “(c) ELIGIBILITY.—The Secretary shall make grants
2 under this section to 1 or more national entities the mis-
3 sion of which is consistent with the purpose of the grant
4 program.

5 “(d) FUNDING.—Of the funds of the Commodity
6 Credit Corporation, the Secretary shall use to carry out
7 this section \$1,500,000 for fiscal year 2013, to remain
8 available until expended.”.

9 (b) CONFORMING AMENDMENT.—Section 374 of the
10 Consolidated Farm and Rural Development Act (7 U.S.C.
11 2008j) (as in existence on the day before the date of enact-
12 ment of this Act) is—

13 (1) amended in subsection (e)—

14 (A) in paragraph (3)(D), by striking “3
15 percent” and inserting “10 percent”; and

16 (B) by striking paragraph (6); and

17 (2) redesignated as section 210 of the Agricul-
18 tural Marketing Act of 1946; and

19 (3) moved so as to appear at the end of subtitle
20 A of that Act (as amended by subsection (a)).

21 **SEC. 12105. FERAL SWINE ERADICATION PILOT PROGRAM.**

22 (a) IN GENERAL.—To eradicate or control the threat
23 feral swine pose to the domestic swine population, the en-
24 tire livestock industry, and the destruction of crops and
25 natural plant communities and native habitats, the Sec-

1 retary of Agriculture may establish a feral swine eradi-
2 cation pilot program.

3 (b) PILOT.—Subject to the availability of appropria-
4 tions under this section, the Secretary may provide finan-
5 cial assistance for the cost of carrying out a pilot pro-
6 gram—

7 (1) to study and assess the nature and extent
8 of damage to the pilot area caused by feral swine;

9 (2) to develop methods to eradicate or control
10 feral swine in the pilot area; and

11 (3) to develop methods to restore damage
12 caused by feral swine.

13 (c) COORDINATION.—The Secretary shall ensure that
14 the Natural Resource Conservation Service and the Ani-
15 mal and Plant Health Inspection Service coordinate to
16 carry out the pilot program.

17 (d) COST SHARING.—

18 (1) FEDERAL SHARE.—The Federal share of
19 the costs of the pilot program under this section
20 may not exceed 75 percent of the total costs of car-
21 rying out the pilot program.

22 (2) IN-KIND CONTRIBUTIONS.—The non-Fed-
23 eral share of the costs of the pilot program may be
24 provided in the form of in-kind contributions of ma-
25 terials or services.

1 (e) LIMITATION ON ADMINISTRATIVE EXPENSES.—
 2 Not more than 10 percent of financial assistance provided
 3 by the Secretary under this section may be used for ad-
 4 ministrative expenses.

5 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
 6 authorized to be appropriated to carry out this section
 7 \$2,000,000 for each of fiscal years 2013 through 2017.

8 **Subtitle C—Other Miscellaneous**
 9 **Provisions**

10 **SEC. 12201. MILITARY VETERANS AGRICULTURAL LIAISON.**

11 (a) IN GENERAL.—Subtitle A of the Department of
 12 Agriculture Reorganization Act of 1994 is amended by in-
 13 serting after section 218 (7 U.S.C. 6918) the following:

14 **“SEC. 219. MILITARY VETERANS AGRICULTURAL LIAISON.**

15 “(a) AUTHORIZATION.—The Secretary shall establish
 16 in the Department the position of Military Veterans Agri-
 17 cultural Liaison.

18 “(b) DUTIES.—The Military Veterans Agricultural
 19 Liaison shall—

20 “(1) provide information to returning veterans
 21 about, and connect returning veterans with, begin-
 22 ning farmer training and agricultural vocational and
 23 rehabilitation programs appropriate to the needs and
 24 interests of returning veterans, including assisting
 25 veterans in using Federal veterans educational bene-

1 fits for purposes relating to beginning a farming or
2 ranching career;

3 “(2) provide information to veterans concerning
4 the availability of and eligibility requirements for
5 participation in agricultural programs, with par-
6 ticular emphasis on beginning farmer and rancher
7 programs;

8 “(3) serving as a resource for assisting veteran
9 farmers and ranchers, and potential farmers and
10 ranchers, in applying for participation in agricul-
11 tural programs; and

12 “(4) advocating on behalf of veterans in inter-
13 actions with employees of the Department.”.

14 (b) CONFORMING AMENDMENTS.—Section 296(b) of
15 the Department of Agriculture Reorganization Act of
16 1994 (7 U.S.C. 7014(b)) (as amended by section 1608(d))
17 is amended—

18 (1) in paragraph (7), by striking the “or” at
19 the end;

20 (2) in paragraph (8), by striking the period at
21 the end and inserting “;or”; and

22 (3) by adding at the end the following:

23 “(9) the authority of the Secretary to establish
24 in the Department the position of Military Veterans

1 Agricultural Liaison in accordance with section
2 219.”.

3 **SEC. 12202. INFORMATION GATHERING.**

4 Section 1619(b)(3) of the Food, Conservation, and
5 Energy Act of 2008 (7 U.S.C. 8791) is amended by add-
6 ing at the end the following:

7 “(B) COOPERATION WITH STATE AND
8 LOCAL GOVERNMENTS.—

9 “(i) IN GENERAL.—Subject to clause
10 (ii), in the case of a State agency, political
11 subdivision, or local governmental agency
12 that is charged with implementing an agri-
13 culture or conservation program under
14 State law, on request of the State agency,
15 political subdivision, or local governmental
16 agency, the information described in para-
17 graph (2) shall be disclosed to the State
18 agency, political subdivision, or local gov-
19 ernmental agency if the Secretary deter-
20 mines that the State agency, political sub-
21 division, or local governmental agency
22 demonstrates that the disclosure is re-
23 quired for implementing the State pro-
24 gram.

1 “(ii) RESTRICTION.—Any information
2 disclosed to a State agency, political sub-
3 division, or local governmental agency
4 under clause (i) shall be—

5 “(I) used solely by the State
6 agency, political subdivision, or local
7 governmental agency; and

8 “(II) exempt from disclosure to
9 the public, including under any State
10 law that allows a citizen to petition a
11 State agency for that information.”.

12 **SEC. 12203. GRANTS TO IMPROVE SUPPLY, STABILITY,**
13 **SAFETY, AND TRAINING OF AGRICULTURAL**
14 **LABOR FORCE.**

15 Section 14204(d) of the Food, Conservation, and En-
16 ergy Act of 2008 (7 U.S.C. 2008q-1(d)) is amended to
17 read as follows:

18 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
19 are authorized to be appropriated to carry out this sec-
20 tion—

21 “(1) such sums as are necessary for each of fis-
22 cal years 2008 through 2012; and

23 “(2) \$10,000,000 for each of fiscal years 2013
24 through 2017.”.

1 **SEC. 12204. NONINSURED CROP ASSISTANCE PROGRAM.**

2 (a) IN GENERAL.—Section 196 of the Federal Agri-
3 culture Improvement and Reform Act of 1996 (7 U.S.C.
4 7333) is amended—

5 (1) in subsection (a)—

6 (A) by striking paragraph (1) and insert-
7 ing the following:

8 “(1) IN GENERAL.—

9 “(A) COVERAGES.—In the case of an eligi-
10 ble crop described in paragraph (2), the Sec-
11 retary of Agriculture shall operate a noninsured
12 crop disaster assistance program to provide cov-
13 erages based on individual yields (other than
14 for value-loss crops) equivalent to—

15 “(i) catastrophic risk protection avail-
16 able under section 508(b) of the Federal
17 Crop Insurance Act (7 U.S.C. 1508(b)); or

18 “(ii) additional coverage available
19 under subsections (c) and (h) of section
20 508 of that Act (7 U.S.C. 1508) that does
21 not exceed 65 percent.

22 “(B) ADMINISTRATION.—The Secretary
23 shall carry out this section through the Farm
24 Service Agency (referred to in this section as
25 the ‘Agency’).”; and

26 (B) in paragraph (2)—

1 (i) in subparagraph (A)—

2 (I) in the matter before clause
3 (i), by striking “(except livestock)”
4 and inserting “(except livestock and
5 crops and grasses used for grazing)”;

6 (II) in clause (i), by striking
7 “and” after the semicolon at the end;

8 (III) by redesignating clause (ii)
9 as clause (iii); and

10 (IV) by inserting after clause (i)
11 the following:

12 “(ii) for which additional
13 coverage under subsections (c)
14 and (h) of section 508 of that
15 Act (7 U.S.C. 1508) is not avail-
16 able; and”;

17 (ii) in subparagraph (B)—

18 (I) by inserting “(except ferns)”
19 after “floricultural”;

20 (II) by inserting “(except ferns)”
21 after “ornamental nursery”; and

22 (III) by striking “(including or-
23 namental fish)” and inserting “(in-
24 cluding ornamental fish, but excluding
25 tropical fish)”;

1 (2) in subsection (d), by striking “The Sec-
2 retary” and inserting “Subject to subsection (l), the
3 Secretary”;

4 (3) in subsection (k)(1)—

5 (A) in subparagraph (A), by striking
6 “\$250” and inserting “\$260”; and

7 (B) in subparagraph (B)—

8 (i) by striking “\$750” and inserting
9 “\$780”; and

10 (ii) by striking “\$1,875” and insert-
11 ing “\$1,950”; and

12 (4) by adding at the end the following:

13 “(l) PAYMENT EQUIVALENT TO ADDITIONAL COV-
14 ERAGE.—

15 “(1) IN GENERAL.—The Secretary shall make
16 available to a producer eligible for noninsured assist-
17 ance under this section a payment equivalent to an
18 indemnity for additional coverage under subsections
19 (c) and (h) of section 508 of the Federal Crop In-
20 surance Act (7 U.S.C. 1508) that does not exceed
21 65 percent, computed by multiplying—

22 “(A) the quantity that is less than 50 to
23 65 percent of the established yield for the crop,
24 as determined by the Secretary, specified in in-
25 crements of 5 percent;

1 “(B) 100 percent of the average market
2 price for the crop, as determined by the Sec-
3 retary; and

4 “(C) a payment rate for the type of crop,
5 as determined by the Secretary, that reflects—

6 “(i) in the case of a crop that is pro-
7 duced with a significant and variable har-
8 vesting expense, the decreasing cost in-
9 curred in the production cycle for the crop
10 that is, as applicable—

11 “(I) harvested;

12 “(II) planted but not harvested;

13 or

14 “(III) prevented from being
15 planted because of drought, flood, or
16 other natural disaster, as determined
17 by the Secretary; or

18 “(ii) in the case of a crop that is pro-
19 duced without a significant and variable
20 harvesting expense, such rate as shall be
21 determined by the Secretary.

22 “(2) PREMIUM.—To be eligible to receive a pay-
23 ment under this subsection, a producer shall pay—

24 “(A) the service fee required by subsection
25 (k); and

1 “(B) a premium for the applicable crop
2 year that is equal to—

3 “(i) the product obtained by multi-
4 plying—

5 “(I) the number of acres devoted
6 to the eligible crop;

7 “(II) the yield, as determined by
8 the Secretary under subsection (e);

9 “(III) the coverage level elected
10 by the producer;

11 “(IV) the average market price,
12 as determined by the Secretary; and

13 “(ii) 5.25-percent premium fee.

14 “(3) LIMITED RESOURCE, BEGINNING, AND SO-
15 cially DISADVANTAGED FARMERS.—The additional
16 coverage made available under this subsection shall
17 be available to limited resource, beginning, and so-
18 cially disadvantaged producers, as determined by the
19 Secretary, in exchange for a premium that is 50 per-
20 cent of the premium determined for a producer
21 under paragraph (2).”.

22 (b) TERMINATION DATE.—

23 (1) IN GENERAL.—Effective October 1, 2017,
24 subsection (a) and the amendments made by sub-
25 section (a) (other than the amendments made by

1 clauses (i)(I) and (ii) of subsection (a)(1)(B)) are re-
2 pealed

3 (2) ADMINISTRATION.—Effective October 1,
4 2017, section 196 of the Federal Agriculture Im-
5 provement and Reform Act of 1996 (7 U.S.C. 7333)
6 shall be applied and administered as if subsection
7 (a) and the amendments made by subsection (a)
8 (other than the amendments made by clauses (i)(I)
9 and (ii) of subsection (a)(1)(B)) had not been en-
10 acted.

11 **SEC. 12205. REGIONAL ECONOMIC AND INFRASTRUCTURE**
12 **DEVELOPMENT.**

13 Section 15751 of title 40, United States Code, is
14 amended—

15 (1) in subsection (a), by striking “2012” and
16 inserting “2017”; and

17 (2) in subsection (b)—

18 (A) by striking “Not more than” and in-
19 serting the following:

20 “(1) IN GENERAL.—Except as provided in para-
21 graph (2), not more than”; and

22 (B) by adding at the end the following:

23 “(2) LIMITED FUNDING.—In a case in which
24 less than \$10,000,000 is made available to a Com-

1 mission for a fiscal year under this section, para-
2 graph (1) shall not apply.”.

3 **SEC. 12206. CANADA GEESE REMOVAL.**

4 (a) **IN GENERAL.**—On a determination by the Ad-
5 ministrator of the Federal Aviation Administration that
6 the population of Canada geese residing on land under the
7 jurisdiction of the National Park Service that is located
8 within 5 miles of any commercial airport poses a risk to
9 flight safety, the Secretary (acting through the Adminis-
10 trator of the Animal and Plant Health Inspection Service),
11 in consultation with the Secretary of the Interior and the
12 Administrator of the Federal Aviation Administration,
13 shall—

14 (1) by the first subsequent molting period for
15 Canada geese that occurs after the date of enact-
16 ment of this Act, publish a management plan that
17 provides for the removal, by not later than 1 year
18 after the date of publication, of all Canada geese re-
19 siding on the applicable land; and

20 (2) as soon as practicable after the date of pub-
21 lication of the management plan under paragraph
22 (1), commence removal of Canada geese from the
23 applicable land.

24 (b) **JFK INTERNATIONAL AIRPORT.**—Not later than
25 June 1, 2012, the Secretary (acting through the Adminis-

1 trator of the Animal and Plant Health Inspection Service)

2 shall—

3 (1) issue a record of decision for the document
4 entitled “Supplement to the Environmental Impact
5 Statement Bird Hazard Reduction Program: John
6 F. Kennedy International Airport”; and

7 (2) commence consultation with the Secretary
8 of the Interior to complete the collection and re-
9 moval of Canada geese from the applicable National
10 Park Service land to ensure that the removal is com-
11 pleted by not later than August 1, 2012.

Calendar No. 415

112TH CONGRESS
2^D SESSION

S. 3240

A BILL

To reauthorize agricultural programs through
2017, and for other purposes.

MAY 24, 2012

Read twice and placed on the calendar