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# Calendar No. 415

112TH CONGRESS
2D SESSION

# S. 3240

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

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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

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# A BILL

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

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

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

(a) IN GENERAL.—This Act may be cited as the ''Agriculture Reform, Food, and Jobs Act of 2012''.

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

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

TITLE I—COMMODITY PROGRAMS

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.
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Subtitle G—Funding and Administration

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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

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Sec. 2702. Emergency forestry conservation reserve program.
Sec. 2703. Wetlands reserve program.
Sec. 2704. Farmland protection program and farm viability program.
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Sec. 2706. Agricultural water enhancement program.
Sec. 2707. Wildlife habitat incentive program.
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Sec. 2711. Environmental easement program.
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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.
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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.
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Sec. 3208. Donald Payne Horn of Africa food resilience program.
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TITLE IV—NUTRITION

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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.
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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.
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Sec. 4205. Hunger-free communities.
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TITLE V—CREDIT

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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.
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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.
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Subtitle C—Miscellaneous

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

TITLE VII—RESEARCH, EXTENSION, AND RELATED MATTERS

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

Sec. 7201. Best utilization of biological applications.
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Sec. 7203. Sustainable agriculture technology development and transfer program.
Sec. 7204. National training program.
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Sec. 7206. National Agricultural Weather Information System.
Sec. 7207. High-priority research and extension initiatives.
Sec. 7208. Organic agriculture research and extension initiative.
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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.
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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.
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Sec. 7405. Enhanced use lease authority pilot program under Department of Agriculture Reorganization Act of 1994.
Sec. 7406. Renewable Resources Extension Act of 1978.
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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.
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Sec. 7511. Grazinglands research laboratory.
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Sec. 7513. Natural products research program.
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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.
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Sec. 11013. Authority to correct errors.
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TITLE XII—MISCELLANEOUS

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Sec. 12002. Office of Advocacy and Outreach.

Subtitle B—Livestock

Sec. 12101. Wildlife reservoir zoonotic disease initiative.
Sec. 12102. Trichinae certification program.
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Sec. 12104. Sheep production and marketing grant program.
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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.

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

In this Act, the term ''Secretary'' means the Secretary of Agriculture.

# TITLE I—COMMODITY PROGRAMS

## Subtitle A—Repeals and Reforms

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

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

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

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

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

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

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

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

(a) REPEAL.—Section 1105 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8715) is repealed.

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

**SEC. 1104. DEFINITIONS.**

In this subtitle, subtitle B, and subtitle F:

(1) ACTUAL CROP REVENUE.—The term ''actual crop revenue'', with respect to a covered commodity for a crop year, means the amount determined by the Secretary under section 1105(c)(3).

(2) AGRICULTURE RISK COVERAGE GUARANTEE.—The term ''agriculture risk coverage guarantee'', with respect to a covered commodity for a crop year, means the amount determined by the Secretary under section 1105(c)(4).

(3) AGRICULTURE RISK COVERAGE PAYMENT.—The term ''agriculture risk coverage payment'' means a payment under section 1105(c).

(4) AVERAGE INDIVIDUAL YIELD.—The term ''average individual yield'' means the yield reported by a producer for purposes of subtitle A of the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.), to the maximum extent practicable.

(5) COUNTY COVERAGE.—For the purposes of agriculture risk coverage under section 1105, the term ''county coverage'' means coverage determined using the total quantity of all acreage in a county of the covered commodity that is planted or prevented from being planted for harvest by a producer with the yield determined by the average county yield described in subsection (c) of that section.

(6) COVERED COMMODITY.—

(A) IN GENERAL.—The term ''covered commodity'' means wheat, corn, grain sorghum, barley, oats, long grain rice, medium grain rice,

pulse crops, soybeans, other oilseeds, and peanuts.

(B) POPCORN.—The Secretary—

(i) shall study the feasibility of including popcorn as a covered commodity by 2014; and

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

(7) ELIGIBLE ACRES.—

(A) IN GENERAL.—Except as provided in subparagraphs (B) through (E), the term ''eligible acres'' means all acres planted or prevented from being planted to all covered commodities on a farm in any crop year.

(B) MAXIMUM.—Except as provided in (C), the total quantity of eligible acres on a farm determined under subparagraph (A) shall not exceed the average total acres planted or prevented from being planted to covered commodities and upland cotton on the farm for the 2009 through 2012 crop years, as determined by the Secretary.

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

the eligible acres for covered commodities for a farm if any of the following circumstances occurs:

(i) If a conservation reserve contract for a farm in a county entered into under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) expires or is voluntarily terminated or cropland is released from coverage under a conservation reserve contract, the Secretary shall provide for an adjustment, as appropriate, in the eligible acres for the farm to a total quantity that is the higher of—

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

(II) the product obtained by multiplying—

(aa) the average proportion that—

(AA) the total number of acres planted to covered commodities and upland cotton in the county for crop

years 2009 through 2012; bears to

(BB) the total number of all acres of covered commodities, grassland, and upland cotton acres in the county for the same crop years; by

(bb) the total acres for which coverage has expired, voluntarily terminated, or been released under the conservation reserve contract.

(ii) The producer has eligible oilseed acreage as the result of the Secretary designating additional oilseeds, which shall be determined in the same manner as eligible oilseed acreage under section 1101(a)(1)(D) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8711(a)(1)(D)).

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

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

(D) EXCLUSION.—The term ''eligible acres'' does not include any crop subsequently planted during the same crop year on the same land for which the first crop is eligible for payments under this subtitle, unless the crop was planted in an area approved for double cropping, as determined by the Secretary.

(8) EXTRA LONG STAPLE COTTON.—The term ''extra long staple cotton'' means cotton that—

(A) is produced from pure strain varieties of the Barbadense species or any hybrid of the species, or other similar types of extra long staple cotton, designated by the Secretary, having characteristics needed for various end uses for which United States upland cotton is not suitable and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of the varieties or types; and

(B) is ginned on a roller-type gin or, if authorized by the Secretary, ginned on another type gin for experimental purposes.

(9) INDIVIDUAL COVERAGE.—For purposes of agriculture risk coverage under section 1105, the term ''individual coverage'' means coverage determined using the total quantity of all acreage in a county of the covered commodity that is planted or prevented from being planted for harvest by a producer with the yield determined by the average individual yield of the producer described in subsection (c) of that section.

(10) MEDIUM GRAIN RICE.—The term ''medium grain rice'' includes short grain rice.

(11) MIDSEASON PRICE.—The term ''midseason price'' means the applicable national average market price received by producers for the first 5 months of the applicable marketing year, as determined by the Secretary.

(12) OTHER OILSEED.—The term ''other oilseed'' means a crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or any oilseed designated by the Secretary.

(13) PRODUCER.—

(A) IN GENERAL.—The term ''producer'' means an owner, operator, landlord, tenant, or sharecropper that shares in the risk of producing a crop and is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced.

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

(i) not take into consideration the existence of a hybrid seed contract; and

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

(14) PULSE CROP.—The term ''pulse crop'' means dry peas, lentils, small chickpeas, and large chickpeas.

(15) STATE.—The term ''State'' means—

(A) a State;

(B) the District of Columbia;

(C) the Commonwealth of Puerto Rico; and

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

(16) TRANSITIONAL YIELD.—The term ''transitional yield'' has the meaning given the term in section 502(b) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)).

(17) UNITED STATES.—The term ''United States'', when used in a geographical sense, means all of the States.

(18) UNITED STATES PREMIUM FACTOR.—The term ''United States Premium Factor'' means the percentage by which the difference in the United States loan schedule premiums for Strict Middling (SM) 1⅛-inch upland cotton and for Middling (M) 1³⁄₃₂-inch upland cotton exceeds the difference in the applicable premiums for comparable international qualities.

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

(a) PAYMENTS REQUIRED.—If the Secretary determines that payments are required under subsection (c), the Secretary shall make payments for each covered commodity available to producers in accordance with this section.

(b) COVERAGE ELECTION.—

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

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

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

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

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

(B) acres no longer under the operational control of the producers after the election are no longer subject to the election of the producers but become subject to the election of the subsequent producers.

(3) DUTIES OF THE SECRETARY.—The Secretary shall ensure that producers are precluded from taking any action, including reconstitution, transfer, or other similar action, that would have the effect of altering or reversing the election made under paragraph (1).

(c) AGRICULTURE RISK COVERAGE.—

(1) PAYMENTS.—The Secretary shall make agriculture risk coverage payments available under this subsection for each of the 2013 through 2017 crop years if the Secretary determines that—

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

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

(2) TIME FOR PAYMENTS.—If the Secretary determines under this subsection that agriculture risk coverage payments are required to be made for the covered commodity, the agriculture risk coverage payments shall be made as soon as practicable thereafter.

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

(A)(i) in the case of individual coverage, the actual average individual yield for the covered commodity, as determined by the Secretary; or

(ii) in the case of county coverage, the actual average yield for the county for the covered

commodity, as determined by the Secretary; and

(B) the higher of—

(i) the midseason price; or

(ii) if applicable, the national marketing assistance loan rate for the covered commodity under subtitle B.

(4) AGRICULTURE RISK COVERAGE GUARANTEE.—

(A) IN GENERAL.—The agriculture risk coverage guarantee for a crop year for a covered commodity shall equal 89 percent of the benchmark revenue.

(B) BENCHMARK REVENUE.—

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

(I)(aa) in the case of individual coverage, subject to clause (ii), the average individual yield, as determined by the Secretary, for the most recent 5 crop years, excluding each of the crop years with the highest and lowest yields; or

(bb) in the case of county coverage, the average county yield, as determined by the Secretary, for the most recent 5 crop years, excluding each of the crop years with the highest and lowest yields; and

(II) subject to clause (iii), the average national marketing year average price for the most recent 5 crop years, excluding each of the crop years with the highest and lowest prices.

(ii) USE OF TRANSITIONAL YIELDS.—If the yield determined under clause (i)(I)(aa)—

(I) for the 2012 crop year or any prior crop year, is less than 60 percent of the applicable transitional yield, the Secretary shall use 60 percent of the applicable transitional yield for that crop year; and

(II) for the 2013 crop year and any subsequent crop year, is less than 70 percent of the applicable transitional yield, the Secretary shall use 70

percent of the applicable transitional yield for that crop year.

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

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

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

(III) For peanuts, $530.00 per ton.

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

(A) the amount that—

(i) the agriculture risk coverage guarantee for the covered commodity; exceeds

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

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

(6) PAYMENT AMOUNT.—If agriculture risk coverage payments under this subsection are required to be paid for any of the 2013 through 2017 crop years of a covered commodity, the amount of the agriculture risk coverage payment for the crop year shall be equal to the product obtained by multiplying—

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

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

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

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

(ii) in the case of county coverage—

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

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

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

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

(B) to the maximum extent practicable, calculate a separate actual crop revenue and agriculture risk coverage guarantee for irrigated and nonirrigated covered commodities;

(C) differentiate by type or class the national average price of—

(i) sunflower seeds;

(ii) barley, using malting barley values; and

(iii) wheat; and

(D) assign a yield for each acre planted or prevented from being planted for the crop year for the covered commodity on the basis of the yield history of representative farms in the State, region, or crop reporting district, as determined by the Secretary, if the Secretary cannot establish the yield as determined under paragraph (3)(A)(ii) or (4)(B)(i) or if the yield determined under paragraph (3)(A)(ii) or (4) is an unrepresentative average yield for the covered commodity as determined by the Secretary.

**SEC. 1106. PRODUCER AGREEMENT REQUIRED AS CONDITION OF PROVISION OF PAYMENTS.**

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

(1) REQUIREMENTS.—Before the producers on a farm may receive agriculture risk coverage payments, the producers shall agree, during the crop year for which the payments are made and in exchange for the payments—

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

(B) to comply with applicable wetland protection requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.);

(C) to use the land on the farm for an agricultural or conserving use in a quantity equal to the attributable eligible acres of the farm, and not for a nonagricultural commercial, industrial, or residential use, as determined by the Secretary; and

(D) to effectively control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices, as determined by the Secretary, if the agricultural or conserving use involves the noncultivation of any

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

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

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

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

(1) TERMINATION.—

(A) IN GENERAL.—Except as provided in paragraph (2), a transfer of (or change in) the interest of the producers on a farm for which agriculture risk coverage payments are made shall result in the termination of the agriculture risk coverage payments, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a).

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

(2) EXCEPTION.—If a producer entitled to an agriculture risk coverage payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with rules issued by the Secretary.

(c) REPORTS.—

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

(2) PRODUCTION REPORTS.—As a condition on the receipt of any benefits under section 1105, the Secretary shall require producers on a farm to submit to the Secretary annual production reports with respect to all covered commodities produced on the farm.

(3) PENALTIES.—No penalty with respect to benefits under this subtitle or subtitle B shall be assessed against the producers on a farm for an inaccurate acreage or production report unless the producers on the farm knowingly and willfully falsified the acreage or production report.

(4) DATA REPORTING.—To the maximum extent practicable, the Secretary shall use data re-

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

(d) TENANTS AND SHARECROPPERS.—In carrying out this subtitle, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

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

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

# Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

**SEC. 1201. AVAILABILITY OF NONRECOURSE MARKETING ASSISTANCE LOANS FOR LOAN COMMODITIES.**

(a) DEFINITION OF LOAN COMMODITY.—In this subtitle, the term ''loan commodity'' means wheat, corn, grain sorghum, barley, oats, upland cotton, extra long staple cotton, long grain rice, medium grain rice, peanuts, soybeans, other oilseeds, graded wool, nongraded wool, mo-

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

(b) NONRECOURSE LOANS AVAILABLE.—

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

(2) TERMS AND CONDITIONS.—The marketing assistance loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under section 1202 for the loan commodity.

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

(d) COMPLIANCE WITH CONSERVATION AND WETLANDS REQUIREMENTS.—

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

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

(B) to comply with applicable wetland protection requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.);

(C) to use the land on the farm for an agricultural or conserving use in a quantity equal to the attributable eligible acres of the farm, and not for a nonagricultural commercial, industrial, or residential use, as determined by the Secretary; and

(D) to effectively control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices, as determined by the Secretary, if the agricultural or conserving use involves the noncultivation of any portion of the land referred to in subparagraph (C).

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

(3) MODIFICATION.—At the request of a transferee or owner, the Secretary may modify the re-

quirements of this subsection if the modifications are consistent with the purposes of this subsection, as determined by the Secretary.

(e) SPECIAL RULES FOR PEANUTS.—

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

(2) OPTIONS FOR OBTAINING LOAN.—A marketing assistance loan under this section, and loan deficiency payments under section 1205, may be obtained at the option of the producers on a farm through—

(A) a designated marketing association or marketing cooperative of producers that is approved by the Secretary; or

(B) the Farm Service Agency.

(3) STORAGE OF LOAN PEANUTS.—As a condition on the approval by the Secretary of an individual or entity to provide storage for peanuts for which a marketing assistance loan is made under this section, the individual or entity shall agree—

(A) to provide the storage on a nondiscriminatory basis; and

(B) to comply with such additional requirements as the Secretary considers appropriate to accomplish the purposes of this section and pro-

mote fairness in the administration of the benefits of this section.

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

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

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

(i) require the repayment of handling and other associated costs paid under subparagraph (A) for all peanuts pledged as collateral for a loan that is redeemed under this section; and

(ii) pay storage, handling, and other associated costs for all peanuts pledged as collateral that are forfeited under this section.

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

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

(6) REIMBURSABLE AGREEMENTS AND PAYMENT OF ADMINISTRATIVE EXPENSES.—The Secretary may implement any reimbursable agreements or provide for the payment of administrative expenses under this subsection only in a manner that is consistent with those activities in regard to other loan commodities.

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

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

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

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

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

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

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

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

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

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

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

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

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

(11) In the case of other oilseeds, $10.09 per hundredweight for each of the following kinds of oilseeds:

(A) Sunflower seed.

(B) Rapeseed.

(C) Canola.

(D) Safflower.

(E) Flaxseed.

(F) Mustard seed.

(G) Crambe.

(H) Sesame seed.

(I) Other oilseeds designated by the Secretary.

(12) In the case of dry peas, $5.40 per hundredweight.

(13) In the case of lentils, $11.28 per hundredweight.

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

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

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

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

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

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

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

(b) SINGLE COUNTY LOAN RATE FOR OTHER OILSEEDS.—The Secretary shall establish a single loan rate in each county for each kind of other oilseeds described in subsection (a)(11).

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

(a) TERM OF LOAN.—In the case of each loan commodity, a marketing assistance loan under section 1201 shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made.

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

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

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

(1) the loan rate established for the commodity under section 1202, plus interest (determined in accordance with section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283));

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

(A) is calculated based on average market prices for the loan commodity during the preceding 30-day period; and

(B) will minimize discrepancies in marketing loan benefits across State boundaries and across county boundaries; or

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

(A) minimize potential loan forfeitures;

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

(C) minimize the cost incurred by the Federal Government in storing the commodity;

(D) allow the commodity produced in the United States to be marketed freely and competitively, both domestically and internationally; and

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

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

(1) the loan rate established for the commodity under section 1202, plus interest (determined in accordance with section 163 of the Federal Agriculture

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

(2) the prevailing world market price for the commodity, as determined and adjusted by the Secretary in accordance with this section.

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

(d) PREVAILING WORLD MARKET PRICE.—For purposes of this section and section 1207, the Secretary shall prescribe by regulation—

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

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

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

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

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

(A) shall be adjusted to United States quality and location, with the adjustment to include—

(i) a reduction equal to any United States Premium Factor for upland cotton of a quality higher than Middling (M) 1 3/32-inch; and

(ii) the average costs to market the commodity, including average transportation costs, as determined by the Secretary; and

(B) may be further adjusted, during the period beginning on the date of enactment of this Act and ending on July 31, 2018, if the Secretary determines the adjustment is necessary—

(i) to minimize potential loan forfeitures;

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

(iii) to ensure that upland cotton produced in the United States can be marketed freely and competitively, both domestically and internationally; and

(iv) to ensure an appropriate transition between current-crop and forward-crop price quotations, except that the Secretary may use forward-crop price quotations prior to July 31 of a marketing year only if—

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

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

(3) GUIDELINES FOR ADDITIONAL ADJUSTMENTS.—In making adjustments under this subsection, the Secretary shall establish a mechanism for determining and announcing the adjustments in order to avoid undue disruption in the United States market.

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

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

(2) the repayment rate established for oil sunflower seed.

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

(h) REPAYMENT RATE FOR PEANUTS.—The Secretary shall permit producers on a farm to repay a marketing assistance loan for peanuts under subsection (a) at a rate that is the lesser of—

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

ance with section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283)); or

(2) a rate that the Secretary determines will—

(A) minimize potential loan forfeitures;

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

(C) minimize the cost incurred by the Federal Government in storing peanuts; and

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

(i) AUTHORITY TO TEMPORARILY ADJUST REPAYMENT RATES.—

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

(2) DURATION.—Any adjustment made under paragraph (1) in the repayment rate for marketing assistance loans for a loan commodity shall be in effect on a short-term and temporary basis, as determined by the Secretary.

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

(a) AVAILABILITY OF LOAN DEFICIENCY PAYMENTS.—

(1) IN GENERAL.—Except as provided in subsection (d), the Secretary may make loan deficiency payments available to producers on a farm that, although eligible to obtain a marketing assistance loan under section 1201 with respect to a loan commodity, agree to forgo obtaining the loan for the commodity in return for loan deficiency payments under this section.

(2) UNSHORN PELTS, HAY, AND SILAGE.—

(A) MARKETING ASSISTANCE LOANS.—Subject to subparagraph (B), nongraded wool in the form of unshorn pelts and hay and silage derived from a loan commodity are not eligible for a marketing assistance loan under section 1201.

(B) LOAN DEFICIENCY PAYMENT.—Effective for the 2013 through 2017 crop years, the Secretary may make loan deficiency payments available under this section to producers on a farm that produce unshorn pelts or hay and silage derived from a loan commodity.

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

(a)(2) shall be equal to the product obtained by multiplying—

(1) the payment rate determined under subsection (c) for the commodity; by

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

(c) PAYMENT RATE.—

(1) IN GENERAL.—In the case of a loan commodity, the payment rate shall be the amount by which—

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

(B) the rate at which a marketing assistance loan for the loan commodity may be repaid under section 1204.

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

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

(B) the rate at which a marketing assistance loan for ungraded wool may be repaid under section 1204.

(3) HAY AND SILAGE.—In the case of hay or silage derived from a loan commodity, the payment rate shall be the amount by which—

(A) the loan rate established under section 1202 for the loan commodity from which the hay or silage is derived; exceeds

(B) the rate at which a marketing assistance loan for the loan commodity may be repaid under section 1204.

(d) EXCEPTION FOR EXTRA LONG STAPLE COTTON.—This section shall not apply with respect to extra long staple cotton.

(e) EFFECTIVE DATE FOR PAYMENT RATE DETERMINATION.—The Secretary shall determine the amount of the loan deficiency payment to be made under this section to the producers on a farm with respect to a quantity of a loan commodity or commodity referred to in subsection (a)(2) using the payment rate in effect under subsection (c) as of the date the producers request the payment.

**SEC. 1206. PAYMENTS IN LIEU OF LOAN DEFICIENCY PAYMENTS FOR GRAZED ACREAGE.**

(a) ELIGIBLE PRODUCERS.—

(1) IN GENERAL.—Effective for the 2013 through 2017 crop years, in the case of a producer that would be eligible for a loan deficiency payment

under section 1205 for wheat, barley, or oats, but that elects to use acreage planted to the wheat, barley, or oats for the grazing of livestock, the Secretary shall make a payment to the producer under this section if the producer enters into an agreement with the Secretary to forgo any other harvesting of the wheat, barley, or oats on that acreage.

(2) GRAZING OF TRITICALE ACREAGE.—Effective for the 2013 through 2017 crop years, with respect to a producer on a farm that uses acreage planted to triticale for the grazing of livestock, the Secretary shall make a payment to the producer under this section if the producer enters into an agreement with the Secretary to forgo any other harvesting of triticale on that acreage.

(b) PAYMENT AMOUNT.—

(1) IN GENERAL.—The amount of a payment made under this section to a producer on a farm described in subsection (a)(1) shall be equal to the amount determined by multiplying—

(A) the loan deficiency payment rate determined under section 1205(c) in effect, as of the date of the agreement, for the county in which the farm is located; by

(B) the payment quantity determined by multiplying—

(i) the quantity of the grazed acreage on the farm with respect to which the producer elects to forgo harvesting of wheat, barley, or oats; and

(ii)(I) the yield in effect for the calculation of agriculture risk coverage payments under subtitle A with respect to that loan commodity on the farm; or

(II) in the case of a farm without a payment yield for that loan commodity, an appropriate yield established by the Secretary.

(2) GRAZING OF TRITICALE ACREAGE.—The amount of a payment made under this section to a producer on a farm described in subsection (a)(2) shall be equal to the amount determined by multiplying—

(A) the loan deficiency payment rate determined under section 1205(c) in effect for wheat, as of the date of the agreement, for the county in which the farm is located; by

(B) the payment quantity determined by multiplying—

(i) the quantity of the grazed acreage on the farm with respect to which the producer elects to forgo harvesting of triticale; and

(ii)(I) the yield in effect for the calculation of agriculture risk coverage payments under subtitle A with respect to wheat on the farm; or

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

(c) TIME, MANNER, AND AVAILABILITY OF PAYMENT.—

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

(2) AVAILABILITY.—

(A) IN GENERAL.—The Secretary shall establish an availability period for the payments authorized by this section.

(B) CERTAIN COMMODITIES.—In the case of wheat, barley, and oats, the availability period shall be consistent with the availability period for the commodity established by the Secretary for marketing assistance loans authorized by this subtitle.

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

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

(a) SPECIAL IMPORT QUOTA.—

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

(2) ESTABLISHMENT.—

(A) IN GENERAL.—The President shall carry out an import quota program during the period beginning on August 1, 2013, and ending on July 31, 2018, as provided in this subsection.

(B) PROGRAM REQUIREMENTS.—Whenever the Secretary determines and announces that for any consecutive 4-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered to a definable and significant international market, as determined by the Secretary, exceeds the prevailing world market price, there shall immediately be in effect a special import quota.

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

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

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

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

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

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

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

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

(D) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(7) LIMITATION.—The quantity of cotton entered into the United States during any marketing year under the special import quota established under this subsection may not exceed the equivalent of 10 week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate

of the 3 months immediately preceding the first special import quota established in any marketing year.

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

(1) DEFINITIONS.—In this subsection:

(A) DEMAND.—The term ''demand'' means—

(i) the average seasonally adjusted annual rate of domestic mill consumption of cotton during the most recent 3 months for which official data of the Department of Agriculture (as determined by the Secretary) are available; and

(ii) the larger of—

(I) average exports of upland cotton during the preceding 6 marketing years; or

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

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

(C) SUPPLY.—The term ''supply'' means, using the latest official data of the Department of Agriculture—

(i) the carryover of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the quota is established;

(ii) production of the current crop; and

(iii) imports to the latest date available during the marketing year.

(2) PROGRAM.—The President shall carry out an import quota program that provides that whenever the Secretary determines and announces that the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for a month exceeded 130 percent of the average price of the quality of cotton in the markets for the preceding 36 months, notwithstanding any other provision of law, there shall immediately be in effect a limited global import quota subject to the following conditions:

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

justed average rate of the most recent 3 months for which official data of the Department of Agriculture are available or as estimated by the Secretary.

(B) QUANTITY IF PRIOR QUOTA.—If a quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established under this subsection shall be the smaller of 21 days of domestic mill consumption calculated under subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

(C) PREFERENTIAL TARIFF TREATMENT.—The quantity under a limited global import quota shall be considered to be an in-quota quantity for purposes of—

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

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

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

(iv) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(D) QUOTA ENTRY PERIOD.—When a quota is established under this subsection, cotton may be entered under the quota during the 90-day period beginning on the date the quota is established by the Secretary.

(3) NO OVERLAP.—Notwithstanding paragraph (2), a quota period may not be established that overlaps an existing quota period or a special quota period established under subsection (a).

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

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall, on a monthly basis, make economic adjustment assistance available to domestic users of upland cotton in the form of payments for all documented use of that upland cotton during the previous monthly period regardless of the origin of the upland cotton.

(2) VALUE OF ASSISTANCE.—Effective beginning on August 1, 2012, the value of the assistance provided under paragraph (1) shall be 3 cents per pound.

(3) ALLOWABLE PURPOSES.—Economic adjustment assistance under this subsection shall be made available only to domestic users of upland cotton that certify that the assistance shall be used only to acquire, construct, install, modernize, develop, convert, or expand land, plant, buildings, equipment, facilities, or machinery.

(4) REVIEW OR AUDIT.—The Secretary may conduct such review or audit of the records of a domestic user under this subsection as the Secretary determines necessary to carry out this subsection.

(5) IMPROPER USE OF ASSISTANCE.—If the Secretary determines, after a review or audit of the records of the domestic user, that economic adjustment assistance under this subsection was not used for the purposes specified in paragraph (3), the domestic user shall be—

(A) liable for the repayment of the assistance to the Secretary, plus interest, as determined by the Secretary; and

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

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

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

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

(2) to increase exports of extra long staple cotton produced in the United States; and

(3) to ensure that extra long staple cotton produced in the United States remains competitive in world markets.

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

(1) for a consecutive 4-week period, the world market price for the lowest priced competing growth of extra long staple cotton (adjusted to United States quality and location and for other factors affecting the competitiveness of such cotton), as determined by the Secretary, is below the prevailing United States price for a competing growth of extra long staple cotton; and

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

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

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

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

(a) HIGH MOISTURE FEED GRAINS.—

(1) DEFINITION OF HIGH MOISTURE STATE.—In this subsection, the term ''high moisture state''

means corn or grain sorghum having a moisture content in excess of Commodity Credit Corporation standards for marketing assistance loans made by the Secretary under section 1201.

(2) RECOURSE LOANS AVAILABLE.—For each of the 2013 through 2017 crops of corn and grain sorghum, the Secretary shall make available recourse loans, as determined by the Secretary, to producers on a farm that—

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

(B) present—

(i) certified scale tickets from an inspected, certified commercial scale, including a licensed warehouse, feedlot, feed mill, distillery, or other similar entity approved by the Secretary, pursuant to regulations issued by the Secretary; or

(ii) field or other physical measurements of the standing or stored crop in regions of the United States, as determined by the Secretary, that do not have certified commercial scales from which certified

scale tickets may be obtained within reasonable proximity of harvest operation;

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

(D) comply with deadlines established by the Secretary for harvesting the corn or grain sorghum and submit applications for loans under this subsection within deadlines established by the Secretary.

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

(A) the acreage of the corn or grain sorghum in a high moisture state harvested on the farm of the producer; by

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

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

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

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

(a) ADJUSTMENT AUTHORITY.—Subject to subsection (e), the Secretary may make appropriate adjustments in the loan rates for any loan commodity (other than cotton) for differences in grade, type, quality, location, and other factors.

(b) MANNER OF ADJUSTMENT.—The adjustments under subsection (a) shall, to the maximum extent practicable, be made in such a manner that the average loan

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

(c) ADJUSTMENT ON COUNTY BASIS.—

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

(2) PROHIBITION.—Adjustments under this subsection shall not result in an increase in the national average loan rate for any year.

(d) ADJUSTMENT IN LOAN RATE FOR COTTON.—

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

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

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

and efficiently reflect market values for upland cotton.

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

(i) the elimination of warehouse location differentials;

(ii) the establishment of differentials for the various quality factors and staple lengths of cotton based on a 3-year, weighted moving average of the weighted designated spot market regions, as determined by regional production;

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

(iv) a mechanism to ensure that no premium or discount is established that exceeds the premium or discount associated with a leaf grade that is 1 better than the applicable color grade.

(C) DISCRETIONARY REVISIONS.—Revisions under subparagraph (A) may include—

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

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

(ii) adjustments in the premiums or discounts associated with upland cotton with a staple length of 33 or above due to micronaire with the goal of eliminating any unnecessary artificial splits in the calculations of the premiums or discounts; and

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

(3) CONSULTATION WITH PRIVATE SECTOR.—

(A) PRIOR TO REVISION.—In making adjustments to the loan rate for cotton (including any review of the adjustments) as provided in this subsection, the Secretary shall consult with representatives of the United States cotton industry.

(B) INAPPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to consultations under this subsection.

(4) REVIEW OF ADJUSTMENTS.—The Secretary may review the operation of the upland cotton quality adjustments implemented pursuant to this subsection and may make further revisions to the administration of the loan program for upland cotton, by—

(A) revoking or revising any actions taken under paragraph (2)(B); or

(B) revoking or revising any actions taken or authorized to be taken under paragraph (2)(C).

(e) RICE.—The Secretary shall not make adjustments in the loan rates for long grain rice and medium grain rice, except for differences in grade and quality (including milling yields).

# Subtitle C—Sugar

**SEC. 1301. SUGAR PROGRAM.**

(a) CONTINUATION OF CURRENT PROGRAM AND LOAN RATES.—

(1) SUGARCANE.—Section 156(a)(5) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272(a)(5)) is amended by striking ''the 2012 crop year'' and inserting ''each of the 2012 through 2017 crop years''.

(2) SUGAR BEETS.—Section 156(b)(2) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272(b)(2)) is amended by striking "2012" and inserting "2017".

(3) EFFECTIVE PERIOD.—Section 156(i) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272(i)) is amended by striking "2012" and inserting "2017".

(b) FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.—

(1) SUGAR ESTIMATES.—Section 359b(a)(1) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359bb(a)(1)) is amended by striking "2012" and inserting "2017".

(2) EFFECTIVE PERIOD.—Section 359l(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ll(a)) is amended by striking "2012" and inserting "2017".

# Subtitle D—Dairy

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

### SEC. 1401. DEFINITIONS.

In this part:

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

(2) ALL-MILK PRICE.—The term ''all-milk price'' means the average price received, per hundredweight of milk, by dairy operations for all milk sold to plants and dealers in the United States, as determined by the Secretary.

(3) ANNUAL PRODUCTION HISTORY.—The term ''annual production history'' means the production history determined for a participating dairy operation under section 1413(b) whenever the participating dairy operation purchases supplemental production margin protection.

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

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

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

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

(5) BASIC PRODUCTION HISTORY.—The term ''basic production history'' means the production history determined for a participating dairy operation under section 1413(a) for provision of basic production margin protection.

(6) CONSECUTIVE 2-MONTH PERIOD.—The term ''consecutive 2-month period'' refers to the 2-month period consisting of the months of January and February, March and April, May and June, July and August, September and October, or November and December, respectively.

(7) DAIRY OPERATION.—

(A) IN GENERAL.—The term ''dairy operation'' means, as determined by the Secretary, 1 or more dairy producers that produce and market milk as a single dairy operation in which each dairy producer—

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

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

(iii) contributes land, labor, management, equipment, or capital to the dairy operation.

(B) ADDITIONAL OWNERSHIP STRUCTURES.—The Secretary shall determine additional ownership structures to be covered by the definition of dairy operation.

(8) HANDLER.—

(A) IN GENERAL.—The term ''handler'' means the initial individual or entity making payment to a dairy operation for milk produced in the United States and marketed for commercial use.

(B) PRODUCER-HANDLER.—The term includes a ''producer-handler'' when the producer satisfies the definition in subparagraph (A).

(9) PARTICIPATING DAIRY OPERATION.—The term ''participating dairy operation'' means a dairy operation that—

(A) signs up under section 1412 to participate in the production margin protection program under subpart A; and

(B) as a result, also participates in the stabilization program under subpart B.

(10) PRODUCTION MARGIN PROTECTION PROGRAM.—The term ''production margin protection program'' means the dairy production margin protection program required by subpart A.

(11) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(12) STABILIZATION PROGRAM.—The term ''stabilization program'' means the dairy market stabilization program required by subpart B for all participating dairy operations.

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

(14) UNITED STATES.—The term ''United States'', in a geographical sense, means the 50 States, the District of Columbia, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, and any other territory or possession of the United States.

**SEC. 1402. CALCULATION OF AVERAGE FEED COST AND ACTUAL DAIRY PRODUCTION MARGINS.**

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

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

(2) The price of soybean meal for a month shall be the central Illinois price for soybean meal, as reported in the Market News–Monthly Soybean Meal Price Report by the Secretary.

(3) The price of alfalfa hay for a month shall be the price received during that month by farmers in the United States for alfalfa hay, as reported in the monthly Agricultural Prices report by the Secretary.

(b) CALCULATION OF ACTUAL DAIRY PRODUCTION MARGINS.—

(1) PRODUCTION MARGIN PROTECTION PROGRAM.—For use in the production margin protection program under subpart A, the Secretary shall calculate the actual dairy production margin for each consecutive 2-month period by subtracting—

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

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

(2) STABILIZATION PROGRAM.—For use in the stabilization program under subpart B, the Secretary shall calculate each month the actual dairy production margin for the preceding month by subtracting—

(A) the average feed cost for that preceding month, determined in accordance with subsection (a); from

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

(3) TIME FOR CALCULATIONS.—The calculations required by paragraphs (1) and (2) shall be made as soon as practicable using the full month price of the applicable reference month.

## Subpart A—Dairy Production Margin Protection Program

### SEC. 1411. ESTABLISHMENT OF DAIRY PRODUCTION MARGIN PROTECTION PROGRAM.

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

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

(1) basic production margin protection program payments under section 1414 when actual dairy production margins are less than the threshold levels for such payments; and

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

**SEC. 1412. PARTICIPATION OF DAIRY OPERATIONS IN PRODUCTION MARGIN PROTECTION PROGRAM.**

(a) ELIGIBILITY.—All dairy operations in the United States shall be eligible to participate in the production margin protection program, except that a participating dairy operation shall be required to register with the Secretary before the participating dairy operation may receive—

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

(2) if the participating dairy operation purchases supplemental production margin protection under section 1415, supplemental production margin protection program payments under such section.

(b) REGISTRATION PROCESS.—

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

(2) TREATMENT OF MULTIPRODUCER DAIRY OPERATIONS.—If a participating dairy operation is operated by more than 1 dairy producer, all of the dairy producers of the participating dairy operation shall be treated as a single dairy operation for purposes of—

(A) registration to receive basic production margin protection and election to purchase supplemental production margin protection;

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

(C) participation in the stabilization program under subtitle B.

(3) TREATMENT OF PRODUCERS WITH MULTIPLE DAIRY OPERATIONS.—If a dairy producer operates 2 or more dairy operations, each dairy operation of the producer shall separately register to receive basic production margin protection and purchase supplemental production margin protection

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

(c) TIME FOR REGISTRATION.—

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

(A) to receive basic production margin protection; and

(B) if the dairy operation elects, to purchase supplemental production margin protection.

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

(A) to receive basic production margin protection; and

(B) if the dairy operation elects, to purchase supplemental production margin protection.

(d) TRANSITION FROM MILC TO PRODUCTION MARGIN PROTECTION.—

(1) DEFINITION OF TRANSITION PERIOD.—In this subsection, the term ''transition period'' means the period during which the milk income loss program established under section 1506 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8773) and the production margin protection program under this subtitle are both in existence.

(2) NOTICE OF AVAILABILITY.—Not later than 30 days after the date of enactment of this Act, the Secretary shall publish a notice in the Federal Register to inform dairy operations of the availability of basic production margin protection and supplemental production margin protection, including the terms of the protection and information about the option of dairy operations during the transition period to make an election described in paragraph (3).

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

Energy Act of 2008 (7 U.S.C. 8773) or the production margin protection program under this subtitle for the duration of the transition period.

(4) TRANSFER TO PRODUCTION MARGIN PROTECTION.—A dairy operation that elects to participate in the milk income loss program established under section 1506 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8773) during the transition period may, at any time, make a permanent transfer to the production margin protection program.

(e) ADMINISTRATION FEE.—

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

(A) pay an administration fee under this subsection to register to participate in the production margin protection program; and

(B) pay the administration fee annually thereafter to continue to participate in the production margin protection program.

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

marketed by the participating dairy operation in the 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) DEPOSIT OF FEES.—All administration fees collected under this subsection shall be credited to the fund or account used to cover the costs incurred to administer the production margin protection program and the stabilization program and shall be available to the Secretary, without further appropriation and until expended, for use or transfer as provided in paragraph (4).

(4) USE OF FEES.—The Secretary shall use administration fees collected under this subsection—

(A) to cover administrative costs of the production margin protection program and stabilization program; and

(B) to cover costs of the Department of Agriculture relating to reporting of dairy market news, carrying out the amendments made by section 1476, and carrying out section 273 of the Agricultural Marketing Act of 1946 (7

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

(5) WAIVER.—The Secretary shall waive or reduce the administration fee required under paragraph (1) in the case of a limited-resource dairy operation, as defined by the Secretary.

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

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

(1) failed to comply with this subtitle and adopted or participated in adopting a scheme or device to evade the application of basic production margin protection, supplemental production margin protection, or the market stabilization program; or

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

(h) EXTENDED INELIGIBILITY.—If the Secretary determines that a person or legal entity, for the benefit of the person or legal entity or the benefit of any other person or legal entity, has knowingly engaged in, or aided in the creation of a fraudulent document, failed to disclose material information relevant to the administration of this subtitle, or committed other equally serious actions in violation of the purposes of this subtitle (including regulations issued by the Secretary), the Secretary may for a period not to exceed 5 calendar years deny the issuance of payments under this subtitle to the person or legal entity.

(i) PRO RATA DENIAL.—

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

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

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

(k) RELEASE.—The Secretary may partially or fully release from liability any person or legal entity that cooperates with the Secretary in enforcing this section or in instances in which the Secretary determines that any reconstitution is bona fide and substantive.

(l) LIMITATION.—A dairy operation may only participate in the production margin protection program or the livestock gross margin for dairy program under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.), but not both.

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

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

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

Secretary shall determine the basic production history of a participating dairy operation.

(2) CALCULATION.—Except as provided in paragraph (3), the basic production history of a participating dairy operation for basic production margin protection is equal to the highest annual milk marketings of the participating dairy operation during any 1 of the 3 calendar years immediately preceding the calendar year in which the participating dairy operation first signed up to participate in the production margin protection program.

(3) ELECTION BY NEW DAIRY OPERATIONS.—In the case of a participating dairy operation that has been in operation for less than a year, the participating dairy operation shall elect 1 of the following methods for the Secretary to determine the basic production history of the participating dairy operation:

(A) The volume of the actual milk marketings for the months the participating dairy operation has been in operation extrapolated to a yearly amount.

(B) An estimate of the actual milk marketings of the participating dairy operation based on the herd size of the participating dairy

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

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

(b) ANNUAL PRODUCTION HISTORY FOR SUPPLEMENTAL PRODUCTION MARGIN PROTECTION.—

(1) DETERMINATION REQUIRED.—For purposes of providing supplemental production margin protection for a participating dairy operation that purchases supplemental production margin protection for a year under section 1415, the Secretary shall determine the annual production history of the participating dairy operation under paragraph (2).

(2) CALCULATION.—The annual production history of a participating dairy operation for a year is equal to the actual milk marketings of the participating dairy operation during the preceding calendar year.

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

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

(1) the basic production history of the participating dairy operation under subsection (a); and

(2) the production history of the participating dairy operation whenever the participating dairy operation purchases supplemental production margin protection under section 1415.

(d) TRANSFER OF PRODUCTION HISTORIES.—

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

(2) COVERAGE LEVEL.—

(A) BASIC PRODUCTION MARGIN PROTECTION.—A purchaser or lessee to whom the Secretary transfers a basic production history

under this subsection shall not obtain a different level of basic production margin protection than the basic production margin protection coverage held by the seller or lessor from whom the transfer was obtained.

(B) SUPPLEMENTAL PRODUCTION MARGIN PROTECTION.—A purchaser or lessee to whom the Secretary transfers an annual production history under this subsection shall not obtain a different level of supplemental production margin protection coverage than the supplemental production margin protection coverage in effect for the seller or lessor from whom the transfer was obtained for the calendar year in which the transfer was made.

(e) MOVEMENT AND TRANSFER OF PRODUCTION HISTORY.—

(1) MOVEMENT AND TRANSFER AUTHORIZED.—Subject to paragraph (2), if a participating dairy operation moves from 1 location to another location, the participating dairy operation may transfer the basic production history and annual production history associated with the participating dairy operation.

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

(3) SUBSEQUENT OCCUPATION OF VACATED LOCATION.—A party subsequently occupying a participating dairy operation location vacated as described in paragraph (1) shall have no interest in the basic production history or annual production history previously associated with the participating dairy operation at such location.

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

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

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

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

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

(2) the lesser of—

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

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

**SEC. 1415. SUPPLEMENTAL PRODUCTION MARGIN PROTECTION.**

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

(b) SELECTION OF PAYMENT THRESHOLD.—A participating dairy operation purchasing supplemental production margin protection for a year shall elect a coverage level that is higher, in any increment of $0.50, than the payment threshold for basic production margin protection specified in section 1414(a), but not to exceed $8.00.

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

(d) PREMIUMS FOR SUPPLEMENTAL PRODUCTION MARGIN PROTECTION.—

(1) PREMIUMS REQUIRED.—A participating dairy operation that purchases supplemental production margin protection shall pay an annual premium equal to the product obtained by multiplying—

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

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

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

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

corresponding to each coverage level specified in the 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) PREMIUM PER HUNDREDWEIGHT FOR PRODUCTION IN EXCESS OF 4 MILLION POUNDS.—For milk marketings in excess of 4,000,000 pounds included in the annual production history of a participating dairy operation, the premium per hundredweight corresponding to each coverage level is as follows:

| 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 |

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

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

(e) PREMIUM OBLIGATIONS.—

(1) PRO-RATION OF PREMIUM FOR NEW DAIRY OPERATIONS.—A participating dairy operation described in section 1412(c)(2) that purchases supplemental production margin protection for a calendar year after the start of the calendar year shall pay a pro-rated premium for that calendar year based on the portion of the calendar year for which the participating dairy operation purchases the coverage.

(2) LEGAL OBLIGATION.—A participating dairy operation that purchases supplemental production margin protection for a calendar year shall be legally obligated to pay the applicable premium for that calendar year, except that the Secretary may waive that obligation, under terms and conditions determined by the Secretary, for 1 or more producers in any participating dairy operation in the case of death, retirement, permanent dissolution of a participating dairy operation, or other circumstances as the Secretary considers appropriate to ensure the integrity of the program.

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

(g) SUPPLEMENTAL PRODUCTION MARGIN PROTECTION PAYMENTS.—

(1) IN GENERAL.—The supplemental production margin protection payment for a participating dairy operation is in addition to the basic production margin protection payment.

(2) AMOUNT OF PAYMENT.—The supplemental production margin protection payment for the participating dairy operation shall be determined as follows:

(A) The Secretary shall calculate the difference between the coverage level threshold selected by the participating dairy operation under subsection (b) and the greater of—

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

(ii) $4.00.

(B) The amount determined under subparagraph (A) shall be multiplied by the percentage selected by the participating dairy operation under subsection (c) and by the lesser of the following:

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

(ii) The actual amount of milk marketed by the participating dairy operation during the consecutive 2-month period.

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

(a) LOSS OF BENEFITS.—A participating dairy operation that fails to pay the required administration fee under section 1412 or is in arrears on premium payments for supplemental production margin protection under section 1415—

(1) remains legally obligated to pay the administration fee or premiums, as the case may be; and

(2) may not receive basic production margin protection payments or supplemental production margin protection payments until the fees or premiums are fully paid.

(b) ENFORCEMENT.—The Secretary may take such action as necessary to collect administration fees and premium payments for supplemental production margin protection.

## Subpart B—Dairy Market Stabilization Program

### SEC. 1431. ESTABLISHMENT OF DAIRY MARKET STABILIZATION PROGRAM.

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

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

(1) ELECTION.—When a dairy operation signs up under section 1412 to participate in the production margin protection program, the dairy operation shall inform the Secretary of the method by which the stabilization program base for the participating dairy operation will be calculated under paragraph (3).

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

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

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

(A) The volume of the average monthly milk marketings of the participating dairy operation for the 3 months immediately preceding the announcement by the Secretary that the stabilization program will become effective.

(B) The volume of the monthly milk marketings of the participating dairy operation for the same month in the preceding year as the month for which the Secretary has announced the stabilization program will become effective.

**SEC. 1432. THRESHOLD FOR IMPLEMENTATION AND REDUCTION IN DAIRY PAYMENTS.**

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

participating dairy operation's stabilization program base whenever—

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

(2) the actual dairy production margin has been $4.00 or less per hundredweight of milk for the immediately preceding month.

(b) EXCEPTION.—If any of the conditions described in section 1436(b) have been met during the 2-month period immediately preceding the month in which the announcement under subsection (a) would otherwise be made by the Secretary in the absence of this exception, the Secretary shall—

(1) suspend the stabilization program;

(2) refrain from making the announcement under subsection (a) to implement order the stabilization payment; or

(3) order reduced payments.

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

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

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

(b) REDUCE REGULATORY BURDEN.—When implementing the process under subsection (a), the Secretary shall minimize the regulatory burden on participating dairy operations and handlers.

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

(a) REDUCED PARTICIPATING DAIRY OPERATION PAYMENTS REQUIRED.—During any month in which payment reductions are in effect under the stabilization program, each handler shall reduce payments to each participating dairy operation from whom the handler receives milk.

(b) REDUCTIONS BASED ON ACTUAL DAIRY PRODUCTION MARGIN.—

(1) REDUCTION REQUIREMENT 1.—If the Secretary determines that the average actual dairy production margin has been less than $6.00 but greater than $5.00 per hundredweight of milk for 2 consecutive months, the handler shall make payments to a

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

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

(B) 94 percent of the marketings of milk for the month by the participating dairy operation.

(2) REDUCTION REQUIREMENT 2.—If the Secretary determines that the average actual dairy production margin has been less than $5.00 but greater than $4.00 for 2 consecutive months, the handler shall make payments to a participating dairy operation for a month based on the greater of the following:

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

(B) 93 percent of the marketings of milk for the month by the participating dairy operation.

(3) REDUCTION REQUIREMENT 3.—If the Secretary determines that the average actual dairy production margin has been $4.00 or less for any 1 month, the handler shall make payments to a participating dairy operation for a month based on the greater of the following:

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

(B) 92 percent of the marketings of milk for the month by the participating dairy operation.

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

(d) PAYMENT REDUCTION EXCEPTION.—Notwithstanding any preceding subsection of this section, a handler shall make no payment reductions for a participating dairy operation for a month if the participating dairy operation's milk marketings for the month are equal to or less than the percentage of the stabilization program base applicable to the participating dairy operation under paragraph (1), (2), or (3) of subsection (b).

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

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

amount by which payments to participating dairy operations are reduced by the handler under section 1434.

(b) DEPOSIT OF REMITTED FUNDS.—All funds received under subsection (a) shall be available to the Secretary, without further appropriation and until expended, for use or transfer as provided in subsection (c).

(c) USE OF FUNDS.—

(1) AVAILABILITY FOR CERTAIN COMMODITY DONATIONS.—Not later than 90 days after the funds described in subsection (a) are due as determined by the Secretary, the Secretary shall obligate the funds for the purpose of—

(A) purchasing dairy products for donation to food banks and other programs that the Secretary determines appropriate; and

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

(2) NO DUPLICATION OF EFFORT.—The Secretary shall ensure that expenditures under paragraph (1) are compatible with, and do not duplicate, programs supported by the dairy research and promotion activities conducted under the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4501 et seq.).

(3) ACCOUNTING.—The Secretary shall keep an accurate account of all funds expended under paragraph (1).

(d) ANNUAL REPORT.—Not later than December 31 of each year that the stabilization program is in effect, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that provides an accurate accounting of—

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

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

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

(e) ENFORCEMENT.—If a participating dairy operation or handler fails to remit or collect the amounts by which payments to participating dairy operations are reduced under section 1434, the participating dairy operation or handler responsible for the failure shall be liable to the Secretary for the amount that should have been remitted or collected, plus interest. In addition to the enforcement authorities available under section 1437, the

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

**SEC. 1436. SUSPENSION OF REDUCED PAYMENT REQUIREMENT.**

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

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

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

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

(1) the actual dairy production margin is greater than $6.00 per hundredweight of milk for 2 consecutive months;

(2) the actual dairy production margin is equal to or less than $6.00 (but greater than $5.00) for 2 consecutive months, and during the same 2 consecutive months—

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

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

(3) the actual dairy production margin is equal to or less than $5.00 (but greater than $4.00) for 2 consecutive months, and during the same 2 consecutive months—

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

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

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

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

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

(c) IMPLEMENTATION BY HANDLERS.—Effective on the day after the date of the announcement by the Secretary under subsection (b) of the suspension of the sta-

bilization program, the handler shall cease reducing payments to participating dairy operations under the stabilization program.

(d) CONDITION ON RESUMPTION OF STABILIZATION PROGRAM.—Upon the announcement by the Secretary under subsection (b) that the stabilization program has been suspended, the stabilization program may not be implemented again until, at the earliest—

(1) 2 months have passed, beginning on the first day of the month immediately following the announcement by the Secretary; and

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

**SEC. 1437. ENFORCEMENT.**

(a) UNLAWFUL ACT.—It shall be unlawful and a violation of the this subpart for any person subject to the stabilization program to willfully fail or refuse to provide, or delay the timely reporting of, accurate information and remittance of funds to the Secretary in accordance with this subpart.

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

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

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

**SEC. 1438. AUDIT REQUIREMENTS.**

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

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

duct periodic audits of participating dairy operations and handlers.

(2) SAMPLE OF DAIRY OPERATIONS.—Any audit conducted under this subsection shall include, at a minimum, investigation of a statistically valid and random sample of participating dairy operations.

(b) SUBMISSION OF RESULTS.—The Secretary shall submit the results of any audit conducted under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate and include such recommendations as the Secretary considers appropriate regarding the stabilization program.

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

(a) IN GENERAL.—The Secretary shall direct the Office of the Chief Economist to conduct a study of the impacts of the program established under section 1431(a).

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

(1) the economic impact of the program throughout the dairy product value chain, including the impact on producers, processors, domestic customers, export customers, actual market growth and

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

(2) the impact of the program on the competitiveness of the United States dairy industry in international markets.

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

## Subpart C—Duration

### SEC. 1451. DURATION.

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

## PART II—DAIRY MARKET TRANSPARENCY

### SEC. 1461. DAIRY PRODUCT MANDATORY REPORTING.

(a) DEFINITIONS.—Section 272(1)(A) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1637a(1)(A)) is amended by inserting ", or any other products that may significantly aid price discovery in the dairy markets, as determined by the Secretary" after "of 1937".

(b) MANDATORY REPORTING FOR DAIRY PRODUCTS.—Section 273(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1637b(b)) is amended—

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

"(1) IN GENERAL.—In establishing the program, the Secretary shall only—

"(A)(i) subject to the conditions described in paragraph (2), require each manufacturer to report to the Secretary, no less frequently than once per month, information concerning the price, quantity, and moisture content of dairy products sold by the manufacturer and any other product characteristics that may significantly aid price discovery in the dairy markets, as determined by the Secretary; and

"(ii) modify the format used to provide the information on the day before the date of enactment of this subtitle to ensure that the information can be readily understood by market participants; and

"(B) require each manufacturer and other person storing dairy products (including dairy products in cold storage) to report to the Secretary, no less frequently than once per month, information on the quantity of dairy products stored."; and

(2) in paragraph (2), by inserting ''or those that may significantly aid price discovery in the dairy markets'' after ''Federal milk marketing order'' each place it appears in subparagraphs (A), (B), and (C).

**SEC. 1462. FEDERAL MILK MARKETING ORDER INFORMATION.**

(a) INFORMATION CLEARINGHOUSE.—

(1) IN GENERAL.—The Secretary shall, on behalf of each milk marketing order issued under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, establish an information clearinghouse for the purposes of educating the public about the Federal milk marketing order system and any marketing order referenda, including proposal information and timelines that shall be kept current and updated as information becomes available.

(2) REQUIREMENTS.—Information under paragraph (1) shall include—

(A) information on procedures by which cooperatives vote;

(B) if applicable, information on the manner by which producers may cast an individual ballot;

(C) in applicable, instructions on the manner in which to vote online;

(D) due dates for each specific referendum;

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

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

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

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

(b) NOTIFICATION LIST FOR UPCOMING REFERENDUM.—Each Federal milk marketing order shall—

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

(2) publicize the information in major agriculture and dairy-specific publications on upcoming referenda.

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

### SEC. 1471. REPEAL OF DAIRY PRODUCT PRICE SUPPORT AND MILK INCOME LOSS CONTRACT PROGRAMS.

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

(b) REPEAL OF MILK INCOME LOSS CONTRACT PROGRAM.—

(1) PAYMENTS UNDER MILK INCOME LOSS CONTRACT PROGRAM.—Section 1506(c)(3) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8773(c)(3)) is amended—

(A) in subparagraph (A), by inserting ''and'' after the semicolon;

(B) in subparagraph (B), by striking ''August 31, 2012, 45 percent; and'' and inserting ''June 30, 2013, 45 percent.''; and

(C) by striking subparagraph (C).

(2) EXTENSION.—Section 1506(h)(1) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8773(h)(1)) is amended by striking ''September 30, 2012'' and inserting ''June 30, 2013''.

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

**SEC. 1472. REPEAL OF DAIRY EXPORT INCENTIVE PROGRAM.**

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

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

(1) by striking subparagraph (D); and

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

**SEC. 1473. EXTENSION OF DAIRY FORWARD PRICING PROGRAM.**

Section 1502(e) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8772(e)) is amended—

(1) in paragraph (1), by striking ''2012'' and inserting ''2017''; and

(2) in paragraph (2), by striking ''2015'' and inserting ''2020''.

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

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

**SEC. 1475. EXTENSION OF DAIRY PROMOTION AND RESEARCH PROGRAM.**

Section 113(e)(2) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(e)(2)) is amended by striking ''2012'' and inserting ''2017''.

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

Section 1509(a) of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246; 122 Stat. 1726) is amended by inserting ''or other funds'' after ''Subject to the availability of appropriations''.

**PART IV—EFFECTIVE DATE**

**SEC. 1481. EFFECTIVE DATE.**

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

# Subtitle E—Supplemental Agricultural Disaster Assistance Programs

**SEC. 1501. SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE PROGRAMS.**

(a) DEFINITIONS.—In this section:

(1) ELIGIBLE PRODUCER ON A FARM.—

(A) IN GENERAL.—The term ''eligible producer on a farm'' means an individual or entity described in subparagraph (B) that, as deter-

mined by the Secretary, assumes the production and market risks associated with the agricultural production of crops or livestock.

(B) DESCRIPTION.—An individual or entity referred to in subparagraph (A) is—

(i) a citizen of the United States;

(ii) a resident alien;

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

(iv) a corporation, limited liability corporation, or other farm organizational structure organized under State law.

(2) FARM.—

(A) IN GENERAL.—The term ''farm'' means, in relation to an eligible producer on a farm, the total of all crop acreage in all counties that is planted or intended to be planted for harvest, for sale, or on-farm livestock feeding (including native grassland intended for haying) by the eligible producer.

(B) AQUACULTURE.—In the case of aquaculture, the term ''farm'' means, in relation to an eligible producer on a farm, all fish being produced in all counties that are intended to be harvested for sale by the eligible producer.

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

(3) FARM-RAISED FISH.—The term ''farm-raised fish'' means any aquatic species that is propagated and reared in a controlled environment.

(4) LIVESTOCK.—The term ''livestock'' includes—

(A) cattle (including dairy cattle);

(B) bison;

(C) poultry;

(D) sheep;

(E) swine;

(F) horses; and

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

(b) LIVESTOCK INDEMNITY PAYMENTS.—

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

livestock death losses in excess of the normal mortality, as determined by the Secretary, due to—

(A) attacks by animals reintroduced into the wild by the Federal Government or protected by Federal law, including wolves; or

(B) adverse weather, as determined by the Secretary, during the calendar year, including losses due to hurricanes, floods, blizzards, disease, wildfires, extreme heat, and extreme cold.

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

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

(c) LIVESTOCK FORAGE DISASTER PROGRAM.—

(1) DEFINITIONS.—In this subsection:

(A) COVERED LIVESTOCK.—

(i) IN GENERAL.—Except as provided in clause (ii), the term ''covered livestock'' means livestock of an eligible livestock producer that, during the 60 days prior to the beginning date of a qualifying drought or fire condition, as determined by the Secretary, the eligible livestock producer—

(I) owned;

(II) leased;

(III) purchased;

(IV) entered into a contract to purchase;

(V) is a contract grower; or

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

(aa) the current production year; or

(bb) subject to paragraph (3)(B)(ii), 1 or both of the 2 production years immediately preceding the current production year.

(ii) EXCLUSION.—The term ''covered livestock'' does not include livestock that

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

(B) DROUGHT MONITOR.—The term ''drought monitor'' means a system for classifying drought severity according to a range of abnormally dry to exceptional drought, as defined by the Secretary.

(C) ELIGIBLE LIVESTOCK PRODUCER.—

(i) IN GENERAL.—The term ''eligible livestock producer'' means an eligible producer on a farm that—

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

(II) provides the pastureland or grazing land for covered livestock, including cash-leased pastureland or

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

(III) certifies grazing loss; and

(IV) meets all other eligibility requirements established under this subsection.

(ii) EXCLUSION.—The term ''eligible livestock producer'' does not include an owner, cash or share lessee, or contract grower of livestock that rents or leases pastureland or grazing land owned by another person on a rate-of-gain basis.

(D) NORMAL CARRYING CAPACITY.—The term ''normal carrying capacity'', with respect to each type of grazing land or pastureland in a county, means the normal carrying capacity, as determined under paragraph (3)(D)(i), that would be expected from the grazing land or pastureland for livestock during the normal grazing period, in the absence of a drought or fire that diminishes the production of the grazing land or pastureland.

(E) NORMAL GRAZING PERIOD.—The term ''normal grazing period'', with respect to a county, means the normal grazing period during

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

(2) PROGRAM.—For each of fiscal years 2012 through 2017, the Secretary shall use such sums as are necessary of the funds of the Commodity Credit Corporation to provide compensation for losses to eligible livestock producers due to grazing losses for covered livestock due to—

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

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

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

(A) ELIGIBLE LOSSES.—

(i) IN GENERAL.—An eligible livestock producer may receive assistance under this subsection only for grazing losses for covered livestock that occur on land that—

(I) is native or improved pastureland with permanent vegetative cover; or

(II) is planted to a crop planted specifically for the purpose of providing grazing for covered livestock.

(ii) EXCLUSIONS.—An eligible livestock producer may not receive assistance under this subsection for grazing losses that occur on land used for haying or grazing under the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.), unless the land is grassland eligible for the conservation reserve program under section 1231(d)(2) of the Food Security Act of 1985 (16 U.S.C. 3831), as amended by section 2001 of this Act.

(B) MONTHLY PAYMENT RATE.—

(i) IN GENERAL.—Except as provided in clause (ii), the payment rate for assistance under this paragraph for 1 month shall, in the case of drought, be equal to 60 percent of the lesser of—

(I) the monthly feed cost for all covered livestock owned or leased by the eligible livestock producer, as determined under subparagraph (C); or

(II) the monthly feed cost calculated by using the normal carrying

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

(ii) PARTIAL COMPENSATION.—In the case of an eligible livestock producer that sold or otherwise disposed of covered livestock due to drought conditions in 1 or both of the 2 production years immediately preceding the current production year, as determined by the Secretary, the payment rate shall be 80 percent of the payment rate otherwise calculated in accordance with clause (i).

(C) MONTHLY FEED COST.—

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

(I) 30 days;

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

(III) a payment rate that is equal to the corn price per pound, as determined under clause (iii).

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

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

(II) in the case of any other type of weight of livestock, an amount determined by the Secretary that represents the average number of pounds of corn per day necessary to feed the livestock.

(iii) CORN PRICE PER POUND.—For purposes of clause (i)(III), the corn price per pound shall equal the quotient obtained by dividing—

(I) the higher of—

(aa) the national average corn price per bushel for the 12-month period immediately preceding March 1 of the year for which the disaster assistance is calculated; or

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

month period immediately preceding that March 1; by

(II) 56.

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

(i) FSA COUNTY COMMITTEE DETERMINATIONS.—

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

(II) CHANGES.—No change to the normal carrying capacity or normal grazing period established for a county under subclause (I) shall be made unless the change is requested by the appropriate State and county Farm Service Agency committees.

(ii) DROUGHT INTENSITY.—

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

the U.S. Drought Monitor as having a D2 (severe drought) intensity in any area of the county for at least 8 consecutive weeks during the normal grazing period for the county, as determined by the Secretary, shall be eligible to receive assistance under this paragraph in an amount equal to 1 monthly payment using the monthly payment rate determined under subparagraph (B).

(II) D3.—An eligible livestock producer that owns or leases grazing land or pastureland that is physically located in a county that is rated by the U.S. Drought Monitor as having at least a D3 (extreme drought) intensity in any area of the county at any time during the normal grazing period for the county, as determined by the Secretary, shall be eligible to receive assistance under this paragraph—

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

monthly payment rate determined under subparagraph (B); or

(bb) if the county is rated as having a D3 (extreme drought) intensity in any area of the county for at least 4 weeks during the normal grazing period for the county, or is rated as having a D4 (exceptional drought) intensity in any area of the county at any time during the normal grazing period, in an amount equal to 3 monthly payments using the monthly payment rate determined under subparagraph (B).

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

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

(i) the grazing losses occur on rangeland that is managed by a Federal agency; and

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

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

(C) PAYMENT DURATION.—

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

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

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

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

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

(5) NO DUPLICATIVE PAYMENTS.—

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

(B) RELATIONSHIP TO OTHER ASSISTANCE.—An eligible livestock producer that receives assistance under this subsection may not also receive assistance for losses to crops on the same land with the same intended use.

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

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

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

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

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

(e) TREE ASSISTANCE PROGRAM.—

(1) DEFINITIONS.—In this subsection:

(A) ELIGIBLE ORCHARDIST.—The term ''eligible orchardist'' means a person that produces annual crops from trees for commercial purposes.

(B) NATURAL DISASTER.—The term ''natural disaster'' means plant disease, insect infestation, drought, fire, freeze, flood, earthquake, lightning, or other occurrence, as determined by the Secretary.

(C) NURSERY TREE GROWER.—The term ''nursery tree grower'' means a person who produces nursery, ornamental, fruit, nut, or Christmas trees for commercial sale, as determined by the Secretary.

(D) TREE.—The term ''tree'' includes a tree, bush, and vine.

(2) ELIGIBILITY.—

(A) LOSS.—Subject to subparagraph (B), for each of fiscal years 2012 through 2017, the Secretary shall use such sums as are necessary of the funds of the Commodity Credit Corporation to provide assistance—

(i) under paragraph (3) to eligible orchardists and nursery tree growers that planted trees for commercial purposes but lost the trees as a result of a natural disaster, as determined by the Secretary; and

(ii) under paragraph (3)(B) to eligible orchardists and nursery tree growers that have a production history for commercial purposes on planted or existing trees but lost the trees as a result of a natural disaster, as determined by the Secretary.

(B) LIMITATION.—An eligible orchardist or nursery tree grower shall qualify for assistance under subparagraph (A) only if the tree mortality of the eligible orchardist or nursery tree grower, as a result of damaging weather or

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

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

(A)(i) reimbursement of 65 percent of the cost of replanting trees lost due to a natural disaster, as determined by the Secretary, in excess of 15 percent mortality (adjusted for normal mortality); or

(ii) at the option of the Secretary, sufficient seedlings to reestablish a stand; and

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

(4) LIMITATIONS ON ASSISTANCE.—

(A) DEFINITIONS OF LEGAL ENTITY AND PERSON.—In this paragraph, the terms ''legal entity'' and ''person'' have the meaning given those terms in section 1001(a) of the Food Security Act of 1985 (7 U.S.C. 1308(a)).

(B) AMOUNT.—The total amount of payments received, directly or indirectly, by a person or legal entity (excluding a joint venture or general partnership) under this subsection may not exceed $100,000 for any crop year, or an equivalent value in tree seedlings.

(C) ACRES.—The total quantity of acres planted to trees or tree seedlings for which a person or legal entity shall be entitled to receive payments under this subsection may not exceed 500 acres.

(f) PAYMENT LIMITATIONS.—

(1) DEFINITIONS OF LEGAL ENTITY AND PERSON.—In this subsection, the terms ''legal entity'' and ''person'' have the meaning given those terms in section 1001(a) of the Food Security Act of 1985 (7 U.S.C. 1308(a)).

(2) AMOUNT.—The total amount of disaster assistance payments received, directly or indirectly, by a person or legal entity (excluding a joint venture or

general partnership) under this section (excluding payments received under subsection (e)) may not exceed $100,000 for any crop year.

(3) DIRECT ATTRIBUTION.—Subsections (d) and (e) of section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) or any successor provisions relating to direct attribution shall apply with respect to assistance provided under this section.

# Subtitle F—Administration

**SEC. 1601. ADMINISTRATION GENERALLY.**

(a) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this title.

(b) DETERMINATIONS BY SECRETARY.—A determination made by the Secretary under this title shall be final and conclusive.

(c) REGULATIONS.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, not later than 90 days after the date of enactment of this Act, the Secretary and the Commodity Credit Corporation, as appropriate, shall promulgate such regulations as are necessary to implement this title and the amendments made by this title.

(2) PROCEDURE.—The promulgation of the regulations and administration of this title and the amendments made by this title and sections 11001 and 11011 of this Act shall be made without regard to—

(A) the notice and comment provisions of section 553 of title 5, United States Code;

(B) chapter 35 of title 44, United States Code (commonly known as the ''Paperwork Reduction Act''); and

(C) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking.

(3) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this subsection, the Secretary shall use the authority provided under section 808 of title 5, United States Code.

(d) ADJUSTMENT AUTHORITY RELATED TO TRADE AGREEMENTS COMPLIANCE.—

(1) REQUIRED DETERMINATION; ADJUSTMENT.—If the Secretary determines that expenditures under this title that are subject to the total allowable domestic support levels under the Uruguay

Round Agreements (as defined in section 2 of the Uruguay Round Agreements Act (19 U.S.C. 3501)) will exceed the allowable levels for any applicable reporting period, the Secretary shall, to the maximum extent practicable, make adjustments in the amount of the expenditures during that period to ensure that the expenditures do not exceed the allowable levels.

(2) CONGRESSIONAL NOTIFICATION.—Before making any adjustment under paragraph (1), the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the determination made under that paragraph and the extent of the adjustment to be made.

**SEC. 1602. SUSPENSION OF PERMANENT PRICE SUPPORT AUTHORITY.**

(a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 2013 through 2017 crops of covered commodities (as defined in section 1104), cotton, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this Act through December 31, 2017:

(1) Parts II through V of subtitle B of title III (7 U.S.C. 1326 et seq.).

(2) In the case of upland cotton, section 377 (7 U.S.C. 1377).

(3) Subtitle D of title III (7 U.S.C. 1379a et seq.).

(4) Title IV (7 U.S.C. 1401 et seq.).

(b) AGRICULTURAL ACT OF 1949.—The following provisions of the Agricultural Act of 1949 shall not be applicable to the 2013 through 2017 crops of covered commodities (as defined in section 1104), cotton, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this Act and through December 31, 2017:

(1) Section 101 (7 U.S.C. 1441).

(2) Section 103(a) (7 U.S.C. 1444(a)).

(3) Section 105 (7 U.S.C. 1444b).

(4) Section 107 (7 U.S.C. 1445a).

(5) Section 110 (7 U.S.C. 1445e).

(6) Section 112 (7 U.S.C. 1445g).

(7) Section 115 (7 U.S.C. 1445k).

(8) Section 201 (7 U.S.C. 1446).

(9) Title III (7 U.S.C. 1447 et seq.).

(10) Title IV (7 U.S.C. 1421 et seq.), other than sections 404, 412, and 416 (7 U.S.C. 1424, 1429, and 1431).

(11) Title V (7 U.S.C. 1461 et seq.).

(12) Title VI (7 U.S.C. 1471 et seq.).

(c) SUSPENSION OF CERTAIN QUOTA PROVISIONS.—The joint resolution entitled ''A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended'', approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 2013 through 2017.

**SEC. 1603. PAYMENT LIMITATIONS.**

(a) IN GENERAL.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended by striking subsections (b) and (c) and inserting the following:

''(b) LIMITATION ON PAYMENTS FOR PEANUTS AND OTHER COVERED COMMODITIES.—The total amount of payments received, directly or indirectly, by a person or legal entity (except a joint venture or general partnership) for any crop year under subtitle A of the Agriculture Reform, Food, and Jobs Act of 2012 for—

''(1) peanuts may not exceed $50,000; and

''(2) 1 or more other covered commodities may not exceed $50,000.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended—

(A) in subsection (a)(1), by striking ''section 1001 of the Food, Conservation, and Energy Act of 2008'' and inserting ''section 1104 of the Agriculture Reform, Food, and Jobs Act of 2012'';

(B) in subsection (d), by inserting ''or title I of the Agriculture Reform, Food, and Jobs Act of 2012'' before the period at the end;

(C) in subsection (e)—

(i) in paragraph (1), by striking ''subsections (b) and (c) and a program described in paragraphs (1)(C)'' and inserting ''subsection (b) and a program described in paragraph (1)(B)''; and

(ii) in paragraph (3)(B), by striking ''subsections (b) and (c)'' each place it appears and inserting ''subsection (b)'';

(D) in subsection (f)—

(i) by striking ''or title XII'' each place it appears in paragraphs (5)(A) and (6)(A) and inserting '', title I of the Agri-

culture Reform, Food, and Jobs Act of 2012, or title XII''; (ii) in paragraph (2), by striking ''Subsections (b) and (c)'' and inserting ''Subsection (b)''; (iii) in paragraph (4)(B), by striking ''subsection (b) or (c)'' and inserting ''subsection (b)''; (iv) in paragraph (5)—

(I) in subparagraph (A), by striking ''subsection (d)'' and inserting ''subsection (c)''; and

(II) in subparagraph (B), by striking ''subsection (b), (c), or (d)'' and inserting ''subsection (b) or (c)''; and

(v) in paragraph (6)—

(I) in subparagraph (A), by striking ''subsection (d), except as provided in subsection (g)'' and inserting ''subsection (c), except as provided in subsection (f)''; and

(II) in subparagraph (B), by striking ''subsections (b), (c), and

(d)'' and inserting ''subsections (b) and (c)'';

(E) in subsection (g)—

(i) in paragraph (1)—

(I) bv striking ''subsection (f)(6)(A)'' and inserting ''subsection (e)(6)(A)'' and

(II) by striking ''subsection (b) or (c)'' and inserting ''subsection (b)''; and

(ii) in paragraph (2)(A), by striking ''subsections (b) and (c)'' and inserting ''subsection (b)''; and

(F) by redesignating subsections (d) through (h) as subsections (c) through (g), respectively.

(2) Section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1) is amended—

(A) in subsection (a), by striking ''subsections (b) and (c)'' and inserting ''subsection (b)''; and

(B) in subsection (b)(1), by striking ''subsection (b) or (c)'' and inserting ''subsection (b)''.

(3) Section 1001B(a) of the Food Security Act of 1985 (7 U.S.C. 1308–2(a)) is amended in the matter preceding paragraph (1) by striking ''subsections (b) and (c)'' and inserting ''subsection (b)''.

(4) Section 1001C(a) of the Food Security Act of 1985 (7 U.S.C. 1308–3(a)) is amended by inserting ''title I of the Agriculture Reform, Food, and Jobs Act of 2012,'' after ''2008,''.

(c) APPLICATION.—The amendments made by this section shall apply beginning with the 2013 crop year.

**SEC. 1604. PAYMENTS LIMITED TO ACTIVE FARMERS.**

Section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1) is amended—

(1) in subsection (b)(2)—

(A) by striking ''or active personal management'' each place it appears in subparagraphs (A)(i)(II) and (B)(ii); and

(B) in subparagraph (C), by striking '', as applied to the legal entity, are met by the legal entity, the partners or members making a significant contribution of personal labor or active personal management'' and inserting ''are met by partners or members making a significant contribution of personal labor, those partners or members''; and

(2) in subsection (c)—

(A) in paragraph (1)—

(i) by striking subparagraph (A) and inserting the following:

''(A) the landowner share-rents the land at a rate that is usual and customary;'';

(ii) in subparagraph (B), by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(C) the share of the payments received by the landowner is commensurate with the share of the crop or income received as rent.'';

(B) in paragraph (2)(A), by striking ''active personal management or'';

(C) in paragraph (5)—

(i) by striking ''(5)'' and all that follows through ''(A) IN GENERAL.—A person'' and inserting the following:

''(5) CUSTOM FARMING SERVICES.—A person'';

(ii) by inserting ''under usual and customary terms'' after ''services''; and

(iii) by striking subparagraph (B); and

(D) by adding at the end the following:

"(7) FARM MANAGERS.—A person who otherwise meets the requirements of this subsection other than (b)(2)(A)(i)(II) shall be considered to be actively engaged in farming, as determined by the Secretary, with respect to the farming operation, including a farming operation that is a sole proprietorship, a legal entity such as a joint venture or general partnership, or a legal entity such as a corporation or limited partnership, if the person—

"(A) makes a significant contribution of management to the farming operation necessary for the farming operation, taking into account—

"(i) the size and complexity of the farming operation; and

"(ii) the management requirements normally and customarily required by similar farming operations;

"(B) is the only person in the farming operation qualifying as actively engaged in farming;

"(C) does not use the management contribution under this paragraph to qualify as ac-

tively engaged in more than 1 farming operation; and

"(D) manages a farm operation that does not substantially share equipment, labor, or management with persons or legal entities that with the person collectively receive, directly or indirectly, an amount equal to more than the applicable limits under section 1001(b).".

**SEC. 1605. ADJUSTED GROSS INCOME LIMITATION.**

(a) IN GENERAL.—Section 1001D(b)) of the Food Security Act of 1985 (7 U.S.C. 1308–3a(b)) is amended by striking paragraph (1) and inserting the following:

"(1) COMMODITY PROGRAMS.—

"(A) LIMITATION.—Notwithstanding any other provision of law, a person or legal entity shall not be eligible to receive any benefit described in subparagraph (B) during a crop, fiscal or program year, as appropriate, if the average adjusted gross income (or comparable measure over the 3 taxable years preceding the most immediately preceding complete taxable year, as determined by the Secretary) of the person or legal entity exceeds $750,000.

"(B) COVERED BENEFITS.—Subparagraph (A) applies with respect to the following:

"(i) A payment under section 1105 of the Agriculture Reform, Food, and Jobs Act of 2012.

"(ii) A marketing loan gain or loan deficiency payment under subtitle B of title I of the Agriculture Reform, Food, and Jobs Act of 2012.

"(iii) A payment under subtitle E of the Agriculture Reform, Food, and Jobs Act of 2012.".

"(iv) A payment under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).".

(b) APPLICATION.—The amendments made by this section shall apply beginning with the 2013 crop year.

**SEC. 1606. GEOGRAPHICALLY DISADVANTAGED FARMERS AND RANCHERS.**

Section 1621(d) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8792(d)) is amended by striking "2012" and inserting "2017".

**SEC. 1607. PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.**

Section 164 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7284) is amended by striking "and title I of the Food, Conservation, and En-

ergy Act of 2008'' each place it appears and inserting ''title I of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8702 et seq.), and title I of the Agriculture Reform, Food, and Jobs Act of 2012''.

**SEC. 1608. PREVENTION OF DECEASED INDIVIDUALS RECEIVING PAYMENTS UNDER FARM COMMODITY PROGRAMS.**

(a) RECONCILIATION.—At least twice each year, the Secretary shall reconcile social security numbers of all individuals who receive payments under this title, whether directly or indirectly, with the Commissioner of Social Security to determine if the individuals are alive.

(b) PRECLUSION.—The Secretary shall preclude the issuance of payments to, and on behalf of, deceased individuals that were not eligible for payments.

**SEC. 1609. APPEALS.**

(a) DIRECTION, CONTROL, AND SUPPORT.—Section 272 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6992) is amended by striking subsection (c) and inserting the following:

''(c) DIRECTION, CONTROL, AND SUPPORT.—

''(1) DIRECTION AND CONTROL.—

''(A) IN GENERAL.—Except as provided in paragraph (2), the Director shall be free from the direction and control of any person other

than the Secretary or the Deputy Secretary of Agriculture.

"(B) ADMINISTRATIVE SUPPORT.—The Division shall not receive administrative support (except on a reimbursable basis) from any agency other than the Office of the Secretary.

"(C) PROHIBITION ON DELEGATION.—The Secretary may not delegate to any other officer or employee of the Department, other than the Deputy Secretary of Agriculture or the Director, the authority of the Secretary with respect to the Division.

"(2) EXCEPTION.—The Assistant Secretary for Administration is authorized to investigate, enforce, and implement the provisions in law, Executive order, or regulations that relate in general to competitive and excepted service positions and employment within the Division, including the position of Director, and such authority may be further delegated to subordinate officials.".

(b) DETERMINATION OF APPEALABILITY OF AGENCY DECISIONS.—Section 272 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6992) is amended by striking subsection (d) and inserting the following:

"(d) DETERMINATION OF APPEALABILITY OF AGENCY DECISIONS.—

"(1) DEFINITION OF A MATTER OF GENERAL APPLICABILITY.—In this subsection, the term 'a matter of general applicability' means a matter that challenges the merits or authority of a rule, procedure, local or national program practice, or determination of an agency that applies, or can apply, to more than 1 interested party as opposed to the particular application of the rule, procedure, or practice to a specific set of facts or the facts themselves as the facts apply to 1 particular interested party.

"(2) MATTERS NOT SUBJECT TO APPEAL.—The Division may not hear appeals—

"(A) unless the determination of the agency is adverse to the appellant;

"(B) that involve matters of general applicability; and

"(C) that involve requests for equitable relief unless the equitable relief has been denied by the agency.

"(3) EQUITABLE RELIEF.—

"(A) IN GENERAL.—An appeal requesting equitable relief may not be granted by the Director to an appellant unless, using the rules

and practices that the agency applies to itself, the agency could in fact have granted the relief because the appellant acted in good faith, but failed to fully comply with the requirement of the rule or practice of the agency.

"(B) REMAND.—If it cannot be determined whether the agency would have granted equitable relief because the appellant acted in good faith, but failed to comply with the rule or practice of the agency, the matter shall be remanded to the agency for further consideration.

"(4) DETERMINATION OF APPEALABILITY.—If an officer, employee, or committee of an agency determines that a decision is not appealable and a participant appeals the decision to the Director, the Director shall determine whether the decision is adverse to the individual participant and appealable or is a matter of general applicability and not subject to appeal.

"(5) APPEALABILITY OF DETERMINATION.—The determination of the Director as to whether a decision is appealable is final.".

(c) EQUITABLE RELIEF.—Section 278 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6998) is amended by striking subsection (d).

(d) CONFORMING AMENDMENT.—Section 296(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7014(b)) is amended—

(1) in paragraph (6)(C), by striking ''or'' at the end;

(2) in paragraph (7), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(8) the authority of the Secretary to carry out amendments to sections 272 and 278 made by the Agriculture Reform, Food, and Jobs Act of 2012.''.

**SEC. 1610. TECHNICAL CORRECTIONS.**

(a) Section 359f(c)(1)(B) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359ff(c)(1)(B)) is amended by adding a period at the end.

(b)(1) Section 1603(g) of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246; 122 Stat. 1739) is amended in paragraphs (2) through (6) and the amendments made by those paragraphs by striking ''1703(a)'' each place it appears and inserting ''1603(a)''.

(2) This subsection and the amendments made by this subsection take effect as if included in the Food, Conservation, and Energy Act of 2008 (Public Law 110–246; 122 Stat. 1651).

**SEC. 1611. ASSIGNMENT OF PAYMENTS.**

(a) IN GENERAL.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)), relating to assignment of payments, shall apply to payments made under this title.

(b) NOTICE.—The producer making the assignment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require, of any assignment made under this section.

**SEC. 1612. TRACKING OF BENEFITS.**

As soon as practicable after the date of enactment of this Act, the Secretary may track the benefits provided, directly or indirectly, to individuals and entities under titles I and II and the amendments made by those titles.

**SEC. 1613. SIGNATURE AUTHORITY.**

(a) IN GENERAL.—In carrying out this title and title II and amendments made by those titles, if the Secretary approves a document, the Secretary shall not subsequently determine the document is inadequate or invalid because of the lack of authority of any person signing the document on behalf of the applicant or any other individual, entity, general partnership, or joint venture, or the documents relied upon were determined inadequate or invalid, unless the person signing the program document knowingly and willfully falsified the evidence of signature authority or a signature.

(b) AFFIRMATION.—

(1) IN GENERAL.—Nothing in this section prohibits the Secretary from asking a proper party to affirm any document that otherwise would be considered approved under subsection (a).

(2) NO RETROACTIVE EFFECT.—A denial of benefits based on a lack of affirmation under paragraph (1) shall not be retroactive with respect to third-party producers who were not the subject of the erroneous representation of authority, if the third-party producers—

(A) relied on the prior approval by the Secretary of the documents in good faith; and

(B) substantively complied with all program requirements.

**SEC. 1614. IMPLEMENTATION.**

(a) STREAMLINING.—In implementing this title, the Secretary shall, to the maximum extent practicable—

(1) seek to reduce administrative burdens and costs to producers by streamlining and reducing paperwork, forms, and other administrative requirements;

(2) improve coordination, information sharing, and administrative work with the Risk Management

Agency and the Natural Resources Conservation Service; and

(3) take advantage of new technologies to enhance efficiency and effectiveness of program delivery to producers.

(b) IMPLEMENTATION.—The Secretary shall make available to the Farm Service Agency to carry out this title $100,000,000.

# TITLE II—CONSERVATION

## Subtitle A—Conservation Reserve Program

### SEC. 2001. EXTENSION AND ENROLLMENT REQUIREMENTS OF CONSERVATION RESERVE PROGRAM.

(a) EXTENSION.—Section 1231(a) of the Food Security Act of 1985 (16 U.S.C. 3831(a)) is amended by striking ''2012'' and inserting ''2017''.

(b) ELIGIBLE LAND.—Section 1231(b) of the Food Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

(1) in paragraph (1)(B), by striking ''the date of enactment of the Food, Conservation, and Energy Act of 2008'' and inserting ''the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012'';

(2) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2);

(3) by inserting before paragraph (4) the following:

''(3) grassland that—

''(A) contains forbs or shrubland (including improved rangeland and pastureland) for which grazing is the predominant use;

''(B) is located in an area historically dominated by grassland; and

''(C) could provide habitat for animal and plant populations of significant ecological value if the land is retained in its current use or restored to a natural condition;'';

(4) in paragraph (4)(C), by striking ''filterstrips devoted to trees or shrubs'' and inserting ''filterstrips and riparian buffers devoted to trees, shrubs, or grasses''; and

(5) by striking paragraph (5) and inserting the following:

''(5) the portion of land in a field not enrolled in the conservation reserve in a case in which—

''(A) more than 50 percent of the land in the field is enrolled as a buffer or filterstrip or more than 75 percent of the land in the field is enrolled in a practice other than as a buffer or filterstrip; and

"(B) the remainder of the field is—

"(i) infeasible to farm; and

"(ii) enrolled at regular rental rates.".

(c) PLANTING STATUS OF CERTAIN LAND.—Section 1231(c) of the Food Security Act of 1985 (16 U.S.C. 3831(c)) is amended by striking "if" and all that follows through the period at the end and inserting "if, during the crop year, the land was devoted to a conserving use.".

(d) ENROLLMENT.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended by striking subsection (d) and inserting the following:

"(d) ENROLLMENT.—

"(1) MAXIMUM ACREAGE ENROLLED.—The Secretary may maintain in the conservation reserve at any 1 time during—

"(A) fiscal year 2012, no more than 32,000,000 acres;

"(B) fiscal year 2013, no more than 30,000,000 acres;

"(C) fiscal year 2014, no more than 27,500,000 acres;

"(D) fiscal year 2015, no more than 26,500,000 acres;

"(E) fiscal year 2016, no more than 25,500,000 acres; and

"(F) fiscal year 2017, no more than 25,000,000 acres.

"(2) GRASSLAND.—

"(A) LIMITATION.—For purposes of applying the limitations in paragraph (1), no more than 1,500,000 acres of the land described in subsection (b)(3) may be enrolled in the program at any 1 time during the 2013 through 2017 fiscal years.

"(B) PRIORITY.—In enrolling acres under subparagraph (A), the Secretary may give priority to land with expiring conservation reserve program contracts.

"(C) METHOD OF ENROLLMENT.—In enrolling acres under subparagraph (A), the Secretary shall make the program available to owners or operators of eligible land at least once during each fiscal year.".

(e) DURATION OF CONTRACT.—Section 1231(e) of the Food Security Act of 1985 (16 U.S.C. 3831(e)) is amended by striking paragraphs (2) and (3) and inserting the following:

"(2) SPECIAL RULE FOR CERTAIN LAND.—In the case of land devoted to hardwood trees, shelterbelts, windbreaks, or wildlife corridors under

a contract entered into under this subchapter, the owner or operator of the land may, within the limitations prescribed under this section, specify the duration of the contract.''.

(f) CONSERVATION PRIORITY AREAS.—Section 1231(f) of the Food Security Act of 1985 (16 U.S.C. 3831(f)) is amended—

(1) in paragraph (1), by striking ''watershed areas of the Chesapeake Bay Region, the Great Lakes Region, the Long Island Sound Region, and other'';

(2) in paragraph (2), by striking ''WATERSHEDS.—Watersheds'' and inserting ''AREAS.—Areas''; and

(3) in paragraph (3), by striking ''a watershed's designation—'' and all that follows through the period at the end and inserting ''an area's designation if the Secretary finds that the area no longer contains actual and significant adverse water quality or habitat impacts related to agricultural production activities.''.

**SEC. 2002. FARMABLE WETLAND PROGRAM.**

(a) EXTENSION.—Section 1231B(a)(1) of the Food Security Act of 1985 (16 U.S.C. 3831b(a)(1)) is amended—

(1) by striking ''2012'' and inserting ''2017''; and

(2) by striking ''a program'' and inserting ''a farmable wetland program''.

(b) ELIGIBLE ACREAGE.—Section 1231B(b)(1)(B) of the Food Security Act of 1985 (16 U.S.C. 3831b(b)(1)(B)) is amended by striking ''flow from a row crop agriculture drainage system'' and inserting ''surface and subsurface flow from row crop agricultural production''.

(c) CLERICAL AMENDMENTS.—Section 1231B of the Food Security Act of 1985 (16 U.S.C. 3831b) is amended—

(1) by striking the heading and inserting the following:

**''SEC. 1231B. FARMABLE WETLAND PROGRAM.'';**

and

(2) in subsection (f)(2), by striking ''section 1234(c)(2)(B)'' and inserting ''section 1234(c)(2)(A)(ii)''.

**SEC. 2003. DUTIES OF OWNERS AND OPERATORS.**

(a) LIMITATION ON HARVESTING, GRAZING OR COMMERCIAL USE OF FORAGE.—Section 1232(a)(8) of the Food Security Act of 1985 (16 U.S.C. 3832(a)(8)) is amended by striking ''except that'' and all that follows

through the semicolon at the end of the paragraph and inserting ''except as provided in section 1233(b);''.

(b) CONSERVATION PLAN REQUIREMENTS.—Section 1232 of the Food Security Act of 1985 (16 U.S.C. 3832) is amended by striking subsection (b) and inserting the following:

''(b) CONSERVATION PLANS.—The plan referred to in subsection (a)(1) shall set forth—

''(1) the conservation measures and practices to be carried out by the owner or operator during the term of the contract; and

''(2) the commercial use, if any, to be permitted on the land during the term.''.

(c) RENTAL PAYMENT REDUCTION.—Section 1232 of the Food Security Act of 1985 (16 U.S.C. 3832) is amended by striking subsection (d).

**SEC. 2004. DUTIES OF THE SECRETARY.**

Section 1233 of the Food Security Act of 1985 (16 U.S.C. 3833) is amended to read as follows:

**''SEC. 1233. DUTIES OF THE SECRETARY.**

''(a) COST-SHARE AND RENTAL PAYMENTS.—In return for a contract entered into by an owner or operator, the Secretary shall—

''(1) share the cost of carrying out the conservation measures and practices set forth in the

contract for which the Secretary determines that cost sharing is appropriate and in the public interest; and

"(2) for a period of years not in excess of the term of the contract, pay an annual rental payment in an amount necessary to compensate for—

"(A) the conversion of highly erodible cropland or other eligible land normally devoted to the production of an agricultural commodity on a farm or ranch to a less intensive use;

"(B) the retirement of any cropland base and allotment history that the owner or operator agrees to retire permanently; and

"(C) the development and management of grassland for multiple natural resource conservation benefits, including soil, water, air, and wildlife.

"(b) SPECIFIED ACTIVITIES PERMITTED.—The Secretary shall permit certain activities or commercial uses of land that is subject to the contract if those activities or uses are consistent with a plan approved by the Secretary and include—

"(1) harvesting, grazing, or other commercial use of the forage in response to drought, flooding,

or other emergency without any reduction in the rental rate;

"(2) grazing by livestock of a beginning farmer or rancher without any reduction in the rental rate, if the grazing is—

"(A) consistent with the conservation of soil, water quality, and wildlife habitat (including habitat during the primary nesting season for critical birds in the area); and

"(B) described in subparagraph (B) or (C) of paragraph (3);

"(3) consistent with the conservation of soil, water quality, and wildlife habitat (including habitat during the primary nesting season for critical birds in the area) and in exchange for a reduction of not less than 25 percent in the annual rental rate for the acres covered by the authorized activity—

"(A) managed harvesting and other commercial use (including the managed harvesting of biomass), except that in permitting those activities the Secretary, in coordination with the State technical committee—

"(i) shall develop appropriate vegetation management requirements; and

"(ii) shall identify periods during which the activities may be conducted, such that the frequency is at least once every 5 years but not more than once every 3 years;

"(B) prescribed grazing for the control of invasive species, which may be conducted annually;

"(C) routine grazing, except that in permitting routine grazing, the Secretary, in coordination with the State technical committee—

"(i) shall develop appropriate vegetation management requirements and stocking rates for the land that are suitable for continued routine grazing; and

"(ii) shall identify the periods during which routine grazing may be conducted, such that the frequency is not more than once every 2 years, taking into consideration regional differences such as—

"(I) climate, soil type, and natural resources;

"(II) the number of years that should be required between routine grazing activities; and

"(III) how often during a year in which routine grazing is permitted that routine grazing should be allowed to occur; and

"(D) the installation of wind turbines and associated access, except that in permitting the installation of wind turbines, the Secretary shall determine the number and location of wind turbines that may be installed, taking into account—

"(i) the location, size, and other physical characteristics of the land;

"(ii) the extent to which the land contains threatened or endangered wildlife and wildlife habitat; and

"(iii) the purposes of the conservation reserve program under this subchapter; and

"(4) the intermittent and seasonal use of vegetative buffer practices incidental to agricultural production on land adjacent to the buffer such that the permitted use does not destroy the permanent vegetative cover.

"(c) AUTHORIZED ACTIVITIES ON GRASSLAND.—Notwithstanding section 1232(a)(8), for eligible land de-

scribed in section 1231(b)(3), the Secretary shall permit the following activities:

"(1) Common grazing practices, including maintenance and necessary cultural practices, on the land in a manner that is consistent with maintaining the viability of grassland, forb, and shrub species appropriate to that locality.

"(2) Haying, mowing, or harvesting for seed production, subject to appropriate restrictions during the primary nesting season for critical birds in the area.

"(3) Fire presuppression, rehabilitation, and construction of fire breaks.

"(4) Grazing-related activities, such as fencing and livestock watering.

"(d) RESOURCE CONSERVING USE.—

"(1) IN GENERAL.—Beginning on the date that is 1 year before the date of termination of a contract under the program, the Secretary shall allow an owner or operator to make conservation and land improvements that facilitate maintaining protection of highly erodible land after expiration of the contract.

"(2) CONSERVATION PLAN.—The Secretary shall require an owner or operator carrying out the

activities described in paragraph (1) to develop and implement a conservation plan.

"(3) REENROLLMENT PROHIBITED.—Land altered under paragraph (1) may not be reenrolled in the conservation reserve program for 5 years.

"(4) PAYMENT.—The Secretary shall provide an annual payment that is reduced in an amount commensurate with any income or other compensation received as a result of the activities carried out under paragraph (1).".

**SEC. 2005. PAYMENTS.**

(a) TREES, WINDBREAKS, SHELTERBELTS, AND WILDLIFE CORRIDORS.—Section 1234(b)(3)(A) of the Food Security Act of 1985 (16 U.S.C. 3834(b)(3)(A)) is amended—

(1) in clause (i), by inserting "and" after the semicolon;

(2) by striking clause (ii); and

(3) by redesignating clause (iii) as clause (ii).

(b) INCENTIVES.—Section 1234(b)(3)(B) of the Food Security Act of 1985 (16 U.S.C. 3834(b)(3)(B)) is amended—

(1) in clause (i), by inserting ", practices to improve the condition of resources on the land," after "operator)"; and

(2) by adding at the end the following:

"(iii) INCENTIVES.—In making rental payments to an owner or operator of land described in subparagraph (A), the Secretary may provide incentive payments sufficient to encourage proper thinning and practices to improve the condition of resources on the land.".

(c) ANNUAL RENTAL PAYMENTS.—Section 1234(c) of the Food Security Act of 1985 (16 U.S.C. 3834(c)) is amended—

(1) in paragraph (1), by inserting "and other eligible land" after "highly erodible cropland" both places it appears;

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

"(2) METHODS OF DETERMINATION.—

"(A) IN GENERAL.—The amounts payable to owners or operators in the form of rental payments under contracts entered into under this subchapter may be determined through—

"(i) the submission of bids for such contracts by owners and operators in such manner as the Secretary may prescribe; or

"(ii) such other means as the Secretary determines are appropriate.

"(B) GRASSLAND.—In the case of eligible land described in section 1231(b)(3), the Secretary shall make annual payments in an amount that is not more than 75 percent of the grazing value of the land covered by the contract."; and

(3) in paragraph (5)(A)—

(A) by striking "The Secretary" and inserting the following:

"(i) SURVEY.—The Secretary"; and

(B) by adding at the end the following:

"(ii) USE.—The Secretary may use the survey of dryland cash rental rates described in clause (i) as a factor in determining rental rates under this section as the Secretary determines appropriate.".

(d) PAYMENT SCHEDULE.—Section 1234 of the Food Security Act of 1985 (16 U.S.C. 3834) is amended by striking subsection (d) and inserting the following:

"(d) PAYMENT SCHEDULE.—

"(1) IN GENERAL.—Except as otherwise provided in this section, payments under this subchapter shall be made in cash in such amount and

on such time schedule as is agreed on and specified in the contract.

"(2) SOURCE.—Payments under this subchapter shall be made using the funds of the Commodity Credit Corporation.

"(3) ADVANCE PAYMENT.—Payments under this subchapter may be made in advance of determination of performance.".

(e) PAYMENT LIMITATION.—Section 1234(f) of the Food Security Act of 1985 (16 U.S.C. 3834(f)) is amended—

(1) in paragraph (1), by striking ", including rental payments made in the form of in-kind commodities,";

(2) by striking paragraph (3); and

(3) by redesignating paragraph (4) as paragraph (2).

**SEC. 2006. CONTRACT REQUIREMENTS.**

Section 1235(f) of the Food Security Act of 1985 (16 U.S.C. 3835(f)) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking "DUTIES" and all that follows through "a beginning farmer" and inserting "TRANSITION TO COVERED FARMER OR RANCH-

ER.—In the case of a contract modification approved in order to facilitate the transfer of land subject to a contract from a retired farmer or rancher to a beginning farmer''; (B) in subparagraph (D), by striking ''the farmer or rancher'' and inserting ''the covered farmer or rancher''; and (C) in subparagraph (E), by striking ''section 1001A(b)(3)(B)'' and inserting ''section 1001''; and (2) in paragraph (2), by striking ''requirement of section 1231(h)(4)(B)'' and inserting ''option provided under section 1234(c)(2)(A)(ii)''.

**SEC. 2007. CONVERSION OF LAND SUBJECT TO CONTRACT TO OTHER CONSERVING USES.**

Section 1235A of the Food Security Act of 1985 (16 U.S.C. 3835a) is repealed.

**SEC. 2008. EFFECTIVE DATE.**

(a) IN GENERAL.—The amendments made by this title shall take effect on October 1, 2012, except, the amendment made by section 2001(d), which shall take effect on the date of enactment of this Act.

(b) EFFECT ON EXISTING CONTRACTS.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this title shall

not affect the validity or terms of any contract entered into by the Secretary of Agriculture under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.) before October 1, 2012, or any payments required to be made in connection with the contract.

(2) UPDATING OF EXISTING CONTRACTS.—The Secretary shall permit an owner or operator with a contract entered into under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.) before October 1, 2012, to update the contract to reflect the activities and uses of land under contract permitted under the terms and conditions of paragraphs (1) and (2) of section 1233(b) of that Act (as amended by section 2004).

# Subtitle B—Conservation Stewardship Program

**SEC. 2101. CONSERVATION STEWARDSHIP PROGRAM.**

(a) REVISION OF CURRENT PROGRAM.—Subchapter B of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838d et seq.) is amended to read as follows:

## "Subchapter B—Conservation Stewardship Program

**"SEC. 1238D. DEFINITIONS.**

''In this subchapter:

''(1) AGRICULTURAL OPERATION.—The term 'agricultural operation' means all eligible land, whether or not contiguous, that is—

''(A) under the effective control of a producer at the time the producer enters into a contract under the program; and

''(B) operated with equipment, labor, management, and production or cultivation practices that are substantially separate from other agricultural operations, as determined by the Secretary.

''(2) CONSERVATION ACTIVITIES.—

''(A) IN GENERAL.—The term 'conservation activities' means conservation systems, practices, or management measures.

''(B) INCLUSIONS.—The term 'conservation activities' includes—

''(i) structural measures, vegetative measures, and land management measures, including agriculture drainage manage-

ment systems, as determined by the Secretary; and

"(ii) planning needed to address a priority resource concern.

"(3) CONSERVATION STEWARDSHIP PLAN.—The term 'conservation stewardship plan' means a plan that—

"(A) identifies and inventories priority resource concerns;

"(B) establishes benchmark data and conservation objectives;

"(C) describes conservation activities to be implemented, managed, or improved; and

"(D) includes a schedule and evaluation plan for the planning, installation, and management of the new and existing conservation activities.

"(4) ELIGIBLE LAND.—

"(A) IN GENERAL.—The term 'eligible land' means—

"(i) private and tribal land on which agricultural commodities, livestock, or forest-related products are produced; and

"(ii) land associated with the land described in clause (i) on which priority re-

source concerns could be addressed through a contract under the program.

"(B) INCLUSIONS.—The term 'eligible land' includes—

"(i) cropland;

"(ii) grassland;

"(iii) rangeland;

"(iv) pastureland;

"(v) nonindustrial private forest land; and

"(vi) other agricultural land (including cropped woodland, marshes, and agricultural land used for the production of livestock), as determined by the Secretary.

"(5) PRIORITY RESOURCE CONCERN.—The term 'priority resource concern' means a natural resource concern or problem, as determined by the Secretary, that—

"(A) is identified at the national, State or local level, as a priority for a particular area of the State;

"(B) represents a significant concern in a State or region; and

"(C) is likely to be addressed successfully through the implementation of conservation activities under this program.

"(6) PROGRAM.—The term 'program' means the conservation stewardship program established by this subchapter.

"(7) STEWARDSHIP THRESHOLD.—The term 'stewardship threshold' means the level of management required, as determined by the Secretary, to conserve and improve the quality and condition of a natural resource.

**"SEC. 1238E. CONSERVATION STEWARDSHIP PROGRAM.**

"(a) ESTABLISHMENT AND PURPOSE.—During each of fiscal years 2013 through 2017, the Secretary shall carry out a conservation stewardship program to encourage producers to address priority resource concerns and improve and conserve the quality and condition of natural resources in a comprehensive manner—

"(1) by undertaking additional conservation activities; and

"(2) by improving, maintaining, and managing existing conservation activities.

"(b) EXCLUSIONS.—

"(1) LAND ENROLLED IN OTHER CONSERVATION PROGRAMS.—Subject to paragraph (2), the fol-

lowing land (even if covered by the definition of eligible land) is not eligible for enrollment in the program:

"(A) Land enrolled in the conservation reserve program.

"(B) Land enrolled in the Agricultural Conservation Easement Program in a wetland easement.

"(C) Land enrolled in the conservation security program.

"(2) CONVERSION TO CROPLAND.—Eligible land used for crop production after October 1, 2012, that had not been planted, considered to be planted, or devoted to crop production for at least 4 of the 6 years preceding that date shall not be the basis for any payment under the program, unless the land does not meet the requirement because—

"(A) the land had previously been enrolled in the conservation reserve program;

"(B) the land has been maintained using long-term crop rotation practices, as determined by the Secretary; or

"(C) the land is incidental land needed for efficient operation of the farm or ranch, as determined by the Secretary.

**"SEC. 1238F. STEWARDSHIP CONTRACTS.**

"(a) SUBMISSION OF CONTRACT OFFERS.—To be eligible to participate in the conservation stewardship program, a producer shall submit a contract offer for the agricultural operation that—

"(1) demonstrates to the satisfaction of the Secretary that the producer, at the time of the contract offer, is meeting the stewardship threshold for at least 2 priority resource concerns; and

"(2) would, at a minimum, meet or exceed the stewardship threshold for at least 1 additional priority resource concern by the end of the stewardship contract by—

"(A) installing and adopting additional conservation activities; and

"(B) improving, maintaining, and managing existing conservation activities on the agricultural operation in a manner that increases or extends the conservation benefits in place at the time the contract offer is accepted by the Secretary.

"(b) EVALUATION OF CONTRACT OFFERS.—

"(1) RANKING OF APPLICATIONS.—In evaluating contract offers the Secretary shall rank applications based on—

"(A) the level of conservation treatment on all applicable priority resource concerns at the time of application;

"(B) the degree to which the proposed conservation activities effectively increase conservation performance;

"(C) the number of applicable priority resource concerns proposed to be treated to meet or exceed the stewardship threshold by the end of the contract;

"(D) the extent to which other priority resource concerns will be addressed to meet or exceed the stewardship threshold by the end of the contract period;

"(E) the extent to which the actual and anticipated conservation benefits from the contract are provided at the least cost relative to other similarly beneficial contract offers; and

"(F) the extent to which priority resource concerns will be addressed when transitioning from the conservation reserve program to agricultural production.

"(2) PROHIBITION.—The Secretary may not assign a higher priority to any application because the

applicant is willing to accept a lower payment than the applicant would otherwise be eligible to receive.

"(3) ADDITIONAL CRITERIA.—The Secretary may develop and use such additional criteria that the Secretary determines are necessary to ensure that national, State, and local priority resource concerns are effectively addressed.

"(c) ENTERING INTO CONTRACTS.—After a determination that a producer is eligible for the program under subsection (a), and a determination that the contract offer ranks sufficiently high under the evaluation criteria under subsection (b), the Secretary shall enter into a conservation stewardship contract with the producer to enroll the eligible land to be covered by the contract.

"(d) CONTRACT PROVISIONS.—

"(1) TERM.—A conservation stewardship contract shall be for a term of 5 years.

"(2) REQUIRED PROVISIONS.—The conservation stewardship contract of a producer shall—

"(A) state the amount of the payment the Secretary agrees to make to the producer for each year of the conservation stewardship contract under section 1238G(d);

"(B) require the producer—

"(i) to implement a conservation stewardship plan that describes the program purposes to be achieved through 1 or more conservation activities;

"(ii) to maintain and supply information as required by the Secretary to determine compliance with the conservation stewardship plan and any other requirements of the program; and

"(iii) not to conduct any activities on the agricultural operation that would tend to defeat the purposes of the program;

"(C) permit all economic uses of the eligible land that—

"(i) maintain the agricultural nature of the land; and

"(ii) are consistent with the conservation purposes of the conservation stewardship contract;

"(D) include a provision to ensure that a producer shall not be considered in violation of the contract for failure to comply with the contract due to circumstances beyond the control of the producer, including a disaster or related condition, as determined by the Secretary;

"(E) include provisions where upon the violation of a term or condition of the contract at any time the producer has control of the land—

"(i) if the Secretary determines that the violation warrants termination of the contract—

"(I) to forfeit all rights to receive payments under the contract; and

"(II) to refund all or a portion of the payments received by the producer under the contract, including any interest on the payments, as determined by the Secretary; or

"(ii) if the Secretary determines that the violation does not warrant termination of the contract, to refund or accept adjustments to the payments provided to the producer, as the Secretary determines to be appropriate;

"(F) include provisions in accordance with paragraphs (3) and (4) of this section; and

"(G) include any additional provisions the Secretary determines are necessary to carry out the program.

"(3) CHANGE OF INTEREST IN LAND SUBJECT TO A CONTRACT.—

"(A) IN GENERAL.—At the time of application, a producer shall have control of the eligible land to be enrolled in the program. Except as provided in subparagraph (B), a change in the interest of a producer in eligible land covered by a contract under the program shall result in the termination of the contract with regard to that land.

"(B) TRANSFER OF DUTIES AND RIGHTS.—Subparagraph (A) shall not apply if—

"(i) within a reasonable period of time (as determined by the Secretary) after the date of the change in the interest in all or a portion of the land covered by a contract under the program, the transferee of the land provides written notice to the Secretary that duties and rights under the contract have been transferred to, and assumed by, the transferee for the portion of the land transferred;

"(ii) the transferee meets the eligibility requirements of the program; and

"(iii) the Secretary approves the transfer of all duties and rights under the contract.

"(4) MODIFICATION AND TERMINATION OF CONTRACTS.—

"(A) VOLUNTARY MODIFICATION OR TERMINATION.—The Secretary may modify or terminate a contract with a producer if—

"(i) the producer agrees to the modification or termination; and

"(ii) the Secretary determines that the modification or termination is in the public interest.

"(B) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract if the Secretary determines that the producer violated the contract.

"(5) REPAYMENT.—If a contract is terminated, the Secretary may, consistent with the purposes of the program—

"(A) allow the producer to retain payments already received under the contract; or

"(B) require repayment, in whole or in part, of payments received and assess liquidated damages.

"(e) CONTRACT RENEWAL.—At the end of the initial 5-year contract period, the Secretary may allow the producer to renew the contract for 1 additional 5-year period if the producer—

"(1) demonstrates compliance with the terms of the existing contract;

"(2) agrees to adopt and continue to integrate conservation activities across the entire agricultural operation as determined by the Secretary; and

"(3) agrees, at a minimum, to meet or exceed the stewardship threshold for at least 2 additional priority resource concerns on the agricultural operation by the end of the contract period.

**"SEC. 1238G. DUTIES OF THE SECRETARY.**

"(a) IN GENERAL.—To achieve the conservation goals of a contract under the conservation stewardship program, the Secretary shall—

"(1) make the program available to eligible producers on a continuous enrollment basis with 1 or more ranking periods, 1 of which shall occur in the first quarter of each fiscal year;

"(2) identify not less than 5 priority resource concerns in a particular watershed or other appropriate region or area within a State; and

"(3) establish a science-based stewardship threshold for each priority resource concern identified under subparagraph (2).

"(b) ALLOCATION TO STATES.—The Secretary shall allocate acres to States for enrollment, based—

"(1) primarily on each State's proportion of eligible land to the total acreage of eligible land in all States; and

"(2) also on consideration of—

"(A) the extent and magnitude of the conservation needs associated with agricultural production in each State;

"(B) the degree to which implementation of the program in the State is, or will be, effective in helping producers address those needs; and

"(C) other considerations to achieve equitable geographic distribution of funds, as determined by the Secretary.

"(c) ACREAGE ENROLLMENT LIMITATION.—During the period beginning on October 1, 2012, and ending on September 30, 2021, the Secretary shall, to the maximum extent practicable—

"(1) enroll in the program an additional 10,348,000 acres for each fiscal year; and

"(2) manage the program to achieve a national average rate of $18 per acre, which shall include the costs of all financial assistance, technical assistance, and any other expenses associated with enrollment or participation in the program.

"(d) CONSERVATION STEWARDSHIP PAYMENTS.—

"(1) AVAILABILITY OF PAYMENTS.—The Secretary shall provide annual payments under the program to compensate the producer for—

"(A) installing and adopting additional conservation activities; and

"(B) improving, maintaining, and managing conservation activities in place at the operation of the producer at the time the contract offer is accepted by the Secretary.

"(2) PAYMENT AMOUNT.—The amount of the conservation stewardship annual payment shall be determined by the Secretary and based, to the maximum extent practicable, on the following factors:

"(A) Costs incurred by the producer associated with planning, design, materials, installation, labor, management, maintenance, or training.

"(B) Income forgone by the producer.

"(C) Expected conservation benefits.

"(D) The extent to which priority resource concerns will be addressed through the installation and adoption of conservation activities on the agricultural operation.

"(E) The level of stewardship in place at the time of application and maintained over the term of the contract.

"(F) The degree to which the conservation activities will be integrated across the entire agricultural operation for all applicable priority resource concerns over the term of the contract.

"(G) Such other factors as determined by the Secretary.

"(3) EXCLUSIONS.—A payment to a producer under this subsection shall not be provided for—

"(A) the design, construction, or maintenance of animal waste storage or treatment facilities or associated waste transport or transfer devices for animal feeding operations; or

"(B) conservation activities for which there is no cost incurred or income forgone to the producer.

"(4) DELIVERY OF PAYMENTS.—In making stewardship payments, the Secretary shall, to the extent practicable—

"(A) prorate conservation performance over the term of the contract so as to accommodate, to the extent practicable, producers earning equal annual stewardship payments in each fiscal year; and

"(B) make stewardship payments as soon as practicable after October 1 of each fiscal year for activities carried out in the previous fiscal year.

"(e) SUPPLEMENTAL PAYMENTS FOR RESOURCE-CONSERVING CROP ROTATIONS.—

"(1) AVAILABILITY OF PAYMENTS.—The Secretary shall provide additional payments to producers that, in participating in the program, agree to adopt resource-conserving crop rotations to achieve beneficial crop rotations as appropriate for the eligible land of the producers.

"(2) BENEFICIAL CROP ROTATIONS.—The Secretary shall determine whether a resource-conserving crop rotation is a beneficial crop rotation eligible for additional payments under paragraph (1), based on whether the resource-conserving crop rotation is designed to provide natural resource conservation and production benefits.

"(3) ELIGIBILITY.—To be eligible to receive a payment described in paragraph (1), a producer shall agree to adopt and maintain the resource-conserving crop rotations for the term of the contract.

"(4) RESOURCE-CONSERVING CROP ROTATION.—In this subsection, the term 'resource-conserving crop rotation' means a crop rotation that—

"(A) includes at least 1 resource conserving crop (as defined by the Secretary);

"(B) reduces erosion;

"(C) improves soil fertility and tilth;

"(D) interrupts pest cycles; and

"(E) in applicable areas, reduces depletion of soil moisture or otherwise reduces the need for irrigation.

"(f) PAYMENT LIMITATIONS.—A person or legal entity may not receive, directly or indirectly, payments under the program that, in the aggregate, exceed $200,000 under all contracts entered into during fiscal years 2013 through 2017, excluding funding arrangements with Indian tribes, regardless of the number of contracts entered into under the program by the person or legal entity.

"(g) SPECIALTY CROP AND ORGANIC PRODUCERS.—The Secretary shall ensure that outreach and technical assistance are available, and program specifications are ap-

propriate to enable specialty crop and organic producers to participate in the program.

"(h) COORDINATION WITH ORGANIC CERTIFICATION.—The Secretary shall establish a transparent means by which producers may initiate organic certification under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.) while participating in a contract under the program.

"(i) REGULATIONS.—The Secretary shall promulgate regulations that—

"(1) prescribe such other rules as the Secretary determines to be necessary to ensure a fair and reasonable application of the limitations established under subsection (f); and

"(2) otherwise enable the Secretary to carry out the program.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

(c) EFFECT ON EXISTING CONTRACTS.—

(1) IN GENERAL.—The amendment made by this section shall not affect the validity or terms of any contract entered into by the Secretary of Agriculture under subchapter B of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838d et seq.) before October 1, 2012, or

any payments required to be made in connection with the contract.

(2) CONSERVATION STEWARDSHIP PROGRAM.—Funds made available under section 1241(a)(4) of the Food Security Act of 1985 (16 U.S.C. 3841(a)(4)) (as amended by section 2601(a)) may be used to administer and make payments to program participants enrolled into contracts during any of fiscal years 2009 through 2012.

# Subtitle C—Environmental Quality Incentives Program

**SEC. 2201. PURPOSES.**

Section 1240 of the Food Security Act of 1985 (16 U.S.C. 3839aa) is amended—

(1) in paragraph (3)—

(A) in subparagraph (A), by striking ''and'' at the end;

(B) by redesignating subparagraph (B) as subparagraph (C) and, in such subparagraph, by inserting ''and'' after the semicolon; and

(C) by inserting after subparagraph (A) the following:

''(B) develop and improve wildlife habitat; and'';

(2) in paragraph (4), by striking ''; and'' and inserting a period; and

(3) by striking paragraph (5).

**SEC. 2202. DEFINITIONS.**

Section 1240A of the Food Security Act of 1985 (16 U.S.C. 3839aa–1) is amended—

(1) by striking paragraph (2) and redesignating paragraphs (3) through (6) as paragraphs (2) through (5), respectively; and

(2) in paragraph (2) (as so redesignated), by inserting ''established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.)'' after ''national organic program''.

**SEC. 2203. ESTABLISHMENT AND ADMINISTRATION.**

Section 1240B of the Food Security Act of 1985 (16 U.S.C. 3839aa–2) is amended—

(1) in subsection (a), by striking ''2014'' and inserting ''2017'';

(2) in subsection (b), by striking paragraph (2) and inserting the following:

''(2) TERM.—A contract under the program shall have a term that does not exceed 10 years.'';

(3) in subsection (d)—

(A) in paragraph (3), by striking subparagraphs (A) through (G) and inserting the following:

''(A) soil health;

''(B) water quality and quantity improvement;

''(C) nutrient management;

''(D) pest management;

''(E) air quality improvement;

''(F) wildlife habitat development, including pollinator habitat;

''(G) invasive species management; or

''(H) other resource issues of regional or national significance, as determined by the Secretary.''; and

(B) in paragraph (4)—

(i) in subparagraph (A) in the matter preceding clause (i), by inserting '', veteran farmer or rancher (as defined in section 2501(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e))),'' before ''or a beginning farmer or rancher''; and

(ii) by striking subparagraph (B) and inserting the following:

"(B) ADVANCE PAYMENTS.—

"(i) IN GENERAL.—Not more than 30 percent of the amount determined under subparagraph (A) may be provided in advance for the purpose of purchasing materials or contracting.

"(ii) RETURN OF FUNDS.—If funds provided in advance are not expended during the 90-day period beginning on the date of receipt of the funds, the funds shall be returned within a reasonable time frame, as determined by the Secretary.";

(4) by striking subsection (f) and inserting the following:

"(f) ALLOCATION OF FUNDING.—

"(1) LIVESTOCK.—For each of fiscal years 2013 through 2017, at least 60 percent of the funds made available for payments under the program shall be targeted at practices relating to livestock production.

"(2) WILDLIFE HABITAT.—For each of fiscal years 2013 through 2017, at least 5 percent of the funds made available for payments under the program shall be targeted at practices benefitting wildlife habitat under subsection (g)."; and

(5) by striking subsection (g) and inserting the following:

"(g) WILDLIFE HABITAT INCENTIVE PRACTICE.—The Secretary shall provide payments under the program for conservation practices that support the restoration, development, and improvement of wildlife habitat on eligible land, including—

"(1) upland wildlife habitat;

"(2) wetland wildlife habitat;

"(3) habitat for threatened and endangered species;

"(4) fish habitat;

"(5) habitat on pivot corners and other irregular areas of a field; and

"(6) other types of wildlife habitat, as determined by the Secretary.".

**SEC. 2204. EVALUATION OF APPLICATIONS.**

Section 1240C(b) of the Food Security Act of 1985 (16 U.S.C. 3839aa–3(b)) is amended—

(1) in paragraph (1), by striking "environmental" and inserting "conservation"; and

(2) in paragraph (3), by striking "purpose of the environmental quality incentives program specified in section 1240(1)" and inserting "purposes of the program".

**SEC. 2205. DUTIES OF PRODUCERS.**

Section 1240D(2) of the Food Security Act of 1985 (16 U.S.C. 3839aa–4(2)) is amended by striking ''farm, ranch, or forest'' and inserting ''enrolled''.

**SEC. 2206. LIMITATION ON PAYMENTS.**

Section 1240G of the Food Security Act of 1985 (16 U.S.C. 3839aa–7) is amended—

(1) in subsection (a)—

(A) by striking ''by the person or entity during any six-year period,'' and inserting ''during fiscal years 2013 through 2017''; and

(B) by striking ''federally recognized'' and all that follows through the period and inserting ''Indian tribes under section 1244(l).''; and

(2) in subsection (b)(2), by striking ''any six-year period'' and inserting ''fiscal years 2013 through 2017''.

**SEC. 2207. CONSERVATION INNOVATION GRANTS AND PAYMENTS.**

Section 1240H of the Food Security Act of 1985 (16 U.S.C. 3839aa–8) is amended by striking subsection (b) and inserting the following:

''(b) REPORTING.—Not later than December 31, 2013, and every 2 years thereafter, the Secretary shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture

of the House of Representatives a report on the status of projects funded under this section, including—

"(1) funding awarded;

"(2) project results; and

"(3) incorporation of project findings, such as new technology and innovative approaches, into the conservation efforts implemented by the Secretary.".

**SEC. 2208. EFFECTIVE DATE.**

(a) IN GENERAL.—The amendments made by this title shall take effect on October 1, 2012.

(b) EFFECT ON EXISTING CONTRACTS.—The amendments made by this title shall not affect the validity or terms of any contract entered into by the Secretary of Agriculture under chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.) before October 1, 2012, or any payments required to be made in connection with the contract.

# Subtitle D—Agricultural Conservation Easement Program

**SEC. 2301. AGRICULTURAL CONSERVATION EASEMENT PROGRAM.**

(a) ESTABLISHMENT.—Title XII of the Food Security Act of 1985 is amended by adding at the end the following:

# "Subtitle H—Agricultural Conservation Easement Program

**"SEC. 1265. ESTABLISHMENT AND PURPOSES.**

''(a) ESTABLISHMENT.—The Secretary shall establish an Agricultural Conservation Easement Program for the conservation of eligible land and natural resources through easements or other interests in land.

''(b) PURPOSES.—The purposes of the program are to—

''(1) combine the purposes and coordinate the functions of the wetlands reserve program established under section 1237, the grassland reserve program established under section 1238N, and the farmland protection program established under section 1238I;

''(2) restore, protect, and enhance wetland on eligible land;

''(3) protect the agricultural use, viability, and related conservation values of eligible land by limiting nonagricultural uses of that land; and

''(4) protect grazing uses and related conservation values by restoring and conserving eligible land.

**"SEC. 1265A. DEFINITIONS.**

''In this subtitle:

"(1) AGRICULTURAL LAND EASEMENT.—The term 'agricultural land easement' means an easement or other interest in eligible land that—

"(A) is conveyed for the purposes of protecting natural resources and the agricultural nature of the land, and of promoting agricultural viability for future generations; and

"(B) permits the landowner the right to continue agricultural production and related uses subject to an agricultural land easement plan.

"(2) ELIGIBLE ENTITY.—The term 'eligible entity' means—

"(A) an agency of State or local government or an Indian tribe (including farmland protection board or land resource council established under State law); or

"(B) an organization that is—

"(i) organized for, and at all times since the formation of the organization has been operated principally for, 1 or more of the conservation purposes specified in clause (i), (ii), (iii), or (iv) of section 170(h)(4)(A) of the Internal Revenue Code of 1986;

"(ii) an organization described in section 501(c)(3) of that Code that is exempt from taxation under section 501(a) of that Code; or

"(iii) described in—

"(I) paragraph (1) or (2) of section 509(a) of that Code; or

"(II) section 509(a)(3) of that Code and is controlled by an organization described in section 509(a)(2) of that Code.

"(3) ELIGIBLE LAND.—The term 'eligible land' means private or tribal land that is—

"(A) in the case of an agricultural land easement, agricultural land, including land on a farm or ranch—

"(i) that is subject to a pending offer for purchase from an eligible entity;

"(ii) that—

"(I) has prime, unique, or other productive soil;

"(II) contains historical or archaeological resources; or

"(III) the protection of which will further a State or local policy con-

sistent with the purposes of the program; and

"(iii) that is—

"(I) cropland;

"(II) rangeland;

"(III) grassland or land that contains forbs, or shrubland for which grazing is the predominant use;

"(IV) pastureland; or

"(V) nonindustrial private forest land that contributes to the economic viability of an offered parcel or serves as a buffer to protect such land from development;

"(B) in the case of a wetland easement, a wetland or related area, including—

"(i) farmed or converted wetland, together with the adjacent land that is functionally dependent on that land if the Secretary determines it—

"(I) is likely to be successfully restored in a cost effective manner; and

"(II) will maximize the wildlife benefits and wetland functions and

values as determined by the Secretary in consultation with the Secretary of the Interior at the local level;

''(ii) cropland or grassland that was used for agricultural production prior to flooding from the natural overflow of a closed basin lake or pothole, as determined by the Secretary, together (where practicable) with the adjacent land that is functionally dependent on the cropland or grassland;

''(iii) farmed wetland and adjoining land that—

''(I) is enrolled in the conservation reserve program;

''(II) has the highest wetland functions and values; and

''(III) is likely to return to production after the land leaves the conservation reserve program;

''(iv) riparian areas that link wetland that is protected by easements or some other device that achieves the same purpose as an easement; or

"(v) other wetland of an owner that would not otherwise be eligible if the Secretary determines that the inclusion of such wetland in such easement would significantly add to the functional value of the easement; and

"(C) in the case of both an agricultural land easement or wetland easement, other land that is incidental to eligible land if the Secretary determines that it is necessary for the efficient administration of the easements under this program.

"(4) PROGRAM.—The term 'program' means the Agricultural Conservation Easement Program established by this subtitle.

"(5) WETLAND EASEMENT.—The term 'wetland easement' means a reserved interest in eligible land that—

"(A) is defined and delineated in a deed; and

"(B) stipulates—

"(i) the rights, title, and interests in land conveyed to the Secretary; and

"(ii) the rights, title, and interests in land that are reserved to the landowner.

**"SEC. 1265B. AGRICULTURAL LAND EASEMENTS.**

"(a) AVAILABILITY OF ASSISTANCE.—The Secretary shall facilitate and provide funding for—

"(1) the purchase of agricultural land easements and other interests in eligible land; and

"(2) technical assistance to provide for the conservation of natural resources pursuant to an agricultural land easement plan.

"(b) COST-SHARE ASSISTANCE.—

"(1) IN GENERAL.—The Secretary shall provide cost-share assistance to eligible entities for purchasing agricultural land easements to protect the agricultural use, including grazing, and related conservation values of eligible land.

"(2) SCOPE OF ASSISTANCE AVAILABLE.—

"(A) FEDERAL SHARE.—Subject to subparagraph (C), an agreement described in paragraph (4) shall provide for a Federal share determined by the Secretary of an amount not to exceed 50 percent of the fair market value of the agricultural land easement or other interest in land, as determined by the Secretary using—

"(i) the Uniform Standards of Professional Appraisal Practices;

"(ii) an area-wide market analysis or survey; or

"(iii) another industry approved method.

"(B) NON-FEDERAL SHARE.—

"(i) IN GENERAL.—Subject to subparagraph (C), under the agreement, the eligible entity shall provide a share that is at least equivalent to that provided by the Secretary.

"(ii) SOURCE OF CONTRIBUTION.—An eligible entity may include as part of its share a charitable donation or qualified conservation contribution (as defined by section 170(h) of the Internal Revenue Code of 1986) from the private landowner if the eligible entity contributes its own cash resources in an amount that is at least 50 percent of the amount contributed by the Secretary.

"(C) WAIVER AUTHORITY.—In the case of grassland of special environmental significance, as determined by the Secretary, the Secretary may provide up to 75 percent of the fair market value of the agricultural land easement.

"(3) EVALUATION AND RANKING OF APPLICATIONS.—

"(A) CRITERIA.—The Secretary shall establish evaluation and ranking criteria to maximize the benefit of Federal investment under the program.

"(B) CONSIDERATIONS.—In establishing the criteria, the Secretary shall emphasize support for—

"(i) protecting agricultural uses and related conservation values of the land; and

"(ii) maximizing the protection of contiguous acres devoted to agricultural use.

"(C) BIDDING DOWN.—If the Secretary determines that 2 or more applications for cost-share assistance are comparable in achieving the purpose of the program, the Secretary shall not assign a higher priority to any of those applications solely on the basis of lesser cost to the program.

"(4) AGREEMENTS WITH ELIGIBLE ENTITIES.—

"(A) IN GENERAL.—The Secretary shall enter into agreements with eligible entities to stipulate the terms and conditions under which the eligible entity is permitted to use cost-share assistance provided under this section.

"(B) LENGTH OF AGREEMENTS.—An agreement shall be for a term that is—

"(i) in the case of an eligible entity certified under the process described in paragraph (5), a minimum of 5 years; and

"(ii) for all other eligible entities, at least 3, but not more than 5 years.

"(C) MINIMUM TERMS AND CONDITIONS.—An eligible entity shall be authorized to use its own terms and conditions for agricultural land easements so long as the Secretary determines such terms and conditions—

"(i) are consistent with the purposes of the program;

"(ii) are permanent or for the maximum duration allowed under applicable State law;

"(iii) permit effective enforcement of the conservation purposes of such easements, including appropriate restrictions depending on the purposes for which the easement is acquired;

"(iv) include a right of enforcement for the Secretary;

"(v) subject the land purchased to an agricultural land easement plan that—

"(I) describes the activities which promote the long-term viability of the land to meet the purposes for which the easement was acquired;

"(II) requires the management of grassland according to a grassland management plan; and

"(III) includes a conservation plan, where appropriate, and requires, at the option of the Secretary, the conversion of highly erodible cropland to less intensive uses; and

"(vi) include a limit on the impervious surfaces to be allowed that is consistent with the agricultural activities to be conducted.

"(D) SUBSTITUTION OF QUALIFIED PROJECTS.—An agreement shall allow, upon mutual agreement of the parties, substitution of qualified projects that are identified at the time of the proposed substitution.

"(E) EFFECT OF VIOLATION.—If a violation occurs of a term or condition of an agreement under this subsection—

"(i) the agreement may be terminated; and

"(ii) the Secretary may require the eligible entity to refund all or part of any payments received by the entity under the program, with interest on the payments as determined appropriate by the Secretary.

"(5) CERTIFICATION OF ELIGIBLE ENTITIES.—

"(A) CERTIFICATION PROCESS.—The Secretary shall establish a process under which the Secretary may—

"(i) directly certify eligible entities that meet established criteria;

"(ii) enter into long-term agreements with certified eligible entities; and

"(iii) accept proposals for cost-share assistance for the purchase of agricultural land easements throughout the duration of such agreements.

"(B) CERTIFICATION CRITERIA.—In order to be certified, an eligible entity shall demonstrate to the Secretary that the entity will

maintain, at a minimum, for the duration of the agreement—

"(i) a plan for administering easements that is consistent with the purpose of this subtitle;

"(ii) the capacity and resources to monitor and enforce agricultural land easements; and

"(iii) policies and procedures to ensure—

"(I) the long-term integrity of agricultural land easements on eligible land;

"(II) timely completion of acquisitions of easements; and

"(III) timely and complete evaluation and reporting to the Secretary on the use of funds provided under the program.

"(C) REVIEW AND REVISION.—

"(i) REVIEW.—The Secretary shall conduct a review of eligible entities certified under subparagraph (A) every 3 years to ensure that such entities are

meeting the criteria established under subparagraph (B).

"(ii) REVOCATION.—If the Secretary finds that the certified entity no longer meets the criteria established under subparagraph (B), the Secretary may—

"(I) allow the certified entity a specified period of time, at a minimum 180 days, in which to take such actions as may be necessary to meet the criteria; and

"(II) revoke the certification of the entity, if after the specified period of time, the certified entity does not meet such criteria.

"(c) TECHNICAL ASSISTANCE.—The Secretary may provide technical assistance, if requested, to assist in—

"(1) compliance with the terms and conditions of easements; and

"(2) implementation of an agricultural land easement plan.

**"SEC. 1265C. WETLAND EASEMENTS.**

"(a) AVAILABILITY OF ASSISTANCE.—The Secretary shall provide assistance to owners of eligible land to restore, protect, and enhance wetland through—

"(1) easements and related wetland easement plans; and

"(2) technical assistance.

"(b) EASEMENTS.—

"(1) METHOD OF ENROLLMENT.—The Secretary shall enroll eligible land through the use of—

"(A) 30-year easements;

"(B) permanent easements;

"(C) easements for the maximum duration allowed under applicable State laws; or

"(D) as an option for Indian tribes only, 30-year contracts.

"(2) LIMITATIONS.—

"(A) INELIGIBLE LAND.—The Secretary may not acquire easements on—

"(i) land established to trees under the conservation reserve program, except in cases where the Secretary determines it would further the purposes of the program; and

"(ii) farmed wetland or converted wetland where the conversion was not commenced prior to December 23, 1985.

"(B) CHANGES IN OWNERSHIP.—No easement shall be created on land that has changed

ownership during the preceding 24-month period unless—

"(i) the new ownership was acquired by will or succession as a result of the death of the previous owner;

"(ii)(I) the ownership change occurred because of foreclosure on the land; and

"(II) immediately before the foreclosure, the owner of the land exercises a right of redemption from the mortgage holder in accordance with State law; or

"(iii) the Secretary determines that the land was acquired under circumstances that give adequate assurances that such land was not acquired for the purposes of placing it in the program.

"(3) EVALUATION AND RANKING OF OFFERS.—

"(A) CRITERIA.—The Secretary shall establish evaluation and ranking criteria to maximize the benefit of Federal investment under the program.

"(B) CONSIDERATIONS.—When evaluating offers from landowners, the Secretary may consider—

"(i) the conservation benefits of obtaining an easement or 30-year contract, including the potential environmental benefits if the land was removed from agricultural production;

"(ii) the cost-effectiveness of each easement or 30-year contract, so as to maximize the environmental benefits per dollar expended;

"(iii) whether the landowner or another person is offering to contribute financially to the cost of the easement or 30-year contract to leverage Federal funds; and

"(iv) such other factors as the Secretary determines are necessary to carry out the purposes of the program.

"(C) PRIORITY.—The Secretary shall place priority on acquiring easements based on the value of the easement for protecting and enhancing habitat for migratory birds and other wildlife.

"(4) AGREEMENT.—To be eligible to place eligible land into the program through a wetland ease-

ment, the owner of such land shall enter into an agreement with the Secretary to—

"(A) grant an easement on such land to the Secretary;

"(B) authorize the implementation of a wetland easement plan;

"(C) create and record an appropriate deed restriction in accordance with applicable State law to reflect the easement agreed to;

"(D) provide a written statement of consent to such easement signed by those holding a security interest in the land;

"(E) comply with the terms and conditions of the easement and any related agreements; and

"(F) permanently retire any existing cropland base and allotment history for the land on which the easement has been obtained.

"(5) TERMS AND CONDITIONS OF EASEMENT.—

"(A) IN GENERAL.—A wetland easement shall include terms and conditions that—

"(i) permit—

"(I) repairs, improvements, and inspections on the land that are nec-

essary to maintain existing public drainage systems; and

"(II) owners to control public access on the easement areas while identifying access routes to be used for restoration activities and management and easement monitoring;

"(ii) prohibit—

"(I) the alteration of wildlife habitat and other natural features of such land, unless specifically authorized by the Secretary;

"(II) the spraying of such land with chemicals or the mowing of such land, except where such spraying or mowing is authorized by the Secretary or is necessary—

"(aa) to comply with Federal or State noxious weed control laws;

"(bb) to comply with a Federal or State emergency pest treatment program; or

"(cc) to meet habitat needs of specific wildlife species;

"(III) any activities to be carried out on the owner's or successor's land that is immediately adjacent to, and functionally related to, the land that is subject to the easement if such activities will alter, degrade, or otherwise diminish the functional value of the eligible land; and

"(IV) the adoption of any other practice that would tend to defeat the purposes of the program, as determined by the Secretary;

"(iii) provide for the efficient and effective establishment of wetland functions and values; and

"(iv) include such additional provisions as the Secretary determines are desirable to carry out the program or facilitate the practical administration thereof.

"(B) VIOLATION.—On the violation of the terms or conditions of the easement, the easement shall remain in force and the Secretary may require the owner to refund all or part of any payments received by the owner under the

program, together with interest thereon as determined appropriate by the Secretary.

"(C) COMPATIBLE USES.—Land subject to a wetland easement may be used for compatible economic uses, including such activities as hunting and fishing, managed timber harvest, or periodic haying or grazing, if such use is specifically permitted by the wetland easement plan and is consistent with the long-term protection and enhancement of the wetland resources for which the easement was established.

"(D) RESERVATION OF GRAZING RIGHTS.—The Secretary may include in the terms and conditions of an easement a provision under which the owner reserves grazing rights if—

"(i) the Secretary determines that the reservation and use of the grazing rights—

"(I) is compatible with the land subject to the easement;

"(II) is consistent with the historical natural uses of the land and long-term protection and enhancement goals for which the easement was established; and

"(III) complies with the wetland easement plan; and

"(ii) the agreement provides for a commensurate reduction in the easement payment to account for the grazing value, as determined by the Secretary.

"(E) APPLICATION.—The relevant provisions of this paragraph shall also apply to a 30-year contract.

"(6) COMPENSATION.—

"(A) DETERMINATION.—

"(i) IN GENERAL.—The Secretary shall pay as compensation for a permanent easement acquired an amount necessary to encourage enrollment in the program based on the lowest of—

"(I) the fair market value of the land, as determined by the Secretary, using the Uniform Standards of Professional Appraisal Practices or an area-wide market analysis or survey;

"(II) the amount corresponding to a geographical cap, as determined by the Secretary in regulations; or

"(III) the offer made by the landowner.

"(ii) OTHER.—Compensation for a 30-year contract or 30-year easement shall be not less than 50 percent, but not more than 75 percent, of the compensation that would be paid for a permanent easement.

"(B) FORM OF PAYMENT.—Compensation shall be provided by the Secretary in the form of a cash payment, in an amount determined under subparagraph (A).

"(C) PAYMENT SCHEDULE.—

"(i) EASEMENTS VALUED AT LESS THAN $500,000.—For easements valued at $500,000 or less, the Secretary may provide easement payments in not more than 10 annual payments.

"(ii) EASEMENTS VALUED AT MORE THAN $500,000.—For easements valued at more than $500,000, the Secretary may provide easement payments in at least 5, but not more than 10 annual payments, except that, if the Secretary determines it would further the purposes of the program,

the Secretary may make a lump sum payment for such an easement.

"(c) EASEMENT RESTORATION.—

"(1) IN GENERAL.—The Secretary shall provide financial assistance to carry out the establishment of conservation measures and practices and protect wetland functions and values, including necessary maintenance activities, as set forth in a wetland easement plan.

"(2) PAYMENTS.—The Secretary shall—

"(A) in the case of a permanent easement, pay an amount that is not less than 75 percent, but not more than 100 percent, of the eligible costs; and

"(B) in the case of a 30-year contract or 30-year easement, pay an amount that is not less than 50 percent, but not more than 75 percent, of the eligible costs.

"(d) TECHNICAL ASSISTANCE.—

"(1) IN GENERAL.—The Secretary shall assist owners in complying with the terms and conditions of easements and 30-year contracts.

"(2) CONTRACTS OR AGREEMENTS.—The Secretary may enter into 1 or more contracts with private entities or agreements with a State, non-govern-

mental organization, or Indian tribe to carry out necessary restoration, enhancement or maintenance of an easement if the Secretary determines that the contract or agreement will advance the purposes of the program.

''(e) WETLAND ENHANCEMENT OPTION.—The Secretary may enter into 1 or more agreements with a State (including a political subdivision or agency of a State), nongovernmental organization, or Indian tribe to carry out a special wetland enhancement option that the Secretary determines would advance the purposes of the program.

''(f) ADMINISTRATION.—

''(1) WETLAND EASEMENT PLAN.—The Secretary shall develop a wetland easement plan for eligible land subject to a wetland easement, which will include the practices and activities necessary to restore, protect, enhance, and maintain the enrolled land.

''(2) DELEGATION OF EASEMENT ADMINISTRATION.—

''(A) IN GENERAL.—The Secretary may delegate any of the easement management, monitoring, and enforcement responsibilities of the Secretary to other Federal or State agencies that have the appropriate authority, expertise

and resources necessary to carry out such delegated responsibilities or to other conservation organizations if the Secretary determines the organization has similar expertise and resources.

"(B) LIMITATION.—The Secretary shall not delegate any of the monitoring or enforcement responsibilities under the program to conservation organizations.

"(3) PAYMENTS.—

"(A) TIMING OF PAYMENTS.—The Secretary shall provide payment for obligations incurred by the Secretary under this section—

"(i) with respect to any easement restoration obligation as soon as possible after the obligation is incurred; and

"(ii) with respect to any annual easement payment obligation incurred by the Secretary as soon as possible after October 1 of each calendar year.

"(B) PAYMENTS TO OTHERS.—If an owner who is entitled to a payment dies, becomes incompetent, is otherwise unable to receive such payment, or is succeeded by another person or entity who renders or completes the required

performance, the Secretary shall make such payment, in accordance with regulations prescribed by the Secretary and without regard to any other provision of law, in such manner as the Secretary determines is fair and reasonable in light of all of the circumstances.

**"SEC. 1265D. ADMINISTRATION.**

''(a) INELIGIBLE LAND.—The Secretary may not acquire an easement under the program on—

''(1) land owned by an agency of the United States, other than land held in trust for Indian tribes;

''(2) land owned in fee title by a State, including an agency or a subdivision of a State, or a unit of local government;

''(3) land subject to an easement or deed restriction which, as determined by the Secretary, provides similar protection as would be provided by enrollment in the program; and

''(4) land where the purposes of the program would be undermined due to on-site or off-site conditions, such as risk of hazardous substances, proposed or existing rights of way, infrastructure development, or adjacent land uses.

"(b) PRIORITY.—In evaluating applications under the program, the Secretary may give priority to land that is currently enrolled in the conservation reserve program in a contract that is set to expire within 1 year and—

"(1) in the case of an agricultural land easement, is grassland that would benefit from protection under a long-term easement; and

"(2) in the case of a wetland easement, is a wetland or related area with the highest functions and values and is likely to return to production after the land leaves the conservation reserve program.

"(c) SUBORDINATION, EXCHANGE, MODIFICATION, AND TERMINATION.—

"(1) IN GENERAL.—The Secretary may subordinate, exchange, terminate, or modify any interest in land, or portion of such interest, administered by the Secretary, either directly or on behalf of the Commodity Credit Corporation under the program when the Secretary determines that—

"(A) it is in the Federal Government's interest to subordinate, exchange, modify or terminate the interest in land;

"(B) the subordination, exchange, modification, or termination action—

"(i) will address a compelling public need for which there is no practicable alternative, or

"(ii) such action will further the practical administration of the program; and

"(C) the subordination, exchange, modification, or termination action will result in comparable conservation value and equivalent or greater economic value to the United States.

"(2) CONSULTATION.—The Secretary shall work with the current owner, and eligible entity if applicable, to address any subordination, exchange, termination, or modification of the interest, or portion of such interest in land.

"(3) NOTICE.—At least 90 days before taking any termination action described in paragraph (1), the Secretary shall provide written notice of such action to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(d) LAND ENROLLED IN OTHER PROGRAMS.—

"(1) CONSERVATION RESERVE PROGRAM.—The Secretary may terminate or modify an existing contract entered into under section 1231(a) if eligible

land that is subject to such contract is transferred into the program.

"(2) OTHER.—Land enrolled in the wetlands reserve program, grassland reserve program, or farmland protection program shall be considered enrolled in this program.

"(e) ALLOCATION OF FUNDS FOR AGRICULTURAL LAND EASEMENTS.—Of the funds made available under section 1241 to carry out the program for a fiscal year, the Secretary shall, to the extent practicable, use no less than 40 percent for agricultural land easements.".

(b) COMPLIANCE WITH CERTAIN REQUIREMENTS.—Before an eligible entity or owner of eligible land may receive assistance under subtitle H of title XII of the Food Security Act of 1985, the eligible entity or person shall agree, during the crop year for which the assistance is provided and in exchange for the assistance—

(1) to comply with applicable conservation requirements under subtitle B of title XII of that Act (16 U.S.C. 3811 et seq.); and

(2) to comply with applicable wetland protection requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.).

(c) CROSS REFERENCE.—Section 1244 of the Food Security Act of 1985 (16 U.S.C. 3844) is amended—

(1) in subsection (c)—

(A) in paragraph (1)—

(i) by inserting ''and'' at the end of subparagraph (A);

(ii) by striking ''and'' at the end of subparagraph (B); and

(iii) by striking subparagraph (C);

(B) by redesignating paragraph (2) as paragraph (3); and

(C) by inserting after paragraph (1) the following:

''(2) the Agricultural Conservation Easement Program established under subtitle H; and''; and

(2) in subsection (f)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking ''programs administered under subchapters B and C of chapter 1 of subtitle D'' and inserting ''conservation reserve program established under subchapter B of chapter 1 of subtitle D and the Agricultural Conservation Easement Program under subtitle H using wetland easements under section 1265C''; and

(ii) in subparagraph (B), by striking "subchapter C of chapter 1 of subtitle D" and inserting "the Agricultural Conservation Easement Program under subtitle H using wetland easements under section 1265C"; and

(B) in paragraph (4), by striking "subchapter C" and inserting "subchapter B".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2012.

# Subtitle E—Regional Conservation Partnership Program

**SEC. 2401. REGIONAL CONSERVATION PARTNERSHIP PROGRAM.**

(a) IN GENERAL.—Title XII of the Food Security Act of 1985 is amended by inserting after subtitle H (as added by section 2301) the following:

# "Subtitle I—Regional Conservation Partnership Program

**"SEC. 1271. ESTABLISHMENT AND PURPOSES.**

"(a) ESTABLISHMENT.—The Secretary shall establish a Regional Conservation Partnership Program to implement eligible activities through—

"(1) partnership agreements with eligible partners; 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

"(B) implementing projects that will result in the installation and maintenance of eligible activities that affect multiple agricultural or nonindustrial private forest operations on a local, regional, State, or multi-State basis.

**"SEC. 1271A. DEFINITIONS.**

"In this subtitle:

"(1) COVERED PROGRAMS.—The term 'covered programs' means—

"(A) the agricultural conservation easement program;

"(B) the environmental quality incentives program; and

"(C) the conservation stewardship program.

"(2) ELIGIBLE ACTIVITY.—The term 'eligible activity' means any of the following conservation activities when delivered through a covered program:

"(A) Water quality restoration or enhancement projects, including nutrient management and sediment reduction.

"(B) Water quantity conservation, restoration, or enhancement projects relating to surface water and groundwater resources, including—

"(i) the conversion of irrigated cropland to the production of less water-intensive agricultural commodities or dryland farming; and

"(ii) irrigation system improvement and irrigation efficiency enhancement.

"(C) Drought mitigation.

"(D) Flood prevention.

"(E) Water retention.

"(F) Habitat conservation, restoration, and enhancement.

"(G) Erosion control.

"(H) Other related activities that the Secretary determines will help achieve conservation benefits.

"(3) ELIGIBLE PARTNER.—The term 'eligible partner' means any of the following:

"(A) An agricultural or silvicultural producer association or other group of producers.

"(B) A State or unit of local government.

"(C) An Indian tribe.

"(D) A farmer cooperative.

"(E) An institution of higher education.

"(F) An organization with an established history of working cooperatively with producers

on agricultural land, as determined by the Secretary, to address—

"(i) local conservation priorities related to agricultural production, wildlife habitat development, and nonindustrial private forest land management; or

"(ii) critical watershed-scale soil erosion, water quality, sediment reduction, or other natural resource concerns.

"(4) PARTNERSHIP AGREEMENT.—The term 'partnership agreement' means an agreement between the Secretary and an eligible partner.

"(5) PROGRAM.—The term 'program' means the Regional Conservation Partnership Program established by this subtitle.

**"SEC. 1271B. REGIONAL CONSERVATION PARTNERSHIPS.**

"(a) PARTNERSHIP AGREEMENTS AUTHORIZED.—The Secretary may enter into a partnership agreement with an eligible partner to implement a project that will assist producers with installing and maintaining an eligible activity.

"(b) LENGTH.—A partnership agreement shall be for a period not to exceed 5 years, except that the Secretary may extend the agreement 1 time for up to 12 months

when an extension is necessary to meet the objectives of the program.

"(c) DUTIES OF PARTNERS.—

"(1) IN GENERAL.—Under a partnership agreement, the eligible partner shall—

"(A) define the scope of a project, including—

"(i) the eligible activities to be implemented;

"(ii) the potential agricultural or non-industrial private forest operations affected;

"(iii) the local, State, multi-State or other geographic area covered; and

"(iv) the planning, outreach, implementation and assessment to be conducted;

"(B) conduct outreach and education to producers for potential participation in the project;

"(C) at the request of a producer, act on behalf of a producer participating in the project in applying for assistance under section 1271C;

"(D) leverage financial or technical assistance provided by the Secretary with additional funds to help achieve the project objectives;

"(E) conduct an assessment of the project's effects; and

"(F) at the conclusion of the project, report to the Secretary on its results and funds leveraged.

"(2) CONTRIBUTION.—A partner shall provide a significant portion of the overall costs of the scope of the project as determined by the Secretary.

"(d) APPLICATIONS.—

"(1) COMPETITIVE PROCESS.—The Secretary shall conduct a competitive process to select applications for partnership agreements and may assess and rank applications with similar conservation purposes as a group.

"(2) CRITERIA USED.—In carrying out the process described in paragraph (1), the Secretary shall make public the criteria used in evaluating applications.

"(3) CONTENT.—An application to the Secretary shall include a description of—

"(A) the scope of the project as described in subsection (c)(1)(A);

"(B) the plan for monitoring, evaluating, and reporting on progress made towards achieving the project's objectives;

"(C) the program resources requested for the project, including the covered programs to be used and estimated funding needed from the Secretary;

"(D) the partners collaborating to achieve project objectives, including their roles, responsibilities, capabilities, and financial contribution; and

"(E) any other elements the Secretary considers necessary to adequately evaluate and competitively select applications for funding under the program.

"(4) PRIORITY TO CERTAIN APPLICATIONS.—The Secretary may give a higher priority to applications that—

"(A) have a high percentage of producers in the area to be covered by the agreement;

"(B) assist producers in meeting or avoiding the need for a natural resource regulatory requirement;

"(C) significantly leverage non-Federal financial and technical resources and coordinate with other local, State, regional, or national efforts;

"(D) deliver high percentages of applied conservation to address conservation priorities or local, State, regional, or national conservation initiatives;

"(E) provide innovation in conservation methods and delivery, including outcome-based performance measures and methods; or

"(F) meet other factors that are important for achieving the purposes of the program, as determined by the Secretary.

**"SEC. 1271C. ASSISTANCE TO PRODUCERS.**

"(a) IN GENERAL.—The Secretary shall enter into contracts to provide financial and technical assistance to—

"(1) producers participating in a project with an eligible partner as described in section 1271B; or

"(2) producers that fit within the scope of a project described in section 1271B or a critical conservation area designated pursuant to section 1271F, but who are seeking to implement an eligible activity independent of a partner.

"(b) TERMS AND CONDITIONS.—

"(1) CONSISTENCY WITH PROGRAM RULES.—Except as provided in paragraph (2), the Secretary shall ensure that the terms and conditions of a con-

tract under this section are consistent with the applicable rules of the covered programs to be used as part of the project, as described in the application under section 1271B(d)(3)(C).

"(2) ADJUSTMENTS.—Except for statutory program requirements governing appeals, payment limitations, and conservation compliance, the Secretary may adjust the discretionary program rules of a covered program—

"(A) to provide a simplified application and evaluation process; and

"(B) to better reflect unique local circumstances and purposes if the Secretary determines such adjustments are necessary to achieve the purposes of the program.

"(3) ALTERNATIVE FUNDING ARRANGEMENTS.—

"(A) IN GENERAL.—For the purposes of providing assistance for land described in subsection (a) and section 1271F, the Secretary may enter into alternative funding arrangements with a multistate water resource agency or authority if—

"(i) the Secretary determines that the goals and objectives of the program will be

met by the alternative funding arrangements;

"(ii) the agency or authority certifies that the limitations established under this section on agreements with individual producers will not be exceeded; and

"(iii) all participating producers meet applicable payment eligibility provisions.

"(B) CONDITIONS.—As a condition on receipt of funding under subparagraph (A), the multistate water resource agency or authority shall agree—

"(i) to submit an annual independent audit to the Secretary that describes the use of funds under this paragraph;

"(ii) to provide any data necessary for the Secretary to issue a report on the use of funds under this paragraph; and

"(iii) not to use any funds for administration or contracting with another entity.

"(C) LIMITATION.—The Secretary may enter into not more than 10 alternative funding arrangements under this paragraph.

"(c) PAYMENTS.—

"(1) IN GENERAL.—In accordance with statutory requirements of the covered programs involved, the Secretary may make payments to a producer in an amount determined by the Secretary to be necessary to achieve the purposes of the program.

"(2) PAYMENTS TO PRODUCERS IN STATES WITH WATER QUANTITY CONCERNS.—The Secretary may provide payments to producers participating in a project that addresses water quantity concerns for a period of 5 years in an amount sufficient to encourage conversion from irrigated farming to dryland farming.

"(3) WAIVER AUTHORITY.—To assist in the implementation of the program, the Secretary may waive the applicability of the limitation in section 1001D(b)(2) of this Act for participating producers if the Secretary determines that the waiver is necessary to fulfill the objectives of the program.

**"SEC. 1271D. FUNDING.**

"(a) AVAILABILITY OF FUNDS.—The Secretary shall use $100,000,000 of the funds of the Commodity Credit Corporation for each of fiscal years 2013 through 2017 to carry out the program established under this subtitle.

"(b) DURATION OF AVAILABILITY.—Funds made available under subsection (a) shall remain available until expended.

"(c) ADDITIONAL FUNDING AND ACRES.—

"(1) IN GENERAL.—In addition to the funds made available under subsection (a), the Secretary shall reserve 6 percent of the funds and acres made available for a covered program for each of fiscal years 2013 through 2017 in order to ensure additional resources are available to carry out this program.

"(2) UNUSED FUNDS AND ACRES.—Any funds or acres reserved under paragraph (1) for a fiscal year from a covered program that are not obligated under this program by April 1 of that fiscal year shall be returned for use under the covered program.

"(d) ALLOCATION OF FUNDING.—Of the funds and acres made available for the program under subsections (a) and (c), the Secretary shall allocate—

"(1) 25 percent of the funds and acres to projects based on a State competitive process administered by the State conservationist, with the advice of the State technical committee;

"(2) 50 percent of the funds and acres to projects based on a national competitive process to be established by the Secretary; and

"(3) 25 percent of the funds and acres to projects for the critical conservation areas designated in section 1271F.

"(e) LIMITATION ON ADMINISTRATIVE EXPENSES.—None of the funds made available under the program may be used to pay for the administrative expenses of partners.

**"SEC. 1271E. ADMINISTRATION.**

"(a) DISCLOSURE.—In addition to the criteria used in evaluating applications as described in section 1271B(d)(2), the Secretary shall make publicly available information on projects selected through the competitive process described in section 1271B(d)(1).

"(b) REPORTING.—Not later than December 31, 2013, and for every 2 years thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the status of projects funded under the program, including—

"(1) the number and types of partners and producers participating in the partnership agreements selected;

"(2) the number of producers receiving assistance;

"(3) total funding committed to projects, including Federal and non-Federal resources; and

"(4) a description of how the funds under section 1271C(b)(3) are being administered, including—

"(A) any oversight mechanisms that the Secretary has implemented;

"(B) the process through which the Secretary is resolving appeals by program participants; and

"(C) the means by which the Secretary is tracking adherence to any applicable provisions for payment eligibility.

**"SEC. 1271F. CRITICAL CONSERVATION AREAS.**

"(a) IN GENERAL.—When administering the funding described in section 1271D(d)(3), the Secretary shall select applications for partnership agreements and producer contracts within designated critical conservation areas.

"(b) CRITICAL CONSERVATION AREA DESIGNATIONS.—In designating geographical areas as critical conservation areas under this section, the Secretary may give priority to not more than 8 areas based on the degree to which an area—

"(1) includes multiple States with significant agricultural production;

"(2) is covered by an existing regional, State, binational, or multistate agreement or plan that has established objectives, goals and work plans and is adopted by a Federal, State, or regional authority;

"(3) has water quality concerns, including concerns for reducing erosion, promoting sediment control, and addressing nutrient management activities affecting large bodies of water of regional, national, or international significance;

"(4) has water quantity concerns, including—

"(A) concerns for groundwater, surface water, aquifer, or other water sources; or

"(B) a need to promote water retention and flood prevention; or

"(5) will be subject to regulatory requirements that could reduce the economic scope of agricultural operations within the area.

"(c) ADMINISTRATION.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall administer any partnership agreement or producer contract under this section in a manner that is consistent with the terms of the program.

"(2) RELATIONSHIP TO EXISTING ACTIVITY.—The Secretary shall, to the maximum extent practicable, ensure that eligible activities carried out in critical conservation areas designated under this section complement and are consistent with other Federal and State programs and water quality and quantity strategies.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

# Subtitle F—Other Conservation Programs

**SEC. 2501. CONSERVATION OF PRIVATE GRAZING LAND.**

Section 1240M(e) of the Food Security Act of 1985 (16 U.S.C. 3839bb(e)) is amended inserting "and $30,000,000 for each of fiscal years 2013 through 2017" before the period at the end.

**SEC. 2502. GRASSROOTS SOURCE WATER PROTECTION PROGRAM.**

Section 1240O(b) of the Food Security Act of 1985 (16 U.S.C. 3839bb–2(b)) is amended by inserting "and $15,000,000 for each of fiscal years 2013 through 2017" before the period at the end.

**SEC. 2503. VOLUNTARY PUBLIC ACCESS AND HABITAT INCENTIVE PROGRAM.**

(a) FUNDING.—Section 1240R(f) of the Food Security Act of 1985 (16 U.S.C. 3839bb–5(f)) is amended by inserting "and $40,000,000 for the period of fiscal years 2013 through 2017" before the period at the end .

(b) REPORT ON PROGRAM EFFECTIVENESS.—Not later than 2 years after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report evaluating the effectiveness of the voluntary public access and habitat incentive program established by section 1240R of the Food Security Act of 1985 (16 U.S.C. 3839bb–5), including—

(1) identifying cooperating agencies;

(2) identifying the number of land holdings and total acres enrolled by State;

(3) evaluating the extent of improved access on eligible land, improved wildlife habitat, and related economic benefits; and

(4) any other relevant information and data relating to the program that would be helpful to such Committees.

(c) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 2504. AGRICULTURE CONSERVATION EXPERIENCED SERVICES PROGRAM.**

(a) FUNDING.—Section 1252 of the Food Security Act of 1985 (16 U.S.C. 3851) is amended by striking subsection (c) and inserting the following:

''(c) FUNDING.—

''(1) IN GENERAL.—The Secretary may carry out the ACES program using funds made available to carry out each program under this title.

''(2) EXCLUSION.—Funds made available to carry out the conservation reserve program may not be used to carry out the ACES program.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 2505. SMALL WATERSHED REHABILITATION PROGRAM.**

Section 14(h)(2)(E) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1012(h)(2)(E)) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 2506. TERMINAL LAKES ASSISTANCE.**

Section 2507 of the Food, Security, and Rural Investment Act of 2002 (43 U.S.C. 2211 note; Public Law 107–171) is amended to read as follows:

**''SEC. 2507. TERMINAL LAKES ASSISTANCE.**

''(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE LAND.—The term 'eligible land' means privately owned agricultural land (including land in which a State has a property interest as a result of state water law)—

"(A) that a landowner voluntarily agrees to sell to a State; and

"(B) which—

"(i)(I) is ineligible for enrollment as a wetland easement established under the Agricultural Conservation Easement Program under subtitle H of the Food Security Act of 1985;

"(II) is flooded to—

"(aa) an average depth of at least 6.5 feet; or

"(bb) a level below which the State determines the management of the water level is beyond the control of the State or landowner; or

"(III) is inaccessible for agricultural use due to the flooding of adjoining property (such as islands of agricultural land created by flooding);

"(ii) is located within a watershed with water rights available for lease or purchase; and

"(iii) has been used during at least 5 of the immediately preceding 30 years—

"(I) to produce crops or hay; or

"(II) as livestock pasture or grazing.

"(2) PROGRAM.—The term 'program' means the voluntary land purchase program established under this section.

"(3) TERMINAL LAKE.—The term 'terminal lake' means a lake and its associated riparian and watershed resources that is—

"(A) considered flooded because there is no natural outlet for water accumulating in the lake or the associated riparian area such that the watershed and surrounding land is consistently flooded; or

"(B) considered terminal because it has no natural outlet and is at risk due to a history of consistent Federal assistance to address critical resource conditions, including insufficient water available to meet the needs of the lake, general uses, and water rights.

"(b) ASSISTANCE.—The Secretary shall—

"(1) provide grants under subsection (c) for the purchase of eligible land impacted by a terminal lake described in subsection (a)(3)(A); and

"(2) provide funds to the Secretary of the Interior pursuant to subsection (e)(2) with assistance in accordance with subsection (d) for terminal lakes described in subsection (a)(3)(B).

"(c) LAND PURCHASE GRANTS.—

"(1) IN GENERAL.—Using funds provided under subsection (e)(1), the Secretary shall make available land purchase grants to States for the purchase of eligible land in accordance with this subsection.

"(2) IMPLEMENTATION.—

"(A) AMOUNT.—A land purchase grant shall be in an amount not to exceed the lesser of—

"(i) 50 percent of the total purchase price per acre of the eligible land; or

"(ii)(I) in the case of eligible land that was used to produce crops or hay, $400 per acre; and

"(II) in the case of eligible land that was pasture or grazing land, $200 per acre.

"(B) DETERMINATION OF PURCHASE PRICE.—A State purchasing eligible land with a land purchase grant shall ensure, to the maximum extent practicable, that the purchase price of such land reflects the value, if any, of other encumbrances on the eligible land to be purchased, including easements and mineral rights.

"(C) COST-SHARE REQUIRED.—To be eligible to receive a land purchase grant, a State shall provide matching non-Federal funds in an amount equal to 50 percent of the amount described in subparagraph (A), including additional non-Federal funds.

"(D) CONDITIONS.—To receive a land purchase grant, a State shall agree—

"(i) to ensure that any eligible land purchased is—

"(I) conveyed in fee simple to the State; and

"(II) free from mortgages or other liens at the time title is transferred;

"(ii) to maintain ownership of the eligible land in perpetuity;

"(iii) to pay (from funds other than grant dollars awarded) any costs associated with the purchase of eligible land under this section, including surveys and legal fees; and

"(iv) to keep eligible land in a conserving use, as defined by the Secretary.

"(E) LOSS OF FEDERAL BENEFITS.—Eligible land purchased with a grant under this section shall lose eligibility for any benefits under other Federal programs, including—

"(i) benefits under title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.);

"(ii) benefits under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.); and

"(iii) covered benefits described in section 1001D(b) of the Food Security Act of 1985 (7 U.S.C. 1308–3a).

"(F) PROHIBITION.—Any Federal rights or benefits associated with eligible land prior to purchase by a State may not be transferred to any other land or person in anticipation of or as a result of such purchase.

"(d) WATER ASSISTANCE.—

"(1) IN GENERAL.—The Secretary of the Interior, acting through the Commissioner of Reclamation, may use the funds described in subsection (e)(2) to administer and provide financial assistance to carry out this subsection to provide water and assistance to a terminal lake described in subsection (a)(3)(B) through willing sellers or willing participants only—

"(A) to lease water;

"(B) to purchase land, water appurtenant to the land, and related interests; and

"(C) to carry out research, support and conservation activities for associated fish, wildlife, plant, and habitat resources."

"(2) EXCLUSIONS.—The Secretary of the Interior may not use this subsection to deliver assistance to the Great Salt Lake in Utah, lakes that are considered dry lakes, or other lakes that do not meet

the purposes of this section, as determined by the Secretary of the Interior.

"(3) TRANSITIONAL PROVISION.—

"(A) IN GENERAL.—Notwithstanding any other provision of this section, any funds made available before the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012 under a provision of law described in subparagraph (B) shall remain available using the provisions of law (including regulations) in effect on the day before the date of enactment of that Act.

"(B) DESCRIBED LAWS.—The provisions of law described in this section are—

"(i) section 2507 of the Farm Security and Rural Investment Act of 2002 (43 U.S.C. 2211 note; Public Law 107–171) (as in effect on the day before the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012);

"(ii) section 207 of the Energy and Water Development Appropriations Act, 2003 (Public Law 108–7; 117 Stat. 146);

"(iii) section 208 of the Energy and Water Development Appropriations Act,

2006 (Public Law 109–103; 119 Stat. 2268, 123 Stat. 2856); and

"(iv) section 208 of the Energy and Water Development and Related Agencies Appropriations Act, 2010 (Public Law 111–85; 123 Stat. 2858, 123 Stat. 2967, 125 Stat. 867).

"(e) FUNDING.—

"(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out subsection (c) $25,000,000, to remain available until expended.

"(2) COMMODITY CREDIT CORPORATION.—As soon as practicable after the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012, the Secretary shall transfer to the Bureau of Reclamation Water and Related Resources Account $150,000,000 from the funds of the Commodity Credit Corporation to carry out subsection (d), to remain available until expended.".

# Subtitle G—Funding and Administration

**SEC. 2601. FUNDING.**

(a) IN GENERAL.—Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by striking subsection (a) and inserting the following:

''(a) ANNUAL FUNDING.—For each of fiscal years 2013 through 2017, the Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out the following programs under this title (including the provision of technical assistance):

''(1) The conservation reserve program under subchapter B of chapter 1 of subtitle D, including, to the maximum extent practicable—

''(A) $10,000,000 for the period of fiscal years 2013 through 2017 to provide payments under paragraph (3) of section 1234(b) in connection with thinning activities conducted on land described in subparagraph (B)(iii) of that paragraph; and

''(B) $50,000,000 for the period of fiscal years 2013 through 2017 to carry out section 1235(f) to facilitate the transfer of land subject to contracts from retired or retiring owners and

operators to beginning farmers or ranchers and socially disadvantaged farmers or ranchers.

"(2) The Agricultural Conservation Easement Program under subtitle H using to the maximum extent practicable—

"(A) $450,000,000 for fiscal year 2013;

"(B) $475,000,000 for fiscal year 2014;

"(C) $500,000,000 for fiscal year 2015;

"(D) $525,000,000 for fiscal year 2016; and

"(E) $250,000,000 for fiscal year 2017.

"(3) The conservation security program under subchapter A of chapter 2 of subtitle D, using such sums as are necessary to administer contracts entered into before September 30, 2008.

"(4) The conservation stewardship program under subchapter B of chapter 2 of subtitle D.

"(5) The environmental quality incentives program under chapter 4 of subtitle D, using, to the maximum extent practicable—

"(A) $1,500,000,000 for fiscal year 2013;

"(B) $1,600,000,000 for fiscal year 2014; and

"(C) $1,650,000,000 for each of fiscal years 2015 through 2017.".

(b) GUARANTEED AVAILABILITY OF FUNDS.—Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended—

(1) by redesignating subsections (b) through (h) as subsections (c) through (i), respectively; and

(2) by inserting after subsection (a) the following:

''(b) AVAILABILITY OF FUNDS.—Amounts made available by subsection (a) shall be used by the Secretary to carry out the programs specified in such subsection for fiscal years 2013 through 2017 and shall remain available until expended. Amounts made available for the programs specified in such subsection during a fiscal year through modifications, cancellations, terminations, and other related administrative actions and not obligated in that fiscal year shall remain available for obligation during subsequent fiscal years, but shall reduce the amount of additional funds made available in the subsequent fiscal year by an amount equal to the amount remaining unobligated.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2012.

**SEC. 2602. TECHNICAL ASSISTANCE.**

Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by striking subsection (c) (as

redesignated by section 2601(b)(1)) and inserting the following:

"(c) TECHNICAL ASSISTANCE.—

"(1) AVAILABILITY OF FUNDS.—Commodity Credit Corporation funds made available for a fiscal year for each of the programs specified in subsection (a)—

"(A) shall be available for the provision of technical assistance for the programs for which funds are made available as necessary to implement the programs effectively; and

"(B) shall not be available for the provision of technical assistance for conservation programs specified in subsection (a) other than the program for which the funds were made available.

"(2) REPORT.—Not later than December 31, 2012, the Secretary shall submit (and update as necessary in subsequent years) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report—

"(A) detailing the amount of technical assistance funds requested and apportioned in

each program specified in subsection (a) during the preceding fiscal year; and

"(B) any other data relating to this provision that would be helpful to such Committees.".

**SEC. 2603. REGIONAL EQUITY.**

Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by striking subsection (e) (as redesignated by section 2601(b)(1)) and inserting the following:

"(e) REGIONAL EQUITY.—

"(1) EQUITABLE DISTRIBUTION.—When determining funding allocations each fiscal year, the Secretary shall, after considering available funding and program demand in each State, provide a distribution of funds for conservation programs under subtitle D (excluding the conservation reserve program under subchapter B of chapter 1), subtitle H (excluding wetland easements under section 1265C), and subtitle I to ensure equitable program participation proportional to historical funding allocations and usage by all States.

"(2) MINIMUM PERCENTAGE.—In determining the specific funding allocations under paragraph (1), the Secretary shall—

"(A) ensure that during the first quarter of each fiscal year each State has the opportunity to establish that the State can use an aggregate allocation amount of at least 0.6 percent of the funds made available for those conservation programs; and

"(B) for each State that can so establish, provide an aggregate amount of at least 0.6 percent of the funds made available for those conservation programs.".

**SEC. 2604. RESERVATION OF FUNDS TO PROVIDE ASSISTANCE TO CERTAIN FARMERS OR RANCHERS FOR CONSERVATION ACCESS.**

Subsection (h) of section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) (as redesignated by section 2601(b)(1)) is amended—

(1) in paragraph (1) by striking "2012" and inserting "2017"; and

(2) by adding at the end the following:

"(4) PREFERENCE.—In providing assistance under paragraph (1), the Secretary shall give preference to a veteran farmer or rancher (as defined in section 2501(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)))

that qualifies under subparagraph (A) or (B) of paragraph (1).''.

**SEC. 2605. ANNUAL REPORT ON PROGRAM ENROLLMENTS AND ASSISTANCE.**

Subsection (i) of section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) (as redesignated by section 2601(b)(1)) is amended—

(1) in paragraph (1), by striking ''wetlands reserve program'' and inserting ''agricultural conservation easement program'';

(2) by striking paragraphs (2) and (3) and redesignating paragraphs (4), (5), and (6) as paragraphs (2), (3), and (4), respectively;

(3) in paragraph (3) (as so redesignated)—

(A) by striking ''agricultural water enhancement program'' and inserting ''regional conservation partnership program''; and

(B) by striking ''section 1240I(g)'' and inserting ''section 1271C(c)(3)''; and

(4) by adding at the end the following:

''(5) Payments made under the conservation stewardship program.

''(6) Waivers granted by the Secretary under section 1265B(b)(2)(C).''.

**SEC. 2606. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.**

Section 1244 of the Food Security Act of 1985 (16 U.S.C. 3844) is amended—

(1) in subsection (a)(2), by adding at the end the following:

"(E) Veteran farmers or ranchers (as defined in section 2501(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e))).";

(2) in subsection (d), by inserting ", H, and I" before the period at the end;

(3) in subsection (f)—

(A) in paragraph (1)(B), by striking "country" and inserting "county"; and

(B) in paragraph (3), by striking "subsection (c)(2)(B) or (f)(4)" and inserting "subsection (c)(2)(A)(ii) or (f)(2)";

(4) by striking subsection (i) and inserting the following:

"(i) CONSERVATION APPLICATION PROCESS.—

"(1) INITIAL APPLICATION.—

"(A) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, the Secretary shall establish a single, simplified application for eligible entities to use in initially

requesting assistance under any conservation program administered by the Secretary (referred to in this subsection as the 'initial application').

"(B) REQUIREMENTS.—To the maximum extent practicable, the Secretary shall ensure that—

"(i) a conservation program applicant is not required to provide information that is duplicative of information or resources already available to the Secretary for that applicant and the specific operation of the applicant; and

"(ii) the initial application process is streamlined to minimize complexity and redundancy.

"(2) REVIEW OF APPLICATION PROCESS.—

"(A) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, the Secretary shall review the application process for each conservation program administered by the Secretary, including the forms and processes used to receive assistance requests from eligible program participants.

"(B) REQUIREMENTS.—In carrying out the review, the Secretary shall determine what information the participant is required to submit during the application process, including—

"(i) identification information for the applicant;

"(ii) identification and location information for the land parcel or tract of concern;

"(iii) a general statement of the need or resource concern of the applicant for the land parcel or tract; and

"(iv) the minimum amount of other information the Secretary considers to be essential for the applicant to provide personally.

"(3) REVISION AND STREAMLINE.—

"(A) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection, the Secretary shall carry out a revision of the application forms and processes for each conservation program administered by the Secretary to enable use of information technology to incorporate appropriate data and information concerning the conservation needs and solutions

appropriate for the land area identified by the applicant.

"(B) GOAL.—The goal of the revision shall be to streamline the application process to minimize the burden placed on applicants.

"(4) CONSERVATION PROGRAM APPLICATION.—

"(A) IN GENERAL.—Once the needs of an applicant have been adequately assessed by the Secretary, or a third party provider under section 1242, based on the initial application, in order to determine the 1 or more programs under this title that best match the needs of the applicant, with the approval of the applicant, the Secretary may convert the initial application into the specific application for assistance for the relevant conservation program.

"(B) SECRETARIAL BURDEN.—To the maximum extent practicable, the Secretary shall—

"(i) complete the specific application for conservation program assistance for each applicant; and

"(ii) request only that specific further information from the applicant that is not already available to the Secretary.

"(5) IMPLEMENTATION AND NOTIFICATION.—Not later than 1 year after the date of enactment of this subsection, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate written notification that the Secretary has fulfilled the requirements of this subsection."; and

(5) by adding at the end the following:

"(j) IMPROVED ADMINISTRATIVE EFFICIENCY AND EFFECTIVENESS.—In administrating a conservation program under this title, the Secretary shall, to the maximum extent practicable—

"(1) seek to reduce administrative burdens and costs to producers by streamlining conservation planning and program resources; and

"(2) take advantage of new technologies to enhance efficiency and effectiveness.

"(k) RELATION TO OTHER PAYMENTS.—Any payment received by an owner or operator under this title, including an easement payment or rental payment, shall be in addition to, and not affect, the total amount of payments that the owner or operator is otherwise eligible to receive under any of the following:

"(1) This Act.

"(2) The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.).

"(3) The Agriculture Reform, Food, and Jobs Act of 2012.

"(4) Any law that succeeds a law specified in paragraph (1), (2), or (3).

"(l) FUNDING FOR INDIAN TRIBES.—In carrying out the conservation stewardship program under subchapter B of chapter 2 of subtitle D and the environmental quality incentives program under chapter 4 of subtitle D, the Secretary may enter into alternative funding arrangements with Indian tribes if the Secretary determines that the goals and objectives of the programs will be met by such arrangements, and that statutory limitations regarding contracts with individual producers will not be exceeded by any Tribal member.".

**SEC. 2607. RULEMAKING AUTHORITY.**

Subtitle E of title XII of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.) is amended by adding at the end the following:

**"SEC. 1246. REGULATIONS.**

"(a) IN GENERAL.—The Secretary shall promulgate such regulations as are necessary to implement programs under this title, including such regulations as the Secretary determines to be necessary to ensure a fair and rea-

sonable application of the limitations established under section 1244(f).

"(b) RULEMAKING PROCEDURE.—The promulgation of regulations and administration of programs under this title—

"(1) shall be carried out without regard to—

"(A) the Statement of Policy of the Secretary effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

"(B) chapter 35 of title 44, United States Code (commonly known as the Paperwork Reduction Act); and

"(2) shall be made as an interim rule effective on publication with an opportunity for notice and comment.

"(c) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In promulgating regulations under this section, the Secretary shall use the authority provided under section 808 of title 5, United States Code.".

**SEC. 2608. STANDARDS FOR STATE TECHNICAL COMMITTEES.**

Section 1261(b) of the Food Security Act of 1985 (16 U.S.C. 3861(b)) is amended by striking "Not later

than 180 days after the date of enactment of the Food, Conservation, and Energy Act of 2008, the Secretary shall develop'' and inserting ''The Secretary shall review and update as necessary''.

# Subtitle H—Repeal of Superseded Program Authorities and Transitional Provisions

**SEC. 2701. COMPREHENSIVE CONSERVATION ENHANCEMENT PROGRAM.**

Section 1230 of the Food Security Act of 1985 (16 U.S.C. 3830) is repealed.

**SEC. 2702. EMERGENCY FORESTRY CONSERVATION RESERVE PROGRAM.**

(a) REPEAL.—Section 1231A of the Food Security Act of 1985 (16 U.S.C. 3831a) is repealed.

(b) TRANSITIONAL PROVISIONS.—

(1) EFFECT ON EXISTING CONTRACTS.—The amendment made by this section shall not affect the validity or terms of any contract entered into by the Secretary of Agriculture under section 1231A of the Food Security Act of 1985 (16 U.S.C. 3831a) before October 1, 2012, or any payments required to be made in connection with the contract.

(2) FUNDING.—The Secretary may use funds made available to carry out the conservation reserve

program under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.) to continue to carry out contracts referred to in paragraph (1) using the provisions of law and regulation applicable to such contracts as in existence on September 30, 2012.

(c) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 2703. WETLANDS RESERVE PROGRAM.**

(a) REPEAL.—Subchapter C of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3837 et seq.) is repealed.

(b) TRANSITIONAL PROVISIONS.—

(1) EFFECT ON EXISTING CONTRACTS AND EASEMENTS.—The amendment made by this section shall not affect the validity or terms of any contract or easement entered into by the Secretary of Agriculture under subchapter C of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3837 et seq.) before October 1, 2012, or any payments required to be made in connection with the contract or easement.

(2) FUNDING.—

(A) USE OF PRIOR YEAR FUNDS.—Notwithstanding the repeal of subchapter C of

chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3837 et seq.), any funds made available from the Commodity Credit Corporation to carry out the wetlands reserve program under that subchapter for fiscal years 2009 through 2012 shall be made available to carry out contracts or easements referred to in paragraph (1) that were entered into prior to October 1, 2012 (including the provision of technical assistance), provided that no such contract or easement is modified so as to increase the amount of the payment received.

(B) OTHER.—The Secretary may use funds made available to carry out the agricultural conservation easement program under subtitle H of title XII of the Food Security Act of 1985, as added by section 2301 of this Act, to continue to carry out contracts and easements referred to in paragraph (1) using the provisions of law and regulation applicable to such contracts and easements as in existence on September 30, 2012.

(c) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 2704. FARMLAND PROTECTION PROGRAM AND FARM VIABILITY PROGRAM.**

(a) REPEAL.—Subchapter C of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838h et seq.) is repealed.

(b) TRANSITIONAL PROVISIONS.—

(1) EFFECT ON EXISTING AGREEMENTS AND EASEMENTS.—The amendment made by this section shall not affect the validity or terms of any agreement or easement entered into by the Secretary of Agriculture under subchapter C of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838h et seq.) before October 1, 2012, or any payments required to be made in connection with the agreement or easement.

(2) FUNDING.—

(A) USE OF PRIOR YEAR FUNDS.—Notwithstanding the repeal of subchapter C of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838h et seq.), any funds made available from the Commodity Credit Corporation to carry out the farmland protection program under that subchapter for fiscal years 2009 through 2012 shall be made available to carry out agreements and easements referred to in paragraph (1) that were

entered into prior to October 1, 2012 (including the provision of technical assistance).

(B) OTHER.—On exhaustion of funds made available under subparagraph (A), the Secretary may use funds made available to carry out the agricultural conservation easement program under subtitle H of title XII of the Food Security Act of 1985, as added by section 2301 of this Act, to continue to carry out agreements and easements referred to in paragraph (1) using the provisions of law and regulation applicable to such agreements and easement as in existence on September 30, 2012.

(c) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 2705. GRASSLAND RESERVE PROGRAM.**

(a) REPEAL.—Subchapter D of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838n et seq.) is repealed.

(b) TRANSITIONAL PROVISIONS.—

(1) EFFECT ON EXISTING CONTRACTS, AGREEMENTS, AND EASEMENTS.—The amendment made by this section shall not affect the validity or terms of any contract, agreement, or easement entered into

by the Secretary of Agriculture under subchapter D of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838n et seq.) before October 1, 2012, or any payments required to be made in connection with the contract, agreement, or easement.

(2) FUNDING.—

(A) USE OF PRIOR YEAR FUNDS.—Notwithstanding the repeal of subchapter D of chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838n et seq.), any funds made available from the Commodity Credit Corporation to carry out the grassland reserve program under that subchapter for fiscal years 2009 through 2012 shall be made available to carry out contracts, agreements, or easements referred to in paragraph (1) that were entered into prior to October 1, 2012 (including the provision of technical assistance), provided that no such contract, agreement, or easement is modified so as to increase the amount of the payment received.

(B) OTHER.—The Secretary may use funds made available to carry out the agricultural conservation easement program under

subtitle H of title XII of the Food Security Act of 1985, as added by section 2301 of this Act, to continue to carry out contracts, agreements, and easements referred to in paragraph (1) using the provisions of law and regulation applicable to such contracts, agreements, and easements as in existence on September 30, 2012.

(c) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 2706. AGRICULTURAL WATER ENHANCEMENT PROGRAM.**

(a) REPEAL.—Section 1240I of the Food Security Act of 1985 (16 U.S.C. 3839aa–9) is repealed.

(b) TRANSITIONAL PROVISIONS.—

(1) EFFECT ON EXISTING CONTRACTS AND AGREEMENTS.—The amendment made by this section shall not affect the validity or terms of any contract or agreement entered into by the Secretary of Agriculture under section 1240I of the Food Security Act of 1985 (16 U.S.C. 3839aa–9) before October 1, 2012, or any payments required to be made in connection with the contract or agreement.

(2) FUNDING.—

(A) USE OF PRIOR YEAR FUNDS.—Notwithstanding the repeal of section 1240I of the

Food Security Act of 1985 (16 U.S.C. 3839aa–9), any funds made available from the Commodity Credit Corporation to carry out the agricultural water enhancement program under that section for fiscal years 2009 through 2012 shall be made available to carry out contracts and agreements referred to in paragraph (1) that were entered into prior to October 1, 2012 (including the provision of technical assistance).

(B) OTHER.—On exhaustion of funds made available under subparagraph (A), the Secretary may use funds made available to carry out the regional conservation partnerships program under subtitle I of title XII of the Food Security Act of 1985, as added by section 2401 of this Act, to continue to carry out contracts and agreements referred to in paragraph (1) using the provisions of law and regulation applicable to such contracts and agreements as in existence on September 30, 2012.

(c) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 2707. WILDLIFE HABITAT INCENTIVE PROGRAM.**

(a) REPEAL.—Section 1240N of the Food Security Act of 1985 (16 U.S.C. 3839bb–1) is repealed.

(b) TRANSITIONAL PROVISIONS.—

(1) EFFECT ON EXISTING CONTRACTS.—The amendment made by this section shall not affect the validity or terms of any contract entered into by the Secretary of Agriculture under section 1240N of the Food Security Act of 1985 (16 U.S.C. 3839bb–1) before October 1, 2012, or any payments required to be made in connection with the contract.

(2) FUNDING.—

(A) USE OF PRIOR YEAR FUNDS.—Notwithstanding the repeal of section 1240N of the Food Security Act of 1985 (16 U.S.C. 3839bb–1), any funds made available from the Commodity Credit Corporation to carry out the wildlife habitat incentive program under that section for fiscal years 2009 through 2012 shall be made available to carry out contracts referred to in paragraph (1) which were entered into prior to October 1, 2012 (including the provision of technical assistance).

(B) OTHER.—On exhaustion of funds made available under subparagraph (A), the Secretary may use funds made available to carry out the environmental quality incentives program under chapter 4 of subtitle D of title

XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.) to continue to carry out contracts referred to in paragraph (1) using the provisions of law and regulation applicable to such contracts as in existence on September 30, 2012.

(c) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 2708. GREAT LAKES BASIN PROGRAM.**

(a) REPEAL.—Section 1240P of the Food Security Act of 1985 (16 U.S.C. 3839bb–3) is repealed.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 2709. CHESAPEAKE BAY WATERSHED PROGRAM.**

(a) REPEAL.—Section 1240Q of the Food Security Act of 1985 (16 U.S.C. 3839bb–4) is repealed.

(b) TRANSITIONAL PROVISIONS.—

(1) EFFECT ON EXISTING CONTRACTS, AGREEMENTS, AND EASEMENTS.—The amendment made by this section shall not affect the validity or terms of any contract, agreement, or easement entered into by the Secretary of Agriculture under section 1240Q of the Food Security Act of 1985 (16 U.S.C. 3839bb–4) before October 1, 2012, or any payments

required to be made in connection with the contract, agreement, or easement.

(2) FUNDING.—

(A) USE OF PRIOR YEAR FUNDS.—Notwithstanding the repeal of section 1240Q of the Food Security Act of 1985 (16 U.S.C. 3839bb–4), any funds made available from the Commodity Credit Corporation to carry out the Chesapeake Bay watershed program under that section for fiscal years 2009 through 2012 shall be made available to carry out contracts, agreements, and easements referred to in paragraph (1) that were entered into prior to October 1, 2012 (including the provision of technical assistance).

(B) OTHER.—The Secretary may use funds made available to carry out the regional conservation partnerships program under subtitle I of title XII of the Food Security Act of 1985, as added by section 2401 of this Act, to continue to carry out contracts, agreements, and easements referred to in paragraph (1) using the provisions of law and regulation applicable to such contracts, agreements, and easements as in existence on September 30, 2012.

(c) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 2710. COOPERATIVE CONSERVATION PARTNERSHIP INITIATIVE.**

(a) REPEAL.—Section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843) is repealed.

(b) TRANSITIONAL PROVISIONS.—

(1) EFFECT ON EXISTING CONTRACTS AND AGREEMENTS.—The amendment made by this section shall not affect the validity or terms of any contract or agreement entered into by the Secretary of Agriculture under section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843) before October 1, 2012, or any payments required to be made in connection with the contract or agreement.

(2) FUNDING.—

(A) USE OF PRIOR YEAR FUNDS.—Notwithstanding the repeal of section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843), any funds made available from the Commodity Credit Corporation to carry out the cooperative conservation partnership initiative under that section for fiscal years 2009 through 2012 shall be made available to carry out contracts and agreements referred to in paragraph (1) that

were entered into prior to October 1, 2012 (including the provision of technical assistance).

(B) OTHER.—On exhaustion of funds made available under subparagraph (A), the Secretary may use funds made available to carry out the regional conservation partnerships program under subtitle I of title XII of the Food Security Act of 1985, as added by section 2401 of this Act, to continue to carry out contracts and agreements referred to in paragraph (1) using the provisions of law and regulation applicable to such contracts and agreements as in existence on September 30, 2012.

(c) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 2711. ENVIRONMENTAL EASEMENT PROGRAM.**

Chapter 3 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839 et seq.) is repealed.

**SEC. 2712. TECHNICAL AMENDMENTS.**

(a) Section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)) is amended in the matter preceding paragraph (1) by striking ''E'' and inserting ''I''.

(b) Section 1211(a) of the Food Security Act of 1985 (16 U.S.C. 3811(a)) is amended by striking ''predominate'' each place it appears and inserting ''predominant''.

(c) Section 1242(i) of the Food Security Act of 1985(16 U.S.C. 3842(i)) is amended in the subsection heading by striking ''SPECIALITY'' and inserting ''SPECIALTY''.

# TITLE III—TRADE

## Subtitle A—Food for Peace Act

### SEC. 3001. SET-ASIDE FOR SUPPORT FOR ORGANIZATIONS THROUGH WHICH NONEMERGENCY ASSISTANCE IS PROVIDED.

Effective October 1, 2012, section 202(e)(1) of the Food for Peace Act (7 U.S.C. 1722(e)(1)) is amended—

(1) in the matter preceding subparagraph (A), by striking ''13 percent'' and inserting ''15 percent''; and

(2) in subparagraph (A), by striking ''new'' and inserting ''and enhancing''.

### SEC. 3002. FOOD AID QUALITY.

Section 202(h) of the Food for Peace Act (7 U.S.C. 1722(h)) is amended—

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

''(1) IN GENERAL.—The Administrator shall use funds made available for fiscal year 2013 and subsequent fiscal years to carry out this title—

"(A) to assess the types and quality of agricultural commodities and products donated for food aid;

"(B) to adjust products and formulations, including potential introduction of new fortificants and products, as necessary to cost-effectively meet nutrient needs of target populations;

"(C) to test prototypes;

"(D) to adopt new specifications or improve existing specifications for micronutrient fortified food aid products, based on the latest developments in food and nutrition science, and in coordination with other international partners;

"(E) to develop new program guidance to facilitate improved matching of products to purposes having nutritional intent, in coordination with other international partners;

"(F) to develop improved guidance for implementing partners on how to address nutritional deficiencies that emerge among recipients for whom food assistance is the sole source of diet in emergency programs that extend beyond

1 year, in coordination with other international partners; and

"(G) to evaluate, in appropriate settings and as necessary, the performance and cost-effectiveness of new or modified specialized food products and program approaches designed to meet the nutritional needs of the most vulnerable groups, such as pregnant and lactating mothers, and children under the age of 5."; and

(2) in paragraph (3), by striking "2011" and inserting "2017".

**SEC. 3003. MINIMUM LEVELS OF ASSISTANCE.**

Section 204(a) of the Food for Peace Act (7 U.S.C. 1724(a)) is amended—

(1) in paragraph (1), by striking "2012" and inserting "2017"; and

(2) in paragraph (2), by striking "2012" and inserting "2017".

**SEC. 3004. REAUTHORIZATION OF FOOD AID CONSULTATIVE GROUP.**

Section 205(f) of the Food for Peace Act (7 U.S.C. 1725(f)) is amended by striking "2012" and inserting "2017".

**SEC. 3005. OVERSIGHT, MONITORING, AND EVALUATION OF FOOD FOR PEACE ACT PROGRAMS.**

Section 207(f) of the Food for Peace Act (7 U.S.C. 1726a(f)) is amended—

(1) by striking paragraph (4) and redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively; and

(2) in subparagraph (A) of paragraph (5) (as so redesignated)—

(A) by striking ''2012'' and inserting ''2017''; and

(B) by striking ''during fiscal year 2009'' and inserting ''during the period of fiscal years 2013 through 2017''.

**SEC. 3006. ASSISTANCE FOR STOCKPILING AND RAPID TRANSPORTATION, DELIVERY, AND DISTRIBUTION OF SHELF-STABLE PREPACKAGED FOODS.**

Section 208(f) of the Food for Peace Act (7 U.S.C. 1726b(f)) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 3007. LIMITATION ON TOTAL VOLUME OF COMMODITIES MONETIZED.**

Section 403 of the Food for Peace Act (7 U.S.C. 1733) is amended by adding at the end the following:

"(m) LIMITATION ON MONETIZATION OF COMMODITIES.—

"(1) LIMITATION.—

"(A) IN GENERAL.—Unless the Administrator grants a waiver under paragraph (2), no commodity may be made available under this Act unless the rate of return for the commodity (as determined under subparagraph (B)) is at least 70 percent.

"(B) RATE OF RETURN.—For purposes of subparagraph (A), the rate of return shall be equal to the proportion that—

"(i) the proceeds the implementing partners generate through monetization; bears to

"(ii) the cost to the Federal Government to procure and ship the commodities to a recipient country for monetization.

"(2) WAIVER AUTHORITY.—The Administrator may waive the application of the limitation in paragraph (1) with regard to a commodity for a recipient country if the Administrator determines that it is necessary to achieve the purposes of this Act in the recipient country.

"(3) REPORT.—Not later than 90 days after a waiver is granted under paragraph (2), the Administrator shall prepare, publish in the Federal Register, and submit to the Committees on Foreign Affairs, Agriculture, and Appropriations of the House of Representatives, and the Committees on Appropriations, Foreign Relations, and Agriculture, Nutrition, and Forestry of the Senate a report that—

"(A) contains the reasons for granting the waiver and the actual rate of return for the commodity; and

"(B) includes for the commodity the costs of bagging or further processing, ocean transportation, inland transportation in the recipient country, storage costs, and any other information that the Administrator determines to be necessary.".

**SEC. 3008. FLEXIBILITY.**

Section 406 of the Food for Peace Act (7 U.S.C. 1736) is amended—

(1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(2) by inserting after subsection (b) the following:

"(c) FLEXIBILITY.—Notwithstanding any other provision of law and as necessary to achieve the purposes of this Act, funds available under this Act may be used to pay the costs of up to 20 percent of activities conducted in recipient countries by nonprofit voluntary organizations, cooperatives, or intergovernmental agencies or organizations.".

**SEC. 3009. PROCUREMENT, TRANSPORTATION, TESTING, AND STORAGE OF AGRICULTURAL COMMODITIES FOR PREPOSITIONING IN THE UNITED STATES AND FOREIGN COUNTRIES.**

Section 407 of the Food for Peace Act (7 U.S.C. 1736a) is amended—

(1) in subparagraph (c)(4)(A)—

(A) by striking "2012" and inserting "2017"; and

(B) by striking "for each such fiscal year not more than $10,000,000 of such funds" and inserting "for each of fiscal years 2001 through 2012 not more than $10,000,000 of such funds and for each of fiscal years 2013 through 2017 not more than $15,000,000 of such funds"; and

(2) by adding at the end the following:

"(g) FUNDING FOR TESTING OF FOOD AID SHIPMENTS.—Funds made available for agricultural products

acquired under this Act and section 3107 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1736 *o*–1) may be used to pay for the testing of those agricultural products.''.

**SEC. 3010. DEADLINE FOR AGREEMENTS TO FINANCE SALES OR TO PROVIDE OTHER ASSISTANCE.**

Section 408 of the Food for Peace Act (7 U.S.C. 1736b) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 3011. MINIMUM LEVEL OF NONEMERGENCY FOOD ASSISTANCE.**

Section 412 of the Food for Peace Act (7 U.S.C. 1736f) is amended by striking subsection (e) and inserting the following:

''(e) MINIMUM LEVEL OF NONEMERGENCY FOOD ASSISTANCE.—

''(1) IN GENERAL.—Subject to paragraph (2), of the amounts made available to carry out emergency and nonemergency food assistance programs under title II, not less than 15 percent nor more than 30 percent for each of fiscal years 2013 through 2017 shall be expended for nonemergency food assistance programs under title II.

''(2) MINIMUM LEVEL.—The amount made available to carry out nonemergency food assistance

programs under title II shall not be less than $275,000,000 for any fiscal year.''.

**SEC. 3012. COORDINATION OF FOREIGN ASSISTANCE PROGRAMS REPORT.**

Section 413 of the Food for Peace Act (7 U.S.C. 1736(g)) is amended—

(1) by striking ''(a) IN GENERAL.—To the maximum'' and inserting ''To the maximum''; and

(2) by striking subsection (b).

**SEC. 3013. MICRONUTRIENT FORTIFICATION PROGRAMS.**

(a) ELIMINATION OF OBSOLETE REFERENCE TO STUDY.—Section 415(a)(2)(B) of the Food for Peace Act (7 U.S.C. 1736g–2(a)(2)(B)) is amended by striking '', using recommendations'' and all that follows through ''quality enhancements''.

(b) EXTENSION.—Section 415(c) of the Food for Peace Act (7 U.S.C. 1736g–2(c)) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 3014. JOHN OGONOWSKI AND DOUG BEREUTER FARMER-TO-FARMER PROGRAM.**

Section 501 of the Food for Peace Act (7 U.S.C. 1737) is amended—

(1) in subsection (d)—

(A) by striking ''0.5 percent'' and inserting ''0.6 percent''; and

(B) by striking ''2012'' and inserting ''2017''; and

(2) in subsection (e)(1), by striking ''2012'' and inserting ''2017''.

# Subtitle B—Agricultural Trade Act of 1978

**SEC. 3101. EXPORT CREDIT GUARANTEE PROGRAMS.**

Section 211 of the Agricultural Trade Act of 1978 (7 U.S.C. 5641) is amended by striking subsection (b) and inserting the following:

''(b) EXPORT CREDIT GUARANTEE PROGRAMS.—The Commodity Credit Corporation shall make available for each of fiscal years 2013 through 2017 credit guarantees under section 202(a) in an amount equal to not more than $4,500,000,000 in credit guarantees.''.

**SEC. 3102. FUNDING FOR MARKET ACCESS PROGRAM.**

Section 211(c)(1)(A) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)(1)(A)) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 3103. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.**

Section 703(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5723(a)) is amended by striking ''2012'' and inserting ''2017''.

# Subtitle C—Other Agricultural Trade Laws

**SEC. 3201. FOOD FOR PROGRESS ACT OF 1985.**

(a) EXTENSION.—The Food for Progress Act of 1985 (7 U.S.C. 1736o) is amended—

(1) in subsection (f)(3), by striking ''2012'' and inserting ''2017'';

(2) in subsection (g), by striking ''2012'' and inserting ''2017'';

(3) in subsection (k), by striking ''2012'' and inserting ''2017''; and

(4) in subsection (l)(1), by striking ''2012'' and inserting ''2017''.

(b) REPEAL OF COMPLETED PROJECT.—Subsection (f) of the Food for Progress Act of 1985 (7 U.S.C. 1736o) is amended by striking paragraph (6).

(c) FLEXIBILITY.—The Food for Progress Act of 1985 (7 U.S.C. 1736o) is amended in subsection (*l*) by adding at the end the following:

''(5) FLEXIBILITY.—Notwithstanding any other provision of law and as necessary to achieve the purposes of this Act, funds available under this Act may be used to pay the costs of up to 20 percent of activities conducted in recipient countries by nonprofit

voluntary organizations, cooperatives, or intergovernmental agencies or organizations.''.

(d) LIMITATION ON TOTAL VOLUME OF COMMODITIES MONETIZED.—The Food for Progress Act of 1985 (7 U.S.C. 1736o) is amended by adding at the end the following:

''(p) LIMITATION ON MONETIZATION OF COMMODITIES.—

''(1) LIMITATION.—

''(A) IN GENERAL.—Unless the Secretary grants a waiver under paragraph (2), no eligible commodity may be made available under this section unless the rate of return for the eligible commodity (as determined under subparagraph (B)) is at least 70 percent.

''(B) RATE OF RETURN.—For purposes of subparagraph (A), the rate of return shall be equal to the proportion that—

''(i) the proceeds the implementing partners generate through monetization; bears to

''(ii) the cost to the Federal Government to procure and ship the eligible commodities to a recipient country for monetization.

"(2) WAIVER AUTHORITY.—The Secretary may waive the application of the limitation in paragraph (1) with regard to an eligible commodity for a recipient country if the Secretary determines that it is necessary to achieve the purposes of this Act in the recipient country.

"(3) REPORT.—Not later than 90 days after a waiver is granted under paragraph (2), the Secretary shall prepare, publish in the Federal Register, and submit to the Committees on Foreign Affairs, Agriculture, and Appropriations of the House of Representatives, and the Committees on Appropriations, Foreign Relations, and Agriculture, Nutrition, and Forestry of the Senate a report that—

"(A) contains the reasons for granting the waiver and the actual rate of return for the eligible commodity; and

"(B) includes for the commodity the costs of bagging or further processing, ocean transportation, inland transportation in the recipient country, storage costs, and any other information that the Secretary determines to be necessary.".

**SEC. 3202. BILL EMERSON HUMANITARIAN TRUST.**

Section 302 of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1) is amended—

(1) in subsection (b)(2)(B)(i), by striking ''2012'' both places it appears and inserting ''2017''; and

(2) in subsection (h), by striking ''2012'' both places it appears and inserting ''2017''.

**SEC. 3203. PROMOTION OF AGRICULTURAL EXPORTS TO EMERGING MARKETS.**

(a) DIRECT CREDITS OR EXPORT CREDIT GUARANTEES.—Section 1542(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 5622 note) is amended by striking ''2012'' and inserting ''2017''.

(b) DEVELOPMENT OF AGRICULTURAL SYSTEMS.—Section 1542(d)(1)(A)(i) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 5622 note) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 3204. MCGOVERN-DOLE INTERNATIONAL FOOD FOR EDUCATION AND CHILD NUTRITION PROGRAM.**

(a) REAUTHORIZATION.—Section 3107(l)(2) of the Farm Security and Rural Investment Act of 2002 (7

U.S.C. 1736o–1(l)(2)) is amended by striking ''2012'' and inserting ''2017''.

(b) TECHNICAL CORRECTION.—Section 3107(d) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1736o–1(d)) is amended by striking ''to'' in the matter preceding paragraph (1).

**SEC. 3205. TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.**

(a) PURPOSE.—Section 3205(b) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 5680(b)) is amended by striking ''related barriers to trade'' and inserting ''technical barriers to trade''.

(b) FUNDING.—Section 3205(e)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 5680(e)(2)) is amended—

(1) by inserting ''and'' at the end of subparagraph (C); and

(2) by striking subparagraphs (D) and (E) and inserting the following new subparagraph:

''(D) $9,000,000 for each of fiscal years 2011 through 2017.''.

**SEC. 3206. GLOBAL CROP DIVERSITY TRUST.**

Section 3202(c) of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246; 22 U.S.C. 2220a note) is amended by striking ''2008 through 2012'' and inserting ''2013 through 2017''.

**SEC. 3207. LOCAL AND REGIONAL FOOD AID PROCUREMENT PROJECTS.**

Section 3206 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 1726c) is amended—

(1) in subsection (b)—

(A) by striking ''(b) STUDY; FIELD-BASED PROJECTS.—'' and all that follows through ''(2) FIELD-BASED PROJECTS.—'' and inserting the following:

''(b) FIELD-BASED PROJECTS.—'';

(B) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively, and indenting appropriately;

(C) in paragraph (1) (as so redesignated), by striking ''subparagraph (B)'' and inserting ''paragraph (2)''; and

(D) in paragraph (2) (as so redesignated), by striking ''subparagraph (A)'' and inserting ''paragraph (1)'';

(2) in subsection (c)(1), by striking ''subsection (b)(2)'' and inserting ''subsection (b)'';

(3) by striking subsections (d), (f), and (g);

(4) by redesignating subsection (e) as subsection (d);

(5) in subsection (d) (as so redesignated)—

(A) in paragraph (2)—

(i) by striking subparagraph (B); and

(ii) in subparagraph (A)—

(I) by striking "(A) APPLICATION.—" and all that follows through "To be eligible" in clause (i) and inserting the following:

"(A) IN GENERAL.—To be eligible";

(II) by redesignating clause (ii) as subparagraph (B) and indenting appropriately; and

(III) in subparagraph (B) (as so redesignated), by striking "clause (i)" and inserting "subparagraph (A)"; and

(B) by striking paragraph (4); and

(6) by adding at the end the following:

"(e) FUNDING.—

"(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $40,000,000 for each of fiscal years 2013 through 2017.

"(2) PREFERENCE.—In carrying out this section, the Secretary may give a preference to eligible organizations that have, or are working toward, projects under the McGovern-Dole International

Food for Education and Child Nutrition Program established under section 3107 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1736o-1).

"(3) REPORTING.—Each year, the Secretary shall submit to the appropriate committees of Congress a report that describes the use of funds under this section, including—

"(A) the impact of procurements and projects on—

"(i) local and regional agricultural producers; and

"(ii) markets and consumers, including low-income consumers; and

"(B) implementation time frames and costs.".

**SEC. 3208. DONALD PAYNE HORN OF AFRICA FOOD RESILIENCE PROGRAM.**

(a) DEFINITIONS.—In this section:

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Agency for International Development.

(2) APPROPRIATE COMMITTEES OF CONGRESS.—The term "appropriate committees of Congress" means—

(A) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

(B) the Committee on Agriculture of the House of Representatives;

(C) the Committee on Foreign Relations of the Senate; and

(D) the Committee on Foreign Affairs of the House of Representatives.

(3) ELIGIBLE ORGANIZATION.—The term ''eligible organization'' means an organization that is—

(A) a private voluntary organization or cooperative that is, to the extent practicable, registered with the Administrator; or

(B) an intergovernmental organization, such as the World Food Program.

(4) HORN OF AFRICA.—The term ''Horn of Africa'' means the countries of—

(A) Ethiopia;

(B) Somalia;

(C) Kenya;

(D) Djibouti;

(E) Eritrea;

(F) South Sudan;

(G) Uganda; and

(H) such other countries as the Administrator determines to be appropriate after providing notification to the appropriate committees of Congress.

(5) RESILIENCE.—The term ''resilience'' means—

(A) the capacity to mitigate the negative impacts of crises (including natural disasters, conflicts, and economic shocks) in order to reduce loss of life and depletion of productive assets;

(B) the capacity to respond effectively to crises, ensuring basic needs are met in a way that is integrated with long-term development efforts; and

(C) the capacity to recover and rebuild after crises so that future shocks can be absorbed with less need for ongoing external assistance.

(b) PURPOSE.—The purpose of this section is to establish a pilot program to effectively integrate all United States-funded emergency and long-term development activities that aim to improve food security in the Horn of Africa, building resilience so as—

(1) to reduce the impacts of future crises;

(2) to enhance local capacity for emergency response;

(3) to enhance sustainability of long-term development programs targeting poor and vulnerable households; and

(4) to reduce the need for repeated costly emergency operations.

(c) STUDY.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, the Administrator shall initiate a study of prior programs to support resilience in the Horn of Africa conducted by—

(A) other donor countries;

(B) private voluntary organizations;

(C) the World Food Program of the United Nations; and

(D) multilateral institutions, including the World Bank.

(2) REQUIREMENTS.—The study shall—

(A) include all programs implemented through the Agency for International Development, the Department of Agriculture, the Department of Treasury, the Millennium Challenge Corporation, the Peace Corps, and other relevant Federal agencies;

(B) evaluate how well the programs described in subparagraph (A) work together to complement each other and leverage impacts across programs;

(C) include recommendations for how full integration of efforts can be achieved; and

(D) evaluate the degree to which country-led development plans support programs that increase resilience, including review of the investments by each country in nutrition and safety nets.

(3) REPORT.—Not later than 180 days after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report containing the results of the study.

(d) FIELD-BASED PROJECT GRANTS OR COOPERATIVE AGREEMENTS.—

(1) IN GENERAL.—The Administrator shall—

(A) provide grants to, or enter into cooperative agreements with, eligible organizations to carry out field-based projects that build resilience in the Horn of Africa in accordance with this section; and

(B) develop a project approval process to ensure full integration of efforts.

(2) REQUIREMENTS OF ELIGIBLE ORGANIZATIONS.—

(A) APPLICATION.—To be eligible to receive a grant from, or enter into a cooperative agreement with, the Administrator under this subsection, an eligible organization shall submit to the Administrator an application by such date, in such manner, and containing such information as the Administrator may require.

(B) COMPLETION REQUIREMENT.—To be eligible to receive a grant from, or enter into a cooperative agreement with, the Administrator under this subsection, an eligible organization shall agree—

(i) to collect, not later than September 30, 2016, data containing the information required under subsection (f)(2) relating to the field-based project funded through the grant or cooperative agreement; and

(ii) to provide to the Administrator the data collected under clause (i).

(3) REQUIREMENTS OF ADMINISTRATOR.—

(A) PROJECT DIVERSITY.—

(i) IN GENERAL.—Subject to clause (ii) and subparagraph (B), in selecting

proposals for field-based projects to fund under this section, the Administrator shall select a diversity of projects, including projects located in—

(I) areas most prone to repeated crises;

(II) areas with effective existing resilience programs that can be scaled; and

(III) areas in all countries of the Horn of Africa.

(ii) PRIORITY.—In selecting proposals for field-based projects under clause (i), the Administrator shall ensure that the selected proposals are for field-based projects that—

(I) effectively integrate emergency and long-term development programs to improve sustainability;

(II) demonstrate the potential to reduce the need for future emergency assistance; and

(III) build targeted productive safety nets, in coordination with host country governments, through food

for work, cash for work, and other proven program methodologies.

(B) AVAILABILITY.—The Administrator shall not award a grant or cooperative agreement or approve a field-based project under this subsection until the date on which the Administrator promulgates regulations or issues guidelines under subsection (e).

(e) REGULATIONS; GUIDELINES.—

(1) IN GENERAL.—Not later than 180 days after the date of completion of the study under subsection (c), the Administrator shall promulgate regulations or issue guidelines to carry out field-based projects under this section.

(2) REQUIREMENTS.—In promulgating regulations or issuing guidelines under paragraph (1), the Administrator shall—

(A) take into consideration the results of the study described in subsection (c); and

(B) provide an opportunity for public review and comment.

(f) REPORT.—

(1) IN GENERAL.—Not later than November 1, 2016, the Administrator shall submit to the appropriate committees of Congress a report that—

(A) addresses each factor described in paragraph (2); and

(B) is conducted in accordance with this section.

(2) REQUIRED FACTORS.—The report shall include baseline and end-of-project data that measures—

(A) the prevalence of moderate and severe hunger so as to provide an accurate accounting of project impact on household access to and consumption of food during every month of the year prior to data collection;

(B) household ownership of and access to productive assets, including at a minimum land, livestock, homes, equipment, and other materials assets needed for income generation;

(C) household incomes, including informal sources of employment; and

(D) the productive assets of women using the Women's Empowerment in Agriculture Index.

(3) PUBLIC ACCESS TO RECORDS AND REPORTS.—Not later than 90 days after the date on which the report is submitted under paragraph (1),

the Administrator shall provide public access to the report.

(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2013 through 2017.

**SEC. 3209. AGRICULTURAL TRADE ENHANCEMENT STUDY.**

(a) DEFINITION OF AGRICULTURE COMMITTEES AND SUBCOMMITTEES.—In this section, the term ''agriculture committees and subcommittees'' means—

(1) the Committee on Agriculture of the House of Representatives;

(2) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

(3) the subcommittees on agriculture, rural development, food and drug administration, and related agencies of the Committees on Appropriations of the House of Representatives and the Senate.

(b) DEVELOPMENT.—The Secretary, in consultation with the agriculture committees and subcommittees, shall develop a study that takes into consideration a reorganization of international trade functions for imports and exports at the Department of Agriculture.

(c) IMPLEMENTATION.—In implementing the study under this section, the Secretary—

(1) in recognition of the importance of agricultural exports to the farm economy and the economy as a whole, may include a recommendation for the establishment of an Under Secretary for Trade and Foreign Agricultural Affairs;

(2) may take into consideration how the Under Secretary described in paragraph (1) would serve as a multiagency coordinator of sanitary and phytosanitary issues and nontariff trade barriers in agriculture with respect to imports and exports of agricultural products; and

(3) shall take into consideration all implications of a reorganization described in subsection (b) on domestic programs and operations of the Department of Agriculture.

(d) REPORT.—Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to the agriculture committees and subcommittees a report describing the results of the study under this section.

# TITLE IV—NUTRITION

## Subtitle A—Supplemental Nutrition Assistance Program

### SEC. 4001. FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS.

Section 4(b)(6)(F) of the Food and Nutrition Act of 2008 (7 U.S.C. 2013(b)(6)(F)) is amended by striking ''2012'' and inserting ''2017''.

### SEC. 4002. STANDARD UTILITY ALLOWANCES BASED ON THE RECEIPT OF ENERGY ASSISTANCE PAYMENTS.

(a) STANDARD UTILITY ALLOWANCES IN THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.—Section 5(e)(6)(C) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(e)(6)(C)) is amended—

(1) in clause (i), by inserting '', subject to clause (iv)'' after ''Secretary''; and

(2) in clause (iv)(I), by striking ''the household still incurs'' and all that follows through the end of the subclause and inserting ''the payment received by, or made on behalf of, the household exceeds $10 or a higher amount annually, as determined by the Secretary.''.

(b) CONFORMING AMENDMENT.—Section 2605(f)(2)(A) of the Low-Income Home Energy Assist-

ance Act of 1981 (42 U.S.C. 8624(f)(2)(A)) is amended by inserting before the semicolon at the end ", except that, for purposes of the supplemental nutrition assistance program established under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.), such payments or allowances exceed $10 or a higher amount annually, as determined by the Secretary of Agriculture in accordance with section 5(e)(6)(C)(iv)(I) of that Act (7 U.S.C. 2014(e)(6)(C)(iv)(I))".

(c) EFFECTIVE AND IMPLEMENTATION DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), this section and the amendments made by this section shall take effect beginning on October 1, 2013, for all certification periods beginning after that date.

(2) STATE OPTION TO DELAY IMPLEMENTATION FOR CURRENT RECIPIENTS.—A State may, at the option of the State, implement a policy that eliminates or minimizes the effect of the amendments made by this section for households that receive a standard utility allowance as of the date of enactment of this Act for not more than a 180-day period beginning on the date on which the amendments made by this section would otherwise affect the benefits received by a household.

**SEC. 4003. ELIGIBILITY DISQUALIFICATIONS.**

Section 6(e)(3)(B) of Food and Nutrition Act of 2008 (7 U.S.C. 2015(e)(3)(B)) is amended by striking ''section'' and inserting the following: ''section, subject to the condition that the course or program of study—

''(i) is part of a program of career and technical education (as defined in section 3 of the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. 2302)) that may be completed in not more than 4 years at an institution of higher education (as defined in section 102 of the Higher Education Act of 1965 (20 U.S.C. 1002)); or

''(ii) is limited to remedial courses, basic adult education, literacy, or English as a second language;''.

**SEC. 4004. ENDING SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS FOR LOTTERY OR GAMBLING WINNERS.**

(a) IN GENERAL.—Section 6 of the Food and Nutrition Act of 2008 (7 U.S.C. 2015) is amended by adding at the end the following:

''(r) INELIGIBILITY FOR BENEFITS DUE TO RECEIPT OF SUBSTANTIAL LOTTERY OR GAMBLING WINNINGS.—

"(1) IN GENERAL.—Any household in which a member receives substantial lottery or gambling winnings, as determined by the Secretary, shall lose eligibility for benefits immediately upon receipt of the winnings.

"(2) DURATION OF INELIGIBILITY.—A household described in paragraph (1) shall remain ineligible for participation until the household meets the allowable financial resources and income eligibility requirements under subsections (c), (d), (e), (f), (g), (i), (k), (l), (m), and (n) of section 5.

"(3) AGREEMENTS.—As determined by the Secretary, each State agency, to the maximum extent practicable, shall establish agreements with entities responsible for the regulation or sponsorship of gaming in the State to determine whether individuals participating in the supplemental nutrition assistance program have received substantial lottery or gambling winnings.".

(b) CONFORMING AMENDMENTS.—Section 5(a) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(a)) is amended in the second sentence by striking "sections 6(b), 6(d)(2), and 6(g)" and inserting "subsections (b), (d)(2), (g), and (r) of section 6".

**SEC. 4005. RETAIL FOOD STORES.**

(a) DEFINITION OF RETAIL FOOD STORE.—Subsection (o)(1)(A) of section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012) (as redesignated by section 4016(a)(4)) is amended by striking ''at least 2'' and inserting ''at least 3''.

(b) ALTERNATIVE BENEFIT DELIVERY.—Section 7(f) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(f)) is amended—

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

''(2) IMPOSITION OF COSTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall require participating retail food stores (including restaurants participating in a State option restaurant program intended to serve the elderly, disabled, and homeless) to pay 100 percent of the costs of acquiring, and arrange for the implementation of, electronic benefit transfer point-of-sale equipment and supplies, including related services.

''(B) EXEMPTIONS.—The Secretary may exempt from subparagraph (A)—

''(i) farmers' markets, military commissaries, nonprofit food buying coopera-

tives, and establishments, organizations, programs, or group living arrangements described in paragraphs (5), (7), and (8) of section 3(k); and

"(ii) establishments described in paragraphs (3), (4), and (9) of section 3(k), other than restaurants participating in a State option restaurant program."; and

(2) by adding at the end the following:

"(4) TERMINATION OF MANUAL VOUCHERS.—

"(A) IN GENERAL.—Effective beginning on the date of enactment of this paragraph, except as provided in subparagraph (B), no State shall issue manual vouchers to a household that receives supplemental nutrition assistance under this Act or allow retail food stores to accept manual vouchers as payment, unless the Secretary determines that the manual vouchers are necessary, such as in the event of an electronic benefit transfer system failure or a disaster situation.

"(B) EXEMPTIONS.—The Secretary may exempt categories of retail food stores or individual retail food stores from subparagraph (A) based on criteria established by the Secretary.

"(5) UNIQUE IDENTIFICATION NUMBER REQUIRED.—The Secretary shall require all parties providing electronic benefit transfer services to provide for and maintain unique terminal identification number information through the supplemental nutrition assistance program electronic benefit transfer transaction routing system.".

(c) ELECTRONIC BENEFIT TRANSFERS.—Section 7(h)(3)(B) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(h)(3)(B)) is amended by striking "is operational—" and all that follows through "(ii) in the case of other participating stores," and inserting "is operational".

(d) APPROVAL OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.—Section 9 of the Food and Nutrition Act of 2008 (7 U.S.C. 2018) is amended—

(1) in subsection (a)—

(A) in the second sentence of paragraph (a)(1), by striking "; and (C)" and inserting "; (C) whether the applicant is located in an area with significantly limited access to food; and (D)"; and

(2) by adding at the end the following:

"(4) RETAIL FOOD STORES WITH SIGNIFICANT SALES OF EXCEPTED ITEMS.—

"(A) IN GENERAL.—No retail food store for which at least 45 percent of the total sales of the retail food store is from the sale of excepted items described in section 3(k)(1) may be authorized to accept and redeem benefits unless the Secretary determines that the participation of the retail food store is required for the effective and efficient operation of the supplemental nutrition assistance program.

"(B) APPLICATION.—Subparagraph (A) shall be effective—

"(i) in the case of retail food stores applying to be authorized for the first time, beginning on the date that is 1 year after the date of enactment of this paragraph; and

"(ii) in the case of retail food stores participating in the program on the date of enactment of this paragraph, during periodic reauthorization in accordance with paragraph (2)(A)."; and

(3) by adding at the end the following:

"(g) EBT SERVICE REQUIREMENT.—An approved retail food store shall provide adequate EBT service as described in section 7(h)(3)(B).".

**SEC. 4006. IMPROVING SECURITY OF FOOD ASSISTANCE.**

Section 7(h)(8) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(h)(8)) is amended—

(1) by striking the paragraph heading and inserting "REPLACEMENT OF CARDS.—";

(2) by striking "A State" and inserting the following:

"(A) FEES.—A State"; and

(3) by adding after subparagraph (A) (as so designated by paragraph (2)) the following:

"(B) PURPOSEFUL LOSS OF CARDS.—

"(i) IN GENERAL.—Subject to terms and conditions established by the Secretary in accordance with clause (ii), if a household makes excessive requests for replacement of the electronic benefit transfer card of the household, the Secretary may require a State agency to decline to issue a replacement card to the household unless the household, upon request of the State agency, provides an explanation for the loss of the card.

"(ii) REQUIREMENTS.—The terms and conditions established by the Secretary shall provide that—

"(I) the household be given the opportunity to provide the requested explanation and meet the requirements under this paragraph promptly;

"(II) after an excessive number of lost cards, the head of the household shall be required to review program rights and responsibilities with State agency personnel authorized to make determinations under section 5(a); and

"(III) any action taken, including actions required under section 6(b)(2), other than the withholding of the electronic benefit transfer card until an explanation described in subclause (I) is provided, shall be consistent with the due process protections under section 6(b) or 11(e)(10), as appropriate.

"(C) PROTECTING VULNERABLE PERSONS.—In implementing this paragraph, a State agency shall act to protect homeless persons, persons with disabilities, victims of crimes, and other vulnerable persons who lose

electronic benefit transfer cards but are not intentionally committing fraud.

"(D) EFFECT ON ELIGIBILITY.—While a State may decline to issue an electronic benefits transfer card until a household satisfies the requirements under this paragraph, nothing in this paragraph shall be considered a denial of, or limitation on, the eligibility for benefits under section 5.".

**SEC. 4007. TECHNOLOGY MODERNIZATION FOR RETAIL FOOD STORES.**

(a) MOBILE TECHNOLOGIES.—Section 7(h) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(h)) (as amended by section 4016(e)) is amended by adding at the end the following:

"(14) MOBILE TECHNOLOGIES.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall approve retail food stores to redeem benefits through electronic means other than wired point of sale devices for electronic benefit transfer transactions, if the retail food stores—

"(i) establish recipient protections regarding privacy, ease of use, access, and

support similar to the protections provided for transactions made in retail food stores;

"(ii) bear the costs of obtaining, installing, and maintaining mobile technologies, including mechanisms needed to process EBT cards and transaction fees;

"(iii) demonstrate the foods purchased with benefits issued under this section through mobile technologies are purchased at a price not higher than the price of the same food purchased by other methods used by the retail food store, as determined by the Secretary;

"(iv) provide adequate documentation for each authorized transaction, as determined by the Secretary; and

"(v) meet other criteria as established by the Secretary.

"(B) DEMONSTRATION PROJECT ON ACCEPTANCE OF BENEFITS OF MOBILE TRANSACTIONS.—

"(i) IN GENERAL.—Before authorizing implementation of subparagraph (A) in all States, the Secretary shall pilot the use of mobile technologies determined by the Sec-

retary to be appropriate to test the feasibility and implications for program integrity, by allowing retail food stores to accept benefits from recipients of supplemental nutrition assistance through mobile transactions.

"(ii) DEMONSTRATION PROJECTS.—To be eligible to participate in a demonstration project under clause (i), a retail food store shall submit to the Secretary for approval a plan that includes—

"(I) a description of the technology;

"(II) the manner by which the retail food store will provide proof of the transaction to households;

"(III) the provision of data to the Secretary, consistent with requirements established by the Secretary, in a manner that allows the Secretary to evaluate the impact of the demonstration on participant access, ease of use, and program integrity; and

"(IV) such other criteria as the Secretary may require.

"(iii) DATE OF COMPLETION.—The demonstration projects under this subparagraph shall be completed and final reports submitted to the Secretary by not later than July 1, 2015.

"(C) REPORT TO CONGRESS.—The Secretary shall—

"(i) by not later than January 1, 2016, authorize implementation of subparagraph (A) in all States, unless the Secretary makes a finding, based on the data provided under subparagraph (B), that implementation in all States is not in the best interest of the supplemental nutrition assistance program; and

"(ii) if the determination made in clause (i) is not to implement subparagraph (A) in all States, submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that includes the basis of the finding.".

(b) ACCEPTANCE OF BENEFITS THROUGH ON-LINE TRANSACTIONS.—

(1) IN GENERAL.—Section 7 of the Food and Nutrition Act of 2008 (7 U.S.C. 2016) is amended by adding at the end the following:

"(k) OPTION TO ACCEPT PROGRAM BENEFITS THROUGH ON-LINE TRANSACTIONS.—

"(1) IN GENERAL.—Subject to paragraph (4), the Secretary shall approve retail food stores to accept benefits from recipients of supplemental nutrition assistance through on-line transactions.

"(2) REQUIREMENTS TO ACCEPT BENEFITS.—A retail food store seeking to accept benefits from recipients of supplemental nutrition assistance through on-line transactions shall—

"(A) establish recipient protections regarding privacy, ease of use, access, and support similar to the protections provided for transactions made in retail food stores;

"(B) ensure benefits are not used to pay delivery, ordering, convenience, or other fees or charges;

"(C) clearly notify participating households at the time a food order is placed—

"(i) of any delivery, ordering, convenience, or other fee or charge associated with the food purchase; and

"(ii) that any such fee cannot be paid with benefits provided under this Act;

"(D) ensure the security of on-line transactions by using the most effective technology available that the Secretary considers appropriate and cost-effective and that is comparable to the security of transactions at retail food stores; and

"(E) meet other criteria as established by the Secretary.

"(3) STATE AGENCY ACTION.—Each State agency shall ensure that recipients of supplemental nutrition assistance can use benefits on-line as described in this subsection as appropriate.

"(4) DEMONSTRATION PROJECT ON ACCEPTANCE OF BENEFITS THROUGH ON-LINE TRANSACTIONS.—

"(A) IN GENERAL.—Before the Secretary authorizes implementation of paragraph (1) in all States, the Secretary shall carry out a number of demonstration projects as determined by the Secretary to test the feasibility of allowing retail food stores to accept benefits through on-line transactions.

"(B) DEMONSTRATION PROJECTS.—To be eligible to participate in a demonstration project under subparagraph (A), a retail food store shall submit to the Secretary for approval a plan that includes—

"(i) a method of ensuring that benefits may be used to purchase only eligible items under this Act;

"(ii) a description of the method of educating participant households about the availability and operation of on-line purchasing;

"(iii) adequate testing of the on-line purchasing option prior to implementation;

"(iv) the provision of data as requested by the Secretary for purposes of analyzing the impact of the project on participant access, ease of use, and program integrity;

"(v) reports on progress, challenges, and results, as determined by the Secretary; and

"(vi) such other criteria, including security criteria, as established by the Secretary.

"(C) DATE OF COMPLETION.—The demonstration projects under this paragraph shall be completed and final reports submitted to the Secretary by not later than July 1, 2015.

"(5) REPORT TO CONGRESS.—The Secretary shall—

"(A) by not later than January 1, 2016, authorize implementation of paragraph (1) in all States, unless the Secretary makes a finding, based on the data provided under paragraph (4), that implementation in all States is not in the best interest of the supplemental nutrition assistance program; and

"(B) if the determination made in subparagraph (A) is not to implement in all States, submit a report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that includes the basis of the finding.".

(2) CONFORMING AMENDMENTS.—

(A) Section 7(b) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(b)) is amended by striking "purchase food in retail food stores"

and inserting ''purchase food from retail food stores''.

(B) Section 10 of the Food and Nutrition Act of 2008 (7 U.S.C. 2019) is amended in the first sentence by inserting ''retail food stores authorized to accept and redeem benefits through on-line transactions shall be authorized to accept benefits prior to the delivery of food if the delivery occurs within a reasonable time of the purchase, as determined by the Secretary,'' after ''food so purchased,''.

(c) SAVINGS CLAUSE.—Nothing in this section or an amendment made by this section alter any requirements of the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) unless specifically authorized in this section or an amendment made by this section.

**SEC. 4008. USE OF BENEFITS FOR PURCHASE OF COMMUNITY-SUPPORTED AGRICULTURE SHARE.**

Section 10 of the Food and Nutrition Act of 2008 (7 U.S.C. 2019) (as amended by section 4007(b)(2)(B)) is amended in the first sentence by inserting ''agricultural producers who market agricultural products directly to consumers shall be authorized to redeem benefits for the initial cost of the purchase of a community-supported agriculture share for an appropriate time in advance of food

delivery as determined by the Secretary,'' after ''as determined by the Secretary,''.

**SEC. 4009. RESTAURANT MEALS PROGRAM.**

(a) IN GENERAL.—Section 11(e) of the Food and Nutrition Act of 2008 (7 U.S.C. 2020(e)) is amended—

(1) in paragraph (22), by striking ''and'' at the end;

(2) in paragraph (23), by striking the period at the end of subparagraph (C) and inserting ''; and''; and

(3) by adding at the end the following:

''(24) if the State elects to carry out a program to contract with private establishments to offer meals at concessional prices, as described in paragraphs 3, 4, and 9 of section 3(k)—

''(A) the plans of the State agency for operating the program, including—

''(i) documentation of a need that eligible homeless, elderly, and disabled clients are underserved in a particular geographic area;

''(ii) the manner by which the State agency will limit participation to only those private establishments that the State de-

termines necessary to meet the need identified in clause (i); and

"(iii) any other conditions the Secretary may prescribe, such as the level of security necessary to ensure that only eligible recipients participate in the program; and

"(B) a report by the State agency to the Secretary annually, the schedule of which shall be established by the Secretary, that includes—

"(i) the number of households and individual recipients authorized to participate in the program, including any information on whether the individual recipient is elderly, disabled, or homeless; and

"(ii) an assessment of whether the program is meeting an established need, as documented under subparagraph (A)(i).".

(b) APPROVAL OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.—Section 9 of the Food and Nutrition Act of 2008 (7 U.S.C. 2018) (as amended by section 4005(d)(3)) is amended by adding at the end the following:

"(h) PRIVATE ESTABLISHMENTS.—

"(1) IN GENERAL.—Subject to paragraph (2), no private establishment that contracts with a State agency to offer meals at concessional prices as described in paragraphs 3, 4, and 9 of section 3(k) may be authorized to accept and redeem benefits unless the Secretary determines that the participation of the private establishment is required to meet a documented need in accordance with section 11(e)(24).

"(2) EXISTING CONTRACTS.—

"(A) IN GENERAL.—If, on the day before the date of enactment of this subsection, a State has entered into a contract with a private establishment described in paragraph (1) and the Secretary has not determined that the participation of the private establishment is necessary to meet a documented need in accordance with section 11(e)(24), the Secretary shall allow the operation of the private establishment to continue without that determination of need for a period not to exceed 180 days from the date on which the Secretary establishes determination criteria, by regulation, under section 11(e)(24).

"(B) JUSTIFICATION.—If the Secretary makes a determination to terminate a contract with a private establishment that is in effect on the date of enactment of this subsection, the Secretary shall provide justification to the State in which the private establishment is located for that termination.

"(3) REPORT TO CONGRESS.—Not later than 90 days after September 30, 2013, and 90 days after the last day of each fiscal year thereafter, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of a program under this subsection using any information received from States under section 11(e)(24) as well as any other information the Secretary may have relating to the manner in which benefits are used.".

(c) CONFORMING AMENDMENTS.—Section 3(k) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(k)) is amended by inserting "subject to section 9(h)" after "concessional prices" each place it appears.

**SEC. 4010. QUALITY CONTROL ERROR RATE DETERMINATION.**

Section 16(c) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(c)) is amended by adding at the end the following:

"(10) TOLERANCE LEVEL.—For the purposes of this subsection, the Secretary shall set the tolerance level for excluding small errors at $25.".

**SEC. 4011. AUTHORIZATION OF APPROPRIATIONS.**

Section 18(a)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2027(a)(1)) is amended in the first sentence by striking "2012" and inserting "2017".

**SEC. 4012. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.**

Section 25 of the Food and Nutrition Act of 2008 (7 U.S.C. 2034) is amended—

(1) in subsection (a)(1)(B)(ii)—

(A) by striking subclause (I); and

(B) by redesignating subclauses (II) and (III) as subclauses (I) and (II), respectively; and

(2) in subsection (b), by adding at the end the following:

"(3) FUNDING.—

"(A) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the

Secretary to carry out this section not less than $5,000,000 for fiscal year 2013 and each fiscal year thereafter.

"(B) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under subparagraph (A), without further appropriation.

"(C) MAINTENANCE OF FUNDING.—The funding provided under subparagraph (A) shall supplement (and not supplant) other Federal funding made available to the Secretary to carry out this section.".

**SEC. 4013. EMERGENCY FOOD ASSISTANCE.**

(a) PURCHASE OF COMMODITIES.—Section 27(a) of the Food and Nutrition Act of 2008 (7 U.S.C. 2036(a)) is amended—

(1) in paragraph (1), by striking "2008 through 2012" and inserting "2012 through 2017";

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

"(2) AMOUNTS.—The Secretary shall use to carry out paragraph (1)—

"(A) for fiscal year 2012, $260,000,000; and

"(B) for each subsequent fiscal year, the dollar amount of commodities specified in subparagraph (A) adjusted by the percentage by which the thrifty food plan has been adjusted under section 3(u)(4) between June 30, 2012, and June 30 of the immediately preceding fiscal year, and subsequently increased by—

"(i) for fiscal year 2013, $28,000,000;

"(ii) for fiscal year 2014, $24,000,000;

"(iii) for fiscal year 2015, $20,000,000;

"(iv) for fiscal year 2016, $18,000,000; and

"(v) for fiscal year 2017 and each fiscal year thereafter, $10,000,000."; and

(3) by adding at the end the following:

"(3) FUNDS AVAILABILITY.—For purposes of the funds described in this subsection, the Secretary shall—

"(A) make the funds available for 2 fiscal years; and

"(B) allow States to carry over unexpended balances to the next fiscal year pursu-

ant to such terms and conditions as are determined by the Secretary.''.

(b) EMERGENCY FOOD PROGRAM INFRASTRUCTURE GRANTS.—Section 209(d) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7511a(d)) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 4014. NUTRITION EDUCATION.**

Section 28(b) of the Food and Nutrition Act of 2008 (7 U.S.C. 2036a(b)) is amended by inserting ''and physical activity'' after ''healthy food choices''.

**SEC. 4015. RETAIL FOOD STORE AND RECIPIENT TRAFFICKING.**

The Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

**''SEC. 29. RETAIL FOOD STORE AND RECIPIENT TRAFFICKING.**

''(a) PURPOSE.—The purpose of this section is to provide the Department of Agriculture with additional resources to prevent trafficking in violation of this Act by strengthening recipient and retail food store program integrity.

''(b) USE OF FUNDS.—Additional funds are provided under this section to supplement the retail food store and recipient integrity activities of the Department.

''(c) FUNDING.—

"(1) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section not less than $18,500,000 for fiscal year 2013 and each fiscal year thereafter.

"(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

"(3) MAINTENANCE OF FUNDING.—The funding provided under paragraph (1) shall supplement (and not supplant) other Federal funding for programs carried out under this Act.".

**SEC. 4016. TECHNICAL AND CONFORMING AMENDMENTS.**

(a) Section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012) is amended—

(1) in subsection (g), by striking "coupon," and inserting "coupon";

(2) in subsection (k)(7), by striking "or are" and inserting "and";

(3) by striking subsection (l);

(4) by redesignating subsections (m) through (t) as subsections (l) through (s), respectively; and

(5) by inserting after subsection (s) (as so redesignated) the following:

''(t) 'Supplemental nutrition assistance program' means the program operated pursuant to this Act.''.

(b) Section 4(a) of the Food and Nutrition Act of 2008 (7 U.S.C. 2013(a)) is amended in the last sentence by striking ''benefits'' and inserting ''Benefits''.

(c) Section 5 of the Food and Nutrition Act of 2008 (7 U.S.C. 2014) is amended—

(1) in the last sentence of subsection (i)(2)(D), by striking ''section 13(b)(2)'' and inserting ''section 13(b)''; and

(2) in subsection (k)(4)(A), by striking ''paragraph (2)(H)'' and inserting ''paragraph (2)(G)''.

(d) Section 6(d)(4) of the Food and Nutrition Act of 2008 (7 U.S.C. 2015(d)(4)) is amended in subparagraphs (B)(vii) and (F)(iii) by indenting both clauses appropriately.

(e) Section 7(h) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(h)) is amended by redesignating the second paragraph (12) (relating to interchange fees) as paragraph (13).

(f) Section 9(a) of the Food and Nutrition Act of 2008 (7 U.S.C. 2018(a)) is amended by indenting paragraph (3) appropriately.

(g) Section 12 of the Food and Nutrition Act of 2008 (7 U.S.C. 2021) is amended—

(1) in subsection (b)(3)(C), by striking ''civil money penalties'' and inserting ''civil penalties''; and

(2) in subsection (g)(1), by striking ''(7 U.S.C. 1786)'' and inserting ''(42 U.S.C. 1786)''.

(h) Section 15(b)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2024(b)(1)) is amended in the first sentence by striking ''an benefit'' and inserting ''a benefit''.

(i) Section 16(a) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(a)) is amended in the proviso following paragraph (8) by striking ''as amended.''.

(j) Section 18(e) of the Food and Nutrition Act of 2008 (7 U.S.C. 2027(e)) is amended in the first sentence by striking ''sections 7(f)'' and inserting ''section 7(f)''.

(k) Section 22(b)(10)(B)(i) of the Food and Nutrition Act of 2008 (7 U.S.C. 2031(b)(10)(B)(i)) is amended in the last sentence by striking ''Food benefits'' and inserting ''Benefits''.

(l) Section 26(f)(3)(C) of the Food and Nutrition Act of 2008 (7 U.S.C. 2035(f)(3)(C)) is amended by striking ''subsection'' and inserting ''subsections''.

(m) Section 27(a)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2036(a)(1)) is amended by striking

"(Public Law 98–8; 7 U.S.C. 612c note)" and inserting "(7 U.S.C. 7515)".

(n) Section 509 of the Older Americans Act of 1965 (42 U.S.C. 3056g) is amended in the section heading by striking "**FOOD STAMP PROGRAMS**" and inserting "**SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAMS**".

(o) Section 4115(c)(2)(H) of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246; 122 Stat. 1871) is amended by striking "531" and inserting "454".

# Subtitle B—Commodity Distribution Programs

**SEC. 4101. COMMODITY DISTRIBUTION PROGRAM.**

Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended in the first sentence by striking "2012" and inserting "2017".

**SEC. 4102. COMMODITY SUPPLEMENTAL FOOD PROGRAM.**

Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended—

(1) in paragraphs (1) and (2)(B) of subsection (a), by striking "2012" each place it appears and inserting "2017";

(2) in the first sentence of subsection (d)(2), by striking ''2012'' and inserting ''2017'';

(3) by striking subsection (g) and inserting the following:

''(g) ELIGIBILITY.—Except as provided in subsection (m), the States shall only provide assistance under the commodity supplemental food program to low-income persons aged 60 and older.''; and

(4) by adding at the end the following:

''(m) PHASE-OUT.—Notwithstanding any other provision of law, an individual who receives assistance under the commodity supplemental food program on the day before the date of enactment of this subsection shall continue to receive that assistance until the date on which the individual is no longer eligible for assistance under the eligibility requirements for the program in effect on the day before the date of enactment of this subsection.''.

**SEC. 4103. DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS.**

Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended in the first sentence by striking ''2012'' and inserting ''2017''.

**SEC. 4104. TECHNICAL AND CONFORMING AMENDMENTS.**

Section 3 of the Commodity Distribution Reform Act and WIC Amendments of 1987 (7 U.S.C. 612c note; Public Law 100–237) is amended—

(1) in subsection (a)—

(A) in paragraph (2), by striking subparagraph (B) and inserting the following:

"(B) the program established under section 4(b) of the Food and Nutrition Act of 2008 (7 U.S.C. 2013(b));"; and

(B) in paragraph (3)(D), by striking "the Committee on Education and Labor" and inserting "the Committee on Education and the Workforce";

(2) in subsection (b)(1)(A)(ii), by striking "section 32 of the Agricultural Adjustment Act (7 U.S.C. 601 et seq.)" and inserting "section 32 of the Act of August 24, 1935 (7 U.S.C. 612c)";

(3) in subsection (e)(1)(D)(iii), by striking subclause (II) and inserting the following:

"(II) the program established under section 4(b) of the Food and Nutrition Act of 2008 (7 U.S.C. 2013(b));"; and

(4) in subsection (k), by striking ''the Committee on Education and Labor'' and inserting ''the Committee on Education and the Workforce''.

# Subtitle C—Miscellaneous

**SEC. 4201. PURCHASE OF FRESH FRUITS AND VEGETABLES FOR DISTRIBUTION TO SCHOOLS AND SERVICE INSTITUTIONS.**

Section 10603(b) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 612c–4(b)) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 4202. SENIORS FARMERS' MARKET NUTRITION PROGRAM.**

Section 4402(a) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3007(a)) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 4203. NUTRITION INFORMATION AND AWARENESS PILOT PROGRAM.**

Section 4403 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3171 note; Public Law 107–171) is repealed.

**SEC. 4204. WHOLE GRAIN PRODUCTS.**

Section 4305 of the Food, Conservation, and Energy Act of 2008 (42 U.S.C. 1755a) is amended—

(1) in subsection (a), by striking ''2005'' and inserting ''2010'';

(2) in subsection (d), by striking ''2011'' and inserting ''2015'';

(3) in subsection (e), by striking ''Labor of the House of Representative'' and inserting ''the Workforce of the House of Representatives''; and

(4) by adding at the end the following:

''(f) FUNDING.—

''(1) IN GENERAL.—On October 1, 2013, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry out this section $10,000,000 for the period of fiscal years 2014 through 2015.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.

''(3) MAINTENANCE OF FUNDING.—The funding provided under paragraph (1) shall supplement (and not supplant) other Federal funding (including funds made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c)) for programs carried out under—

"(A) the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.), except for section 19 of that Act (42 U.S.C. 1769a);

"(B) the Emergency Food Assistance Act of 1983 (7 U.S.C. 7501 et seq.); and

"(C) section 27 of the Food and Nutrition Act of 2008 (7 U.S.C. 2036).".

**SEC. 4205. HUNGER-FREE COMMUNITIES.**

Section 4405 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 7517) is amended—

(1) in subsection (a)—

(A) by striking paragraph (1) and inserting the following:

"(1) ELIGIBLE ENTITY.—

"(A) COLLABORATIVE GRANTS.—In subsection (b), the term 'eligible entity' means a public food program service provider or nonprofit organization, including an emergency feeding organization, that has collaborated or will collaborate with 1 or more local partner organizations to achieve at least 1 hunger-free communities goal.

"(B) INCENTIVE GRANTS.—In subsection (c), the term 'eligible entity' means a nonprofit

organization (including an emergency feeding organization), an agricultural cooperative, producer network or association, community health organization, public benefit corporation, economic development corporation, farmers' market, community-supported agriculture program, buying club, supplemental nutrition assistance program retail food store, a State, local, or tribal agency, and any other entity the Secretary designates.";

(B) by adding at the end the following:

"(4) SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.—The term 'supplemental nutrition assistance program' means the supplemental nutrition assistance program established under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.).

"(5) UNDERSERVED COMMUNITY.—The term 'underserved community' has the meaning given the term in section 25 of the Food and Nutrition Act of 2008 (7 U.S.C. 2034).";

(2) in subsection (b)(1)(A), by striking "not more than 50 percent of any funds made available under subsection (e)" and inserting "funds made available under subsection (d)(1)"; and

(3) by striking subsections (c), (d), and (e) and inserting the following:

"(c) HUNGER-FREE COMMUNITIES INCENTIVE GRANTS.—

"(1) AUTHORIZATION.—

"(A) IN GENERAL.—In each of the years specified in subsection (d), the Secretary shall make grants to eligible entities in accordance with paragraph (2).

"(B) FEDERAL SHARE.—The Federal share of the cost of carrying out an activity under this subsection shall not exceed 50 percent of the total cost of the activity.

"(C) NON-FEDERAL SHARE.—

"(i) IN GENERAL.—The non-Federal share of the cost of an activity under this subsection may be provided—

"(I) in cash or in-kind contributions as determined by the Secretary, including facilities, equipment, or services; and

"(II) by a State or local government or a private source.

"(ii) LIMITATION.—In the case of a for-profit entity, the non-Federal share de-

scribed in clause (i) shall not include services of an employee, including salaries paid or expenses covered by the employer.

"(2) CRITERIA.—

"(A) IN GENERAL.—For purposes of this subsection, an eligible entity is a governmental agency or nonprofit organization that—

"(i) meets the application criteria set forth by the Secretary; and

"(ii) proposes a project that, at a minimum—

"(I) has the support of the State agency;

"(II) would increase the purchase of fruits and vegetables by low-income consumers participating in the supplemental nutrition assistance program by providing incentives at the point of purchase;

"(III) agrees to participate in the evaluation described in paragraph (4);

"(IV) ensures that the same terms and conditions apply to purchases made by individuals with benefits issued under this Act and incen-

tives provided for in this subsection as apply to purchases made by individuals who are not members of households receiving benefits, such as provided for in section 278.2(b) of title 7, Code of Federal Regulations (or a successor regulation); and

"(V) includes effective and efficient technologies for benefit redemption systems that may be replicated in other for States and communities.

"(B) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to projects that—

"(i) maximize the share of funds used for direct incentives to participants;

"(ii) use direct-to-consumer sales marketing;

"(iii) demonstrate a track record of designing and implementing successful nutrition incentive programs that connect low-income consumers and agricultural producers;

"(iv) provide locally or regionally produced fruits and vegetables;

"(v) are located in underserved communities; or

"(vi) address other criteria as established by the Secretary.

"(3) APPLICABILITY.—

"(A) IN GENERAL.—The value of any benefit provided to a participant in any activity funded under this subsection shall not be considered income or resources for any purpose under any Federal, State, or local law.

"(B) PROHIBITION ON COLLECTION OF SALES TAXES.—Each State shall ensure that no State or local tax is collected on a purchase of food under this subsection.

"(C) NO LIMITATION ON BENEFITS.—A grant made available under this subsection shall not be used to carry out any project that limits the use of benefits under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) or any other Federal nutrition law.

"(D) HOUSEHOLD ALLOTMENT.—Assistance provided under this subsection to households receiving benefits under the supplemental nutrition assistance program shall not—

"(i) be considered part of the supplemental nutrition assistance program benefits of the household; or

"(ii) be used in the collection or disposition of claims under section 13 of the Food and Nutrition Act of 2008 (7 U.S.C. 2022).

"(4) EVALUATION.—

"(A) INDEPENDENT EVALUATION.—The Secretary shall provide for an independent evaluation of projects selected under this subsection that measures the impact of each project on—

"(i) improving the nutrition and health status of participating households receiving incentives under this subsection; and

"(ii) increasing fruit and vegetable purchases in participating households.

"(B) REQUIREMENT.—The independent evaluation under subparagraph (A) shall use rigorous methodologies capable of producing scientifically valid information regarding the effectiveness of a project.

"(C) COSTS.—The Secretary may use funds not to exceed 10 percent of the funding

provided to carry out this section to pay costs associated with administering, monitoring, and evaluating each project.

"(d) FUNDING.—

"(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out subsection (b) $5,000,000 for each of fiscal years 2013 through 2017.

"(2) MANDATORY FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out subsection (c)—

"(A) $15,000,000 for fiscal year 2013;

"(B) $20,000,000 for each of fiscal years 2014 through 2016; and

"(C) $25,000,000 for fiscal year 2017.".

**SEC. 4206. HEALTHY FOOD FINANCING INITIATIVE.**

(a) IN GENERAL.—Subtitle D of title II of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6951 et seq.) is amended by adding at the end the following:

**"SEC. 242. HEALTHY FOOD FINANCING INITIATIVE.**

"(a) PURPOSE.—The purpose of this section is to enhance the authorities of the Secretary to support efforts to provide access to healthy food by establishing an initiative to improve access to healthy foods in underserved

areas, to create and preserve quality jobs, and to revitalize low-income communities by providing loans and grants to eligible fresh, healthy food retailers to overcome the higher costs and initial barriers to entry in underserved areas.

"(b) DEFINITIONS.—In this section:

"(1) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.—The term 'community development financial institution' has the meaning given the term in section 103 of the Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C. 4702).

"(2) INITIATIVE.—The term 'Initiative' means the Healthy Food Financing Initiative established under subsection (c)(1).

"(3) NATIONAL FUND MANAGER.—The term 'national fund manager' means a community development financial institution that is—

"(A) in existence on the date of enactment of this section; and

"(B) certified by the Community Development Financial Institution Fund of the Department of Treasury to manage the Initiative for purposes of—

"(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.—

"(A) IN GENERAL.—The term 'staple food' means food that is a basic dietary item.

"(B) INCLUSIONS.—The term 'staple food' includes—

"(i) bread;

"(ii) flour;

"(iii) fruits;

"(iv) vegetables; and

"(v) meat.

"(c) INITIATIVE.—

"(1) ESTABLISHMENT.—The Secretary shall establish an initiative to achieve the purpose described in subsection (a) in accordance with this subsection.

"(2) IMPLEMENTATION.—

"(A) IN GENERAL.—

"(i) IN GENERAL.—In carrying out the Initiative, the Secretary shall provide funding to entities with eligible projects, as described in subparagraph (B), subject to the priorities described in subparagraph (C).

"(ii) USE OF FUNDS.—Funds provided to an entity pursuant to clause (i) shall be used—

"(I) to create revolving loan pools of capital or other products to provide loans to finance eligible projects or partnerships;

"(II) to provide grants for eligible projects or partnerships;

"(III) to provide technical assistance to funded projects and entities seeking Initiative funding; and

"(IV) to cover administrative expenses of the national fund manager in an amount not to exceed 10 percent of the Federal funds provided.

"(B) ELIGIBLE PROJECTS.—Subject to the approval of the Secretary, the national fund manager shall establish eligibility criteria for projects under the Initiative, which shall include the existence or planned execution of agreements—

"(i) to expand or preserve the availability of staple foods in underserved areas with moderate- and low-income populations by maintaining or increasing the number of retail outlets that offer an assortment of perishable food and staple food items, as

determined by the Secretary, in those areas; and

"(ii) to accept benefits under the supplemental nutrition assistance program established under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.).

"(C) PRIORITIES.—In carrying out the Initiative, priority shall be given to projects that—

"(i) are located in severely distressed low-income communities, as defined by the Community Development Financial Institutions Fund of the Department of Treasury; and

"(ii) include 1 or more of the following characteristics:

"(I) The project will create or retain quality jobs for low-income residents in the community.

"(II) The project supports regional food systems and locally grown foods, to the maximum extent practicable.

"(III) In areas served by public transit, the project is accessible by public transit.

"(IV) The project involves women- or minority-owned businesses.

"(V) The project receives funding from other sources, including other Federal agencies.

"(VI) The project otherwise advances the purpose of this section, as determined by the Secretary.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section $125,000,000, to remain available until expended.".

(b) CONFORMING AMENDMENT.—Section 296(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7014(b)) (as amended by section 1608(d)) is amended—

(1) in paragraph (7), by striking "or" at the end;

(2) in paragraph (8), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(9) the authority of the Secretary to establish and carry out the Health Food Financing Initiative under section 242.".

**SEC. 4207. PURCHASE OF COMMODITIES BY COMMODITY CREDIT CORPORATION.**

When the Secretary considers the purchasing of commodities by the Commodity Credit Corporation or under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), in addition to other appropriate considerations, the Secretary may consider the needs of the States and the demands placed on emergency feeding organizations.

# 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.**

The Consolidated Farm and Rural Development Act (as amended by section 6001) is amended by inserting after section 3002 the following:

## "Subtitle A—Farmer Loans, Servicing, and Other Assistance

### "CHAPTER 1—FARM OWNERSHIP LOANS

**"SEC. 3101. FARM OWNERSHIP LOANS.**

"(a) IN GENERAL.—The Secretary may make or guarantee a farm ownership loan under this chapter to an eligible farmer.

"(b) ELIGIBILITY.—A farmer shall be eligible under subsection (a) only—

"(1) if the farmer, or, in the case of an entity, 1 or more individuals holding a majority interest in the farmer—

"(A) is a citizen of the United States; and

"(B) in the case of a direct loan, has training or farming experience that the Secretary determines is sufficient to ensure a reasonable prospect of success in the farming operation proposed by the farmer;

"(2)(A) in the case of a farmer that is an individual, if the farmer is or proposes to become an owner and operator of a farm that is not larger than a family farm; or

"(B) in the case of a lessee-operator of a farm located in the State of Hawaii, if the Secretary determines that—

"(i) the farm is not larger than a family farm;

"(ii) the farm cannot be acquired in fee simple by the lessee-operator;

"(iii) adequate security is provided for the loan with respect to the farm for which the lessee-operator applies under this chapter; and

"(iv) there is a reasonable probability of accomplishing the objectives and repayment of the loan;

"(3) in the case of a farmer that is a cooperative, corporation, partnership, trust, limited liability company, joint operation, or such other legal entity as the Secretary determines to be appropriate, with respect to the entity and each farm in which the entity has an ownership or operator interest—

"(A) if—

"(i) a majority interest is held by individuals who are related by blood or marriage, as defined by the Secretary;

"(ii) all of the individuals are or propose to become owners or operators of a farm that is not larger than a family farm; and

"(iii) at least 1 of the individuals is or proposes to become an operator of the farm; or

"(B) if—

"(i) the entire interest is held by individuals who are related by blood or marriage, as defined by the Secretary;

"(ii) all of the individuals are or propose to become farm operators; and

"(iii) the ownership interest of each individual separately constitutes not larger than a family farm, even if the ownership interests of the individuals collectively constitute larger than a family farm;

"(4) in the case of an entity that is, or will become within a reasonable period of time, as determined by the Secretary, only the operator of a family farm, if the 1 or more individuals who are the owners of the family farm own—

"(A) a percentage of the family farm that exceeds 50 percent; or

"(B) such other percentage as the Secretary determines to be appropriate;

"(5) in the case of an operator described in paragraph (3) that is owned, in whole or in part, by 1 or more other entities, if each of the individuals that have a direct or indirect ownership interest in such other entities also have a direct ownership interest in the entity applying as an individual; and

"(6) if the farmer and each individual that holds a majority interest in the farmer is unable to obtain credit elsewhere.

"(c) DIRECT LOANS.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary may make a direct loan under this chapter only to a farmer who has participated in business operations of a farm for not less than 3 years (or has other acceptable experience for a period of time determined by the Secretary) and—

"(A) is a qualified beginning farmer;

"(B) has not received a previous direct farm ownership loan made under this chapter; or

"(C) has not received a direct farm ownership loan under this chapter more than 10 years before the date on which the new loan would be made.

"(2) YOUTH LOANS.—The operation of an enterprise by a youth under section 3201(d) shall not be considered the operation of a farm for purposes of paragraph (1).

**"SEC. 3102. PURPOSES OF LOANS.**

"(a) ALLOWED PURPOSES.—

"(1) DIRECT LOANS.—A farmer may use a direct loan made under this chapter only—

"(A) to acquire or enlarge a farm;

"(B) to make capital improvements to a farm;

"(C) to pay loan closing costs related to acquiring, enlarging, or improving a farm;

"(D) to pay for activities to promote soil and water conservation and protection described in section 3103 on a farm; or

"(E) to refinance a temporary bridge loan made by a commercial or cooperative lender to a farmer for the acquisition of land for a farm, if—

"(i) the Secretary approved an application for a direct farm ownership loan to the farmer for acquisition of the land; and

"(ii) funds for direct farm ownership loans under section 3201(a) were not available at the time at which the application was approved.

"(2) GUARANTEED LOANS.—A farmer may use a loan guaranteed under this chapter only—

"(A) to acquire or enlarge a farm;

"(B) to make capital improvements to a farm;

"(C) to pay loan closing costs related to acquiring, enlarging, or improving a farm;

"(D) to pay for activities to promote soil and water conservation and protection described in section 3103 on a farm; or

"(E) to refinance indebtedness.

"(b) PREFERENCES.—In making or guaranteeing a loan under this chapter for purchase of a farm, the Secretary shall give preference to a person who—

"(1) has a dependent family;

"(2) to the extent practicable, is able to make an initial down payment on the farm; or

"(3) is an owner of livestock or farm equipment that is necessary to successfully carry out farming operations.

"(c) HAZARD INSURANCE REQUIREMENT.—The Secretary may not make a loan to a farmer under this chapter unless the farmer has, or agrees to obtain, hazard insurance on any real property to be acquired or improved with the loan.

**"SEC. 3103. CONSERVATION LOAN AND LOAN GUARANTEE PROGRAM.**

"(a) IN GENERAL.—The Secretary may make or guarantee qualified conservation loans to eligible borrowers under this section.

"(b) DEFINITIONS.—In this section:

"(1) CONSERVATION PLAN.—The term 'conservation plan' means a plan, approved by the Secretary, that, for a farming operation, identifies the conservation activities that will be addressed with loan funds provided under this section, including—

"(A) the installation of conservation structures to address soil, water, and related resources;

"(B) the establishment of forest cover for sustained yield timber management, erosion control, or shelter belt purposes;

"(C) the installation of water conservation measures;

"(D) the installation of waste management systems;

"(E) the establishment or improvement of permanent pasture;

"(F) compliance with section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812); and

"(G) other purposes consistent with the plan, including the adoption of any other emerging or existing conservation practices, techniques, or technologies approved by the Secretary.

"(2) QUALIFIED CONSERVATION LOAN.—The term 'qualified conservation loan' means a loan, the proceeds of which are used to cover the costs to the borrower of carrying out a qualified conservation project.

"(3) QUALIFIED CONSERVATION PROJECT.—The term 'qualified conservation project' means conservation measures that address provisions of a conservation plan of the eligible borrower.

"(c) ELIGIBILITY.—

"(1) IN GENERAL.—The Secretary may make or guarantee loans to farmers.

"(2) REQUIREMENTS.—To be eligible for a loan under this section, applicants shall meet the citizenship and training and experience requirements of section 3101(b).

"(d) PRIORITY.—In making or guaranteeing loans under this section, the Secretary shall give priority to—

"(1) qualified beginning farmers and socially disadvantaged farmers;

"(2) owners or tenants who use the loans to convert to sustainable or organic agricultural production systems; and

"(3) producers who use the loans to build conservation structures or establish conservation prac-

tices to comply with section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812).

"(e) LIMITATIONS APPLICABLE TO LOAN GUARANTEES.—The portion of a loan that the Secretary may guarantee under this section shall not exceed 75 percent of the principal amount of the loan.

"(f) ADMINISTRATIVE PROVISIONS.—The Secretary shall ensure, to the maximum extent practicable, that loans made or guaranteed under this section are distributed across diverse geographic regions.

"(g) CREDIT ELIGIBILITY.—The provisions of paragraphs (1) and (3) of section 3406(a) shall not apply to loans made or guaranteed under this section.

"(h) AUTHORIZATION OF APPROPRIATIONS.—For each of fiscal years 2012 through 2017, there are authorized to be appropriated to the Secretary such sums as are necessary to carry out this section.

**"SEC. 3104. LOAN MAXIMUMS.**

"(a) MAXIMUM.—

"(1) IN GENERAL.—The Secretary shall make or guarantee no loan under sections 3101, 3102, 3103, 3106, and 3107 that would cause the unpaid indebtedness under those sections of any 1 borrower to exceed the lesser of—

"(A) the value of the farm or other security, or

"(B)(i) in the case of a loan made by the Secretary, $300,000; or

"(ii) in the case of a loan guaranteed by the Secretary, $700,000 (as modified under paragraph (2)).

"(2) MODIFICATION.—The amount specified in paragraph (1)(B)(ii) shall be—

"(A) increased, beginning with fiscal year 2000, by the inflation percentage applicable to the fiscal year in which the loan is guaranteed; and

"(B) reduced by the amount of any unpaid indebtedness of the borrower on loans under chapter 2 that are guaranteed by the Secretary.

"(b) DETERMINATION OF VALUE.—In determining the value of the farm, the Secretary shall consider appraisals made by competent appraisers under rules established by the Secretary.

"(c) INFLATION PERCENTAGE.—For purposes of this section, the inflation percentage applicable to a fiscal year is the percentage (if any) by which—

"(1) the average of the Prices Paid By Farmers Index (as compiled by the National Agricultural Sta-

tistics Service of the Department) for the 12-month period ending on August 31 of the immediately preceding fiscal year; exceeds

"(2) the average of that index (as so defined) for the 12-month period ending on August 31, 1996.

**"SEC. 3105. REPAYMENT REQUIREMENTS FOR FARM OWNERSHIP LOANS.**

"(a) PERIOD FOR REPAYMENT.—The period for repayment of a loan under this chapter shall not exceed 40 years.

"(b) INTEREST RATES.—

"(1) IN GENERAL.—Except as otherwise provided in this title, the interest rate on a loan under this chapter shall be determined by the Secretary at a rate—

"(A) not to exceed the sum obtained by adding—

"(i) the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of the loan; and

"(ii) an amount not to exceed 1 percent, as determined by the Secretary; and

"(B) adjusted to the nearest ⅛ of 1 percent.

"(2) LOW INCOME FARM OWNERSHIP LOANS.—Except as provided in paragraph (3), the interest rate on a loan (other than a guaranteed loan) under section 3106 shall be determined by the Secretary at a rate that is—

"(A) not greater than the sum obtained by adding—

"(i) an amount that does not exceed ½ of the current average market yield on outstanding marketable obligations of the United States with maturities of 5 years; and

"(ii) an amount not to exceed 1 percent per year, as the Secretary determines is appropriate; and

"(B) not less than 5 percent per year.

"(3) JOINT FINANCING ARRANGEMENT.—If a direct farm ownership loan is made under this chapter as part of a joint financing arrangement and the amount of the direct farm ownership loan does not exceed 50 percent of the total principal amount financed under the arrangement, the interest rate on

the direct farm ownership loan shall be at least 4 percent annually.

"(4) GUARANTEED LOANS.—The interest rate on a loan made under this chapter as a guaranteed loan shall be such rate as may be agreed on by the borrower and the lender, but not in excess of any rate determined by the Secretary.

"(c) PAYMENT OF CHARGES.—A borrower of a loan made or guaranteed under this chapter shall pay such fees and other charges as the Secretary may require, and prepay to the Secretary such taxes and insurance as the Secretary may require, on such terms and conditions as the Secretary may prescribe.

"(d) SECURITY.—

"(1) IN GENERAL.—The Secretary shall take as security for an obligation entered into in connection with a loan, a mortgage on a farm with respect to which the loan is made or such other security as the Secretary may require.

"(2) LIENS TO UNITED STATES.—An instrument for security under paragraph (1) may constitute a lien running to the United States notwithstanding the fact that the note for the security may be held by a lender other than the United States.

"(3) MULTIPLE LOANS.—A borrower may use the same collateral to secure 2 or more loans made or guaranteed under this chapter, except that the outstanding amount of the loans may not exceed the total value of the collateral.

"(e) MINERAL RIGHTS AS COLLATERAL.—

"(1) IN GENERAL.—In the case of a farm ownership loan made after December 23, 1985, unless appraised values of the rights to oil, gas, or other minerals are specifically included as part of the appraised value of collateral securing the loan, the rights to oil, gas, or other minerals located under the property shall not be considered part of the collateral securing the loan.

"(2) COMPENSATORY PAYMENTS.—Nothing in this subsection prevents the inclusion of, as part of the collateral securing the loan, any payment or other compensation the borrower may receive for damages to the surface of the collateral real estate resulting from the exploration for or recovery of minerals.

"(f) ADDITIONAL COLLATERAL.—The Secretary may not—

"(1) require any borrower to provide additional collateral to secure a farmer program loan made or

guaranteed under this subtitle, if the borrower is current in the payment of principal and interest on the loan; or

"(2) bring any action to foreclose, or otherwise liquidate, the loan as a result of the failure of a borrower to provide additional collateral to secure the loan, if the borrower was current in the payment of principal and interest on the loan at the time the additional collateral was requested.

**"SEC. 3106. LIMITED-RESOURCE LOANS.**

"(a) IN GENERAL.—The Secretary may make or guarantee a limited-resource loan for any of the purposes specified in sections 3102(a) or 3103(a) to a farmer in the United States who—

"(1) in the case of an entity, all members, stockholders, or partners are eligible under section 3101(b);

"(2) has a low income; and

"(3) demonstrates a need to maximize the income of the farmer from farming operations.

"(b) INSTALLMENTS.—A loan made or guaranteed under this section shall be repayable in such installments as the Secretary determines will provide for reduced payments during the initial repayment period of the loan and

larger payments during the remainder of the repayment period of the loan.

"(c) INTEREST RATES.—Except as provided in section 3105(b)(3) and in section 3204(b)(3), the interest rate on loans (other than guaranteed loans) under this section shall not be—

"(1) greater than the sum obtained by adding—

"(A) an amount that does not exceed ½ of the current average market yield on outstanding marketable obligations of the United States with maturities of 5 years; and

"(B) an amount not exceeding 1 percent per year, as the Secretary determines is appropriate; or

"(2) less than 5 percent per year.

**"SEC. 3107. DOWNPAYMENT LOAN PROGRAM.**

"(a) IN GENERAL.—

"(1) ESTABLISHMENT.—Notwithstanding any other provision of this chapter, the Secretary shall establish, under the farm ownership loan program established under this chapter, a program under which loans shall be made under this section to a 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.

"(3) DURATION.—Each loan under this section shall be made for a period of 20 years or less, at the option of the borrower.

"(4) REPAYMENT.—Each borrower of a loan under this section shall repay the loan to the Secretary in equal annual installments.

"(5) NATURE OF RETAINED SECURITY INTEREST.—The Secretary shall retain an interest in each farm acquired with a loan made under this section that shall—

"(A) be secured by the farm;

"(B) be junior only to such interests in the farm as may be conveyed at the time of acquisition to the person (including a lender) from whom the borrower obtained a loan used to acquire the farm; and

"(C) require the borrower to obtain the permission of the Secretary before the borrower may grant an additional security interest in the farm.

"(c) LIMITATIONS.—

"(1) BORROWERS REQUIRED TO MAKE MINIMUM DOWN PAYMENT.—The Secretary shall not make a loan under this section to any borrower with respect to a farm if the contribution of the borrower

to the down payment on the farm will be less than 5 percent of the purchase price of the farm.

"(2) PROHIBITED TYPES OF FINANCING.—The Secretary shall not make a loan under this section with respect to a farm if the farm is to be acquired with other financing that contains any of the following conditions:

"(A) The financing is to be amortized over a period of less than 30 years.

"(B) A balloon payment will be due on the financing during the 20-year period beginning on the date on which the loan is to be made by the Secretary.

"(d) ADMINISTRATION.—In carrying out this section, the Secretary shall, to the maximum extent practicable—

"(1) facilitate the transfer of farms from retiring farmers to persons eligible for insured loans under this subtitle;

"(2) make efforts to widely publicize the availability of loans under this section among—

"(A) potentially eligible recipients of the loans;

"(B) retiring farmers; and

"(C) applicants for farm ownership loans under this chapter;

"(3) encourage retiring farmers to assist in the sale of their farms to qualified beginning farmers and socially disadvantaged farmers providing seller financing;

"(4) coordinate the loan program established by this section with State programs that provide farm ownership or operating loans for beginning farmers or socially disadvantaged farmers; and

"(5) establish annual performance goals to promote the use of the down payment loan program and other joint financing arrangements as the preferred choice for direct real estate loans made by any lender to a qualified beginning farmer or socially disadvantaged farmer.

**"SEC. 3108. BEGINNING FARMER AND SOCIALLY DISADVANTAGED FARMER CONTRACT LAND SALES PROGRAM.**

"(a) IN GENERAL.—The Secretary shall, in accordance with this section, guarantee a loan made by a private seller of a farm to a qualified beginning farmer or socially disadvantaged farmer on a contract land sales basis.

"(b) ELIGIBILITY.—To be eligible for a loan guarantee under subsection (a)—

"(1) the qualified beginning farmer or socially disadvantaged farmer shall—

"(A) on the date the contract land sale that is subject of the loan is complete, own and operate the farm that is the subject of the contract land sale;

"(B) have a credit history that—

"(i) includes a record of satisfactory debt repayment, as determined by the Secretary; and

"(ii) is acceptable to the Secretary; and

"(C) demonstrate to the Secretary that the farmer is unable to obtain sufficient credit without a guarantee to finance any actual need of the farmer at a reasonable rate or term; and

"(2) the loan shall meet applicable underwriting criteria, as determined by the Secretary.

"(c) LIMITATIONS.—The Secretary shall not provide a loan guarantee under subsection (a) if—

"(1) the contribution of the qualified beginning farmer or socially disadvantaged farmer to the down payment for the farm that is the subject of the contract land sale would be less than 5 percent of the purchase price of the farm; or

"(2) the purchase price or the appraisal value of the farm that is the subject of the contract land sale is greater than $500,000.

"(d) PERIOD OF GUARANTEE.—A loan guarantee under this section shall be in effect for the 10-year period beginning on the date on which the guarantee is provided.

"(e) GUARANTEE PLAN.—

"(1) SELECTION OF PLAN.—A private seller of a farm who makes a loan guaranteed by the Secretary under subsection (a) may select—

"(A) a prompt payment guarantee plan, which shall cover—

"(i) 3 amortized annual installments; or

"(ii) an amount equal to 3 annual installments (including an amount equal to the total cost of any tax and insurance incurred during the period covered by the annual installments); or

"(B) a standard guarantee plan, which shall cover an amount equal to 90 percent of the outstanding principal of the loan.

"(2) ELIGIBILITY FOR STANDARD GUARANTEE PLAN.—To be eligible for a standard guarantee plan

referred to in paragraph (1)(B), a private seller shall—

"(A) secure a commercial lending institution or similar entity, as determined by the Secretary, to serve as an escrow agent; or

"(B) in cooperation with the farmer, use an appropriate alternate arrangement, as determined by the Secretary.

## "CHAPTER 2—OPERATING LOANS

### "SEC. 3201. OPERATING LOANS.

"(a) IN GENERAL.—The Secretary may make or guarantee an operating loan under this chapter to an eligible farmer in the United States.

"(b) ELIGIBILITY.—A farmer shall be eligible under subsection (a) only—

"(1) if the farmer, or an individual holding a majority interest in the farmer—

"(A) is a citizen of the United States; and

"(B) has training or farming experience that the Secretary determines is sufficient to ensure a reasonable prospect of success in the farming operation proposed by the farmer;

"(2) in the case of a farmer that is an individual, if the farmer is or proposes to become an op-

erator of a farm that is not larger than a family farm;

"(3) in the case of a farmer that is a cooperative, corporation, partnership, trust, limited liability company, joint operation, or other such legal entity as the Secretary determines to be appropriate, with respect to the entity and each farm in which the entity has an ownership or operator interest—

"(A) if—

"(i) a majority interest is held by individuals who are related by blood or marriage, as defined by the Secretary;

"(ii) all of the individuals are or propose to become owners or operators of a farm that is not larger than a family farm; and

"(iii) at least 1 of the individuals is or proposes to become an operator of the farm; or

"(B) if—

"(i) the entire interest is held by individuals who are related by blood or marriage, as defined by the Secretary;

"(ii) all of the individuals are or propose to become farm operators; and

"(iii) the ownership interest of each individual separately constitutes not larger than a family farm, even if the ownership interests of the individuals collectively constitute larger than a family farm;

"(4) in the case of an operator described in paragraph (3) that is owned, in whole or in part by 1 or more other entities, if not less than 75 percent of the ownership interests of each other entity is owned directly or indirectly by 1 or more individuals who own the family farm; and

"(5) if the farmer and each individual that holds a majority interest in the farmer is unable to obtain credit elsewhere.

"(c) DIRECT LOANS.—

"(1) IN GENERAL.—Subject to paragraph (3), the Secretary may make a direct loan under this chapter only to a farmer who—

"(A) is a qualified beginning farmer;

"(B) has not received a previous direct operating loan made under this chapter; or

"(C) has not received a direct operating loan made under this chapter for a total of 7 years, less 1 year for every 3 consecutive years the farmer did not receive a direct operating

loan after the year in which the borrower initially received a direct operating loan under this chapter, as determined by the Secretary.

"(2) YOUTH LOANS.—In this subsection, the term 'direct operating loan' shall not include a loan made to a youth under subsection (d).

"(3) TRANSITION RULE.—If, as of April 4, 1996, a farmer has received a direct operating loan under this chapter during each of 4 or more previous years, the borrower shall be eligible to receive a direct operating loan under this chapter during 3 additional years after April 4, 1996.

"(4) WAIVERS.—

"(A) FARM OPERATIONS ON TRIBAL LAND.—The Secretary shall waive the limitation under paragraph (1)(C) or (3) for a direct loan made under this chapter to a farmer whose farm land is subject to the jurisdiction of an Indian tribe and whose loan is secured by 1 or more security instruments that are subject to the jurisdiction of an Indian tribe if the Secretary determines that commercial credit is not generally available for such farm operations.

"(B) OTHER FARM OPERATIONS.—On a case-by-case determination not subject to ad-

ministrative appeal, the Secretary may grant a borrower a waiver, 1 time only for a period of 2 years, of the limitation under paragraph (1)(C) or (3) for a direct operating loan if the borrower demonstrates to the satisfaction of the Secretary that—

"(i) the borrower has a viable farm operation;

"(ii) the borrower applied for commercial credit from at least 2 commercial lenders;

"(iii) the borrower was unable to obtain a commercial loan (including a loan guaranteed by the Secretary); and

"(iv) the borrower successfully has completed, or will complete within 1 year, borrower training under section 3419 (from which requirement the Secretary shall not grant a waiver under section 3419(f)).

"(d) YOUTH LOANS.—

"(1) IN GENERAL.—Notwithstanding subsection (b), except for citizenship and credit requirements, a loan may be made under this chapter to a youth who is a rural resident to enable the youth to operate an

enterprise in connection with the participation in a youth organization, as determined by the Secretary.

"(2) FULL PERSONAL LIABILITY.—A youth receiving a loan under this subsection who executes a promissory note for the loan shall incur full personal liability for the indebtedness evidenced by the note, in accordance with the terms of the note, free of any disability of minority.

"(3) COSIGNER.—The Secretary may accept the personal liability of a cosigner of a promissory note for a loan under this subsection, in addition to the personal liability of the youth borrower.

"(4) YOUTH ENTERPRISES NOT FARMING.—The operation of an enterprise by a youth under this subsection shall not be considered the operation of a farm under this subtitle.

**"SEC. 3202. PURPOSES OF LOANS.**

"(a) DIRECT LOANS.—A direct loan may be made under this chapter only—

"(1) to pay the costs incident to reorganizing a farm for more profitable operation;

"(2) to purchase livestock, poultry, or farm equipment;

"(3) to purchase feed, seed, fertilizer, insecticide, or farm supplies, or to meet other essential farm operating expenses, including cash rent;

"(4) to finance land or water development, use, or conservation;

"(5) to pay loan closing costs;

"(6) to assist a farmer in changing the equipment, facilities, or methods of operation of a farm to comply with a standard promulgated under section 6 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 655) or a standard adopted by a State under a plan approved under section 18 of that Act (29 U.S.C. 667), if the Secretary determines that without assistance under this paragraph the farmer is likely to suffer substantial economic injury in complying with the standard;

"(7) to train a limited-resource borrower receiving a loan under section 3106 in maintaining records of farming operations;

"(8) to train a borrower under section 3419;

"(9) to refinance the indebtedness of a borrower, if the borrower—

"(A) has refinanced a loan under this chapter not more than 4 times previously; and

"(B)(i) is a direct loan borrower under this title at the time of the refinancing and has suffered a qualifying loss because of a natural or major disaster or emergency; or

"(ii) is refinancing a debt obtained from a creditor other than the Secretary; or

"(10) to provide other farm or home needs, including family subsistence.

"(b) GUARANTEED LOANS.—A loan may be guaranteed under this chapter only—

"(1) to pay the costs incident to reorganizing a farm for more profitable operation;

"(2) to purchase livestock, poultry, or farm equipment;

"(3) to purchase feed, seed, fertilizer, insecticide, or farm supplies, or to meet other essential farm operating expenses, including cash rent;

"(4) to finance land or water development, use, or conservation;

"(5) to refinance indebtedness;

"(6) to pay loan closing costs;

"(7) to assist a farmer in changing the equipment, facilities, or methods of operation of a farm to comply with a standard promulgated under section 6 of the Occupational Safety and Health Act of

1970 (29 U.S.C. 655) or a standard adopted by a State under a plan approved under section 18 of that Act (29 U.S.C. 667), if the Secretary determines that without assistance under this paragraph the farmer is likely to suffer substantial economic injury due to compliance with the standard;

"(8) to train a borrower under section 3419; or

"(9) to provide other farm or home needs, including family subsistence.

"(c) HAZARD INSURANCE REQUIREMENT.—The Secretary may not make a loan to a farmer under this chapter unless the farmer has, or agrees to obtain, hazard insurance on the property to be acquired with the loan.

"(d) PRIVATE RESERVE.—

"(1) IN GENERAL.—Notwithstanding any other provision of this title, the Secretary may reserve a portion of any loan made under this chapter to be placed in an unsupervised bank account that may be used at the discretion of the borrower for the basic family needs of the borrower and the immediate family of the borrower.

"(2) LIMIT ON SIZE OF THE RESERVE.—The size of the reserve shall not exceed the lesser of—

"(A) 10 percent of the loan;

"(B) $5,000; or

"(C) the amount needed to provide for the basic family needs of the borrower and the immediate family of the borrower for 3 calendar months.

**"SEC. 3203. RESTRICTIONS ON LOANS.**

"(a) REQUIREMENTS.—

"(1) IN GENERAL.—The Secretary may not make or guarantee a loan under this chapter—

"(A) that would cause the total principal indebtedness outstanding at any 1 time for loans made under this chapter to any 1 borrower to exceed—

"(i)(I) in the case of a loan made by the Secretary, $300,000; or

"(II) in the case of a loan guaranteed by the Secretary, $700,000 (as modified under paragraph (2)); or

"(B) for the purchasing or leasing of land other than for cash rent, or for carrying on a land leasing or land purchasing program.

"(2) MODIFICATION.—The amount specified in paragraph (1)(A)(ii) shall be—

"(A) increased, beginning with fiscal year 2000, by the inflation percentage applicable to

the fiscal year in which the loan is guaranteed; and

"(B) reduced by the unpaid indebtedness of the borrower on loans under sections specified in section 3104 that are guaranteed by the Secretary.

"(b) INFLATION PERCENTAGE.—For purposes of this section, the inflation percentage applicable to a fiscal year is the percentage (if any) by which—

"(1) the average of the Prices Paid By Farmers Index (as compiled by the National Agricultural Statistics Service of the Department) for the 12-month period ending on August 31 of the immediately preceding fiscal year; exceeds

"(2) the average of that index (as so defined) for the 12-month period ending on August 31, 1996.

**"SEC. 3204. TERMS OF LOANS.**

"(a) PERSONAL LIABILITY.—A borrower of a loan made under this chapter shall secure the loan with the full personal liability of the borrower and such other security as the Secretary may prescribe.

"(b) INTEREST RATES.—

"(1) MAXIMUM RATE.—

"(A) IN GENERAL.—Except as provided in paragraphs (2) and (3), the interest rate on a

loan made under this chapter (other than a guaranteed loan) shall be determined by the Secretary at a rate not to exceed the sum obtained by adding—

"(i) the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of the loan; and

"(ii) an additional charge not to exceed 1 percent, as determined by the Secretary.

"(B) ADJUSTMENT.—The sum obtained under subparagraph (A) shall be adjusted to the nearest ⅛ of 1 percent.

"(2) GUARANTEED LOAN.—The interest rate on a guaranteed loan made under this chapter shall be such rate as may be agreed on by the borrower and the lender, but may not exceed any rate prescribed by the Secretary.

"(3) LOW INCOME LOAN.—The interest rate on a direct loan made under this chapter to a low-income, limited-resource borrower shall be determined by the Secretary at a rate that is not—

"(A) greater than the sum obtained by adding—

"(i) an amount that does not exceed ½ of the current average market yield on outstanding marketable obligations of the United States with a maturity of 5 years; and

"(ii) an amount not to exceed 1 percent per year, as the Secretary determines is appropriate; or

"(B) less than 5 percent per year.

"(c) PERIOD FOR REPAYMENT.—The period for repayment of a loan made under this chapter may not exceed 7 years.

"(d) LINE-OF-CREDIT LOANS.—

"(1) IN GENERAL.—A loan made or guaranteed by the Secretary under this chapter may be in the form of a line-of-credit loan.

"(2) TERM.—A line-of-credit loan under paragraph (1) shall terminate not later than 5 years after the date that the loan is made or guaranteed.

"(3) ELIGIBILITY.—For purposes of determining eligibility for an operating loan under this chapter, each year during which a farmer takes an advance or draws on a line-of-credit loan the farmer

shall be considered as having received an operating loan for 1 year.

"(4) TERMINATION OF DELINQUENT LOANS.—If a borrower does not pay an installment on a line-of-credit loan on schedule, the borrower may not take an advance or draw on the line-of-credit, unless the Secretary determines that—

"(A) the failure of the borrower to pay on schedule was due to unusual conditions that the borrower could not control; and

"(B) the borrower will reduce the line-of-credit balance to the scheduled level at the end of—

"(i) the production cycle; or

"(ii) the marketing of the agricultural products of the borrower.

"(5) AGRICULTURAL COMMODITIES.—A line-of-credit loan may be used to finance the production or marketing of an agricultural commodity that is eligible for a price support program of the Department.

## "CHAPTER 3—EMERGENCY LOANS

### "SEC. 3301. EMERGENCY LOANS.

"(a) IN GENERAL.—The Secretary shall make or guarantee an emergency loan under this chapter to an eli-

gible farmer only to the extent and in such amounts as provided in advance in appropriation Acts.

"(b) ELIGIBILITY.—An established farmer shall be eligible under subsection (a) only—

"(1) if the farmer or an individual holding a majority interest in the farmer—

"(A) is a citizen of the United States; and

"(B) has experience and resources that the Secretary determines are sufficient to ensure a reasonable prospect of success in the farming operation proposed by the farmer;

"(2) in the case of a farmer that is an individual, if the farmer is—

"(A) in the case of a loan for a purpose under chapter 1, an owner, operator, or lessee-operator described in section 3101(b)(2); and

"(B) in the case of a loan for a purpose under chapter 2, an operator of a farm that is not larger than a family farm;

"(3) in the case of a farmer that is a cooperative, corporation, partnership, trust, limited liability company, joint operation, or such other legal entity as the Secretary determines to be appropriate, with respect to the entity and each farm in which the entity has an ownership or operator interest—

"(A) if—

"(i) a majority interest is held by individuals who are related by blood or marriage, as defined by the Secretary;

"(ii) all of the individuals are or propose to become owners or operators of a farm that is not larger than a family farm; and

"(iii) at least 1 of the individuals is or proposes to become an operator of the farm; or

"(B) if—

"(i) the entire interest is held by individuals who are related by blood or marriage, as defined by the Secretary;

"(ii) all of the individuals are or propose to become farm operators; and

"(iii) the ownership interest of each individual separately constitutes not larger than a family farm, even if the ownership interests of the individuals collectively constitute larger than a family farm;

"(4) if the entity is owned, in whole or in part, by 1 or more other entities and each individual who is an owner of the family farm involved has a direct

or indirect ownership interest in each of the other entities;

"(5) if the farmer and any individual that holds a majority interest in the farmer is unable to obtain credit elsewhere; and

"(6)(A) if the Secretary finds that the operations of the farmer have been substantially affected by—

"(i) a natural or major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.); or

"(ii) a quarantine imposed by the Secretary under the Plant Protection Act (7 U.S.C. 7701 et seq.) or the Animal Health Protection Act (7 U.S.C. 8301 et seq.); or

"(B) if the farmer conducts farming operations in a county or a county contiguous to a county in which the Secretary has found that farming operations have been substantially affected by a natural or major disaster or emergency.

"(c) TIME FOR ACCEPTING AN APPLICATION.—The Secretary shall accept an application for a loan under this

chapter from a farmer at any time during the 8-month period beginning on the date that—

"(1) the Secretary determines that farming operations of the farmer have been substantially affected by—

"(A) a quarantine imposed by the Secretary under the Plant Protection Act (7 U.S.C. 7701 et seq.) or the Animal Health Protection Act (7 U.S.C. 8301 et seq.); or

"(B) a natural disaster; or

"(2) the President makes a major disaster or emergency designation with respect to the affected county of the farmer referred to in subsection (b)(5)(B).

"(d) HAZARD INSURANCE REQUIREMENT.—The Secretary may not make a loan to a farmer under this chapter to cover a property loss unless the farmer had hazard insurance that insured the property at the time of the loss.

"(e) FAMILY FARM.—The Secretary shall conduct the loan program under this chapter in a manner that will foster and encourage the family farm system of agriculture, consistent with the reaffirmation of policy and declaration of the intent of Congress contained in section 102(a) of the Food and Agriculture Act of 1977 (7 U.S.C. 2266(a)).

**"SEC. 3302. PURPOSES OF LOANS.**

"Subject to the limitations on the amounts of loans provided in section 3303(a), a loan may be made or guaranteed under this chapter for—

"(1) any purpose authorized for a loan under chapter 1 or 2; and

"(2) crop or livestock purposes that are—

"(A) necessitated by a quarantine, natural disaster, major disaster, or emergency; and

"(B) considered desirable by the farmer.

**"SEC. 3303. TERMS OF LOANS.**

"(a) MAXIMUM AMOUNT OF LOAN.—The Secretary may not make or guarantee a loan under this chapter to a borrower who has suffered a loss in an amount that—

"(1) exceeds the actual loss caused by a disaster; or

"(2) would cause the total indebtedness of the borrower under this chapter to exceed $500,000.

"(b) INTEREST RATES.—Any portion of a loan under this chapter up to the amount of the actual loss suffered by a farmer caused by a disaster shall be at a rate prescribed by the Secretary, but not in excess of 8 percent per annum.

"(c) INTEREST SUBSIDIES FOR GUARANTEED LOANS.—In the case of a guaranteed loan under this chapter, the Secretary may pay an interest subsidy to the

lender for any portion of the loan up to the amount of the actual loss suffered by a farmer caused by a disaster.

"(d) TIME FOR REPAYMENT.—

"(1) IN GENERAL.—Subject to paragraph (2), a loan under this chapter shall be repayable at such times as the Secretary may determine, considering the purpose of the loan and the nature and effect of the disaster, but not later than the maximum repayment period allowed for a loan for a similar purpose under chapters 1 and 2.

"(2) EXTENDED REPAYMENT PERIOD.—The Secretary may, if the loan is for a purpose described in chapter 2 and the Secretary determines that the need of the loan applicant justifies the longer repayment period, make the loan repayable at the end of a period of more than 7 years, but not more than 20 years.

"(e) SECURITY FOR LOAN.—

"(1) IN GENERAL.—A borrower of a loan made under this chapter shall secure the loan with the full personal liability of the borrower and such other security as the Secretary may prescribe.

"(2) ADEQUATE SECURITY.—Subject to paragraph (3), the Secretary may not make or guarantee

a loan under this chapter unless the security for the loan is adequate to ensure repayment of the loan.

"(3) INADEQUATE SECURITY DUE TO DISASTER.—If adequate security for a loan under this chapter is not available because of a disaster, the Secretary shall accept as security any collateral that is available if the Secretary is confident that the collateral and the repayment ability of the farmer are adequate security for the loan.

"(4) VALUATION OF FARM ASSETS.—If a farm asset (including land, livestock, or equipment) is used as collateral to secure a loan applied for under this chapter and the governor of the State in which the farm is located requests assistance under this chapter or the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) for the portion of the State in which the asset is located, the Secretary shall establish the value of the asset as of the day before the occurrence of the natural or major disaster or emergency.

"(f) REVIEW OF LOAN.—

"(1) IN GENERAL.—In the case of a loan made, but not guaranteed, under section 3301, the Secretary shall review the loan 3 years after the loan

is made, and every 2 years thereafter for the term of the loan.

"(2) TERMINATION OF FEDERAL ASSISTANCE.—If, based on a review under paragraph (1), the Secretary determines that the borrower is able to obtain a loan from a non-Federal source at reasonable rates and terms, the borrower shall, on request by the Secretary, apply for, and accept, a non-Federal loan in a sufficient amount to repay the Secretary.

**"SEC. 3304. PRODUCTION LOSSES.**

"(a) IN GENERAL.—The Secretary shall make or guarantee a loan under this chapter to an eligible farmer for production losses if a single enterprise that constitutes a basic part of the farming operation of the farmer has sustained at least a 30 percent loss in normal per acre or per animal production, or such lesser percentage as the Secretary may determine, as a result of a disaster.

"(b) BASIS FOR PERCENTAGE.—A percentage loss under subsection (a) shall be based on the average monthly price in effect for the previous crop or calendar year, as appropriate.

"(c) AMOUNT OF LOAN.—A loan under subsection (a) shall be in an amount that is equal to 80 percent, or such greater percentage as the Secretary may determine,

of the total calculated actual production loss sustained by the farmer.

## "CHAPTER 4—GENERAL FARMER LOAN PROVISIONS

### "SEC. 3401. AGRICULTURAL CREDIT INSURANCE FUND.

''The fund established pursuant to section 11(a) of the Bankhead-Jones Farm Tenant Act (60 Stat. 1075, chapter 964) shall be known as the Agricultural Credit Insurance Fund (referred to in this section as the 'Fund', unless the context otherwise requires) for the discharge of the obligations of the Secretary under agreements insuring loans under this subtitle and loans and mortgages insured under prior authority.

### "SEC. 3402. GUARANTEED FARMER LOANS.

''(a) IN GENERAL.—The Secretary may provide financial assistance to a borrower for a purpose provided in this subtitle by guaranteeing a loan made by any Federal or State chartered bank, savings and loan association, cooperative lending agency, or other legally organized lending agency.

''(b) INTEREST RATE.—The interest rate payable by a borrower on the portion of a guaranteed loan that is sold by a lender to the secondary market under this subtitle may be lower than the interest rate charged on the portion retained by the lender, but shall not exceed the

average interest rate charged by the lender on loans made to farm borrowers.

"(c) FEES.—In the case of a loan guarantee on a loan made by a commercial or cooperative lender related to a loan made by the Secretary under section 3107—

"(1) the Secretary shall not charge a fee to any person (including a lender); and

"(2) a lender may charge a loan origination and servicing fee in an amount not to exceed 1 percent of the amount of the loan.

"(d) MAXIMUM GUARANTEE OF 90 PERCENT.—Except as provided in subsections (e) and (f), a loan guarantee under this subtitle shall be for not more than 90 percent of the principal and interest due on the loan.

"(e) REFINANCED LOANS GUARANTEED AT 95 PERCENT.—The Secretary shall guarantee 95 percent of—

"(1) in the case of a loan that solely refinances a direct loan made under this subtitle, the principal and interest due on the loan on the date of the refinancing; or

"(2) in the case of a loan that is used for multiple purposes, the portion of the loan that refinances the principal and interest due on a direct loan made under this subtitle that is outstanding on the date the loan is guaranteed.

"(f) BEGINNING FARMER LOANS GUARANTEED UP TO 95 PERCENT.—The Secretary may guarantee not more than 95 percent of—

"(1) a farm ownership loan for acquiring a farm to a borrower who is participating in the downpayment loan program under section 3107; or

"(2) an operating loan to a borrower who is participating in the downpayment loan program under section 3107 that is made during the period that the borrower has a direct loan outstanding under chapter 1 for acquiring a farm.

"(g) GUARANTEE OF LOANS MADE UNDER STATE BEGINNING FARMER PROGRAMS.—The Secretary may guarantee under this subtitle a loan made under a State beginning farmer program, including a loan financed by the net proceeds of a qualified small issue agricultural bond for land or property described in section 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.

**"SEC. 3403. PROVISION OF INFORMATION TO BORROWERS.**

"(a) APPROVAL NOTIFICATION.—The Secretary shall approve or disapprove an application for a loan or loan guarantee made under this subtitle, and notify the applicant of such action, not later than 60 days after the date on which the Secretary has received a complete application for the loan or loan guarantee.

"(b) LIST OF LENDERS.—The Secretary shall make available to any farmer, on request, a list of lenders in the area that participate in guaranteed farmer program loan programs established under this subtitle, and other lenders in the area that express a desire to participate in the programs and that request inclusion on the list.

"(c) OTHER INFORMATION.—

"(1) IN GENERAL.—On the request of a borrower, the Secretary shall make available to the borrower—

"(A) a copy of each document signed by the borrower;

"(B) a copy of each appraisal performed with respect to the loan; and

"(C) any document that the Secretary is required to provide to the borrower under any law in effect on the date of the request.

"(2) RULE OF CONSTRUCTION.—Paragraph (1) shall not supersede any duty imposed on the Secretary by a law in effect on January 5, 1988, unless the duty directly conflicts with a duty under paragraph (1).

**"SEC. 3404. NOTICE OF LOAN SERVICE PROGRAMS.**

"(a) REQUIREMENT.—The Secretary shall provide notice by certified mail to each borrower who is at least

90 days past due on the payment of principal or interest on a loan made under this subtitle.

"(b) CONTENTS.—The notice required under subsection (a) shall—

"(1) include a summary of all primary loan service programs, homestead retention programs, debt settlement programs, and appeal procedures, including the eligibility criteria, and terms and conditions of the programs and procedures;

"(2) include a summary of the manner in which the borrower may apply, and be considered, for all such programs, except that the Secretary shall not require the borrower to select among the programs or waive any right to be considered for any program carried out by the Secretary;

"(3) advise the borrower regarding all filing requirements and any deadlines that must be met for requesting loan servicing;

"(4) provide any relevant forms, including applicable response forms;

"(5) advise the borrower that a copy of regulations is available on request; and

"(6) be designed to be readable and understandable by the borrower.

"(c) CONTAINED IN REGULATIONS.—All notices required by this section shall be contained in the regulations issued to carry out this title.

"(d) TIMING.—The notice described in subsection (b) shall be provided—

"(1) at the time an application is made for participation in a loan service program;

"(2) on written request of the borrower; and

"(3) before the earliest of the date of—

"(A) initiating any liquidation;

"(B) requesting the conveyance of security property;

"(C) accelerating the loan;

"(D) repossessing property;

"(E) foreclosing on property; or

"(F) taking any other collection action.

"(e) CONSIDERATION OF BORROWERS FOR LOAN SERVICE PROGRAMS.—

"(1) IN GENERAL.—The Secretary shall consider a farmer program loan borrower for all loan service programs if, not later than 60 days after receipt of the notice described in subsection (b), the borrower requests the consideration in writing.

"(2) PRIORITY.—In considering a borrower for a loan service program, the Secretary shall place the

highest priority on the preservation of the farming operations of the borrower.

**"SEC. 3405. PLANTING AND PRODUCTION HISTORY GUIDELINES.**

"(a) IN GENERAL.—The Secretary shall ensure that appropriate procedures, including, to the extent practicable, onsite inspections, or use of county or State yield averages, are used in calculating future yields for an applicant for a loan, when an accurate projection cannot be made because the past production history of the farmer has been affected by a natural or major disaster or emergency.

"(b) CALCULATION OF YIELDS.—

"(1) IN GENERAL.—For the purpose of averaging the past yields of the farm of a farmer over a period of crop years to calculate the future yield of the farm under this title, the Secretary shall permit the farmer to exclude the crop year with the lowest actual or county average yield for the farm from the calculation, if the farmer was affected by a natural or major disaster or emergency during at least 2 of the crop years during the period.

"(2) AFFECTED BY A NATURAL OR MAJOR DISASTER OR EMERGENCY.—A farmer was affected by a natural or major disaster or emergency under

paragraph (1) if the Secretary finds that the farming operations of the farmer have been substantially affected by a natural or major disaster or emergency, including a farmer who has a qualifying loss but is not located in a designated or declared disaster area.

"(3) APPLICATION OF SUBSECTION.—This subsection shall apply to any action taken by the Secretary that involves—

"(A) a loan under chapter 1 or 2; and

"(B) the yield of a farm of a farmer, including making a loan or loan guarantee, servicing a loan, or making a credit sale.

**"SEC. 3406. SPECIAL CONDITIONS AND LIMITATIONS ON LOANS.**

"(a) APPLICANT REQUIREMENTS.—In connection with a loan made or guaranteed under this subtitle, the Secretary shall require—

"(1) the applicant—

"(A) to certify in writing that, and the Secretary shall determine whether, the applicant is unable to obtain credit elsewhere; and

"(B) to furnish an appropriate written financial statement;

"(2) except for a guaranteed loan, an agreement by the borrower that if at any time it appears to the Secretary that the borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source (or, in the case of a borrower under section 3106, the borrower may be able to obtain a loan under section 3101), at reasonable rates and terms for loans for similar purposes and periods of time, the borrower will, on request by the Secretary, apply for and accept the loan in a sufficient amount to repay the Secretary or the insured lender, or both, and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with the loan;

"(3) such provision for supervision of the operations of the borrower as the Secretary shall consider necessary to achieve the objectives of the loan and protect the interests of the United States; and

"(4) the application of a person who is a veteran for a loan under chapter 1 or 2 to be given preference over a similar application from a person who is not a veteran if the applications are on file in a county or area office at the same time.

"(b) AGENCY PROCESSING REQUIREMENTS.—

"(1) NOTIFICATIONS.—

"(A) INCOMPLETE APPLICATION NOTIFICATION.—If an application for a loan or loan guarantee under this subtitle (other than an operating loan or loan guarantee) is incomplete, the Secretary shall inform the applicant of the reasons the application is incomplete not later than 20 days after the date on which the Secretary has received the application.

"(B) OPERATING LOANS.—

"(i) ADDITIONAL INFORMATION NEEDED.—Not later than 10 calendar days after the Secretary receives an application for an operating loan or loan guarantee, the Secretary shall notify the applicant of any information required before a decision may be made on the application.

"(ii) INFORMATION NOT RECEIVED.—If, not later than 20 calendar days after the date a request is made pursuant to clause (i) with respect to an application, the Secretary has not received the information requested, the Secretary shall notify the applicant and the district office of the

Farm Service Agency, in writing, of the outstanding information.

"(C) REQUEST INFORMATION.—

"(i) IN GENERAL.—On receipt of an application, the Secretary shall request from other parties such information as may be needed in connection with the application.

"(ii) INFORMATION FROM AN AGENCY OF THE DEPARTMENT.—Not later than 15 calendar days after the date on which an agency of the Department receives a request for information made pursuant to subparagraph (A), the agency shall provide the Secretary with the requested information.

"(2) REPORT OF PENDING APPLICATIONS.—

"(A) IN GENERAL.—A county office shall notify the district office of the Farm Service Agency of each application for an operating loan or loan guarantee that is pending more than 45 days after receipt, and the reasons for which the application is pending.

"(B) ACTION ON PENDING APPLICATIONS.—A district office that receives a notice

provided under subparagraph (A) with respect to an application shall immediately take steps to ensure that final action is taken on the application not later than 15 days after the date of the receipt of the notice.

"(C) PENDING APPLICATION REPORT.—The district office shall report to the State office of the Farm Service Agency on each application for an operating loan or loan guarantee that is pending more than 45 days after receipt, and the reasons for which the application is pending.

"(D) REPORT TO CONGRESS.—Each month, the Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, on a State-by-State basis, as to each application for an operating loan or loan guarantee on which final action had not been taken within 60 calendar days after receipt by the Secretary, and the reasons for which final action had not been taken.

"(3) DISAPPROVALS.—

"(A) IN GENERAL.—If an application for a loan or loan guarantee under this subtitle is disapproved by the Secretary, the Secretary shall state the reasons for the disapproval in the notice required under paragraph (1).

"(B) DISAPPROVAL DUE TO LACK OF FUNDS.—

"(i) IN GENERAL.—Notwithstanding paragraph (1), each application for a loan or loan guarantee under section 3601(e), or for a loan under section 3501(a) or 3502(a), that is to be disapproved by the Secretary solely because the Secretary lacks the funds necessary to make the loan or guarantee shall not be disapproved but shall be placed in pending status.

"(ii) RECONSIDERATION.—The Secretary shall retain each pending application and reconsider the application beginning on the date that sufficient funds become available.

"(iii) NOTIFICATION.—Not later than 60 days after funds become available regarding each pending application, the Secretary shall notify the applicant of the ap-

proval or disapproval of funding for the application.

"(4) APPROVALS ON APPEAL.—If an application for a loan or loan guarantee under this subtitle is disapproved by the Secretary, but that action is subsequently reversed or revised as the result of an appeal within the Department or to the courts of the United States and the application is returned to the Secretary for further consideration, the Secretary shall act on the application and provide the applicant with notice of the action not later than 15 days after the date of return of the application to the Secretary.

"(5) PROVISION OF PROCEEDS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if an application for an insured loan under this title is approved by the Secretary, the Secretary shall provide the loan proceeds to the applicant not later than 15 days (or such longer period as the applicant may approve) after the application for the loan is approved by the Secretary.

"(B) LACK OF FUNDS.—If the Secretary is unable to provide the loan proceeds to the applicant during the 15-day period described in

subparagraph (A) because sufficient funds are not available to the Secretary for that purpose, the Secretary shall provide the loan proceeds to the applicant as soon as practicable (but in no event later than 15 days unless the applicant agrees to a longer period) after sufficient funds for that purpose become available to the Secretary.

**"SEC. 3407. GRADUATION OF BORROWERS.**

"(a) GRADUATION OF SEASONED DIRECT LOAN BORROWERS TO THE LOAN GUARANTEE PROGRAM.—

"(1) REVIEW OF LOANS.—

"(A) IN GENERAL.—The Secretary, or a contracting third party, shall annually review under section 3420 the loans of each seasoned direct loan borrower.

"(B) ASSISTANCE.—If, based on the review, it is determined that a borrower would be able to obtain a loan, guaranteed by the Secretary, from a commercial or cooperative lender at reasonable rates and terms for loans for similar purposes and periods of time, the Secretary shall assist the borrower in applying for the commercial or cooperative loan.

"(2) PROSPECTUS.—

"(A) IN GENERAL.—In accordance with section 3422, the Secretary shall prepare a prospectus on each seasoned direct loan borrower determined eligible to obtain a guaranteed loan.

"(B) REQUIREMENTS.—The prospectus shall contain a description of the amounts of the loan guarantee and interest assistance that the Secretary will provide to the seasoned direct loan borrower to enable the seasoned direct loan borrower to carry out a financially viable farming plan if a guaranteed loan is made.

"(3) VERIFICATION.—

"(A) IN GENERAL.—The Secretary shall provide a prospectus of a seasoned direct loan borrower to each approved lender whose lending area includes the location of the seasoned direct loan borrower.

"(B) NOTIFICATION.—The Secretary shall notify each borrower of a loan that a prospectus has been provided to a lender under subparagraph (A).

"(C) CREDIT EXTENDED.—If the Secretary receives an offer from an approved lender to extend credit to the seasoned direct loan borrower under terms and conditions contained

in the prospectus, the seasoned direct loan borrower shall not be eligible for a loan from the Secretary under chapter 1 or 2, except as otherwise provided in this section.

"(4) INSUFFICIENT ASSISTANCE OR OFFERS.—If the Secretary is unable to provide loan guarantees and, if necessary, interest assistance to the seasoned direct loan borrower under this section in amounts sufficient to enable the seasoned direct loan borrower to borrow from commercial sources the amount required to carry out a financially viable farming plan, or if the Secretary does not receive an offer from an approved lender to extend credit to a seasoned direct loan borrower under the terms and conditions contained in the prospectus, the Secretary shall make a loan to the seasoned direct loan borrower under chapter 1 or 2, whichever is applicable.

"(5) INTEREST RATE REDUCTIONS.—To the extent necessary for the borrower to obtain a loan, guaranteed by the Secretary, from a commercial or cooperative lender, the Secretary shall provide interest rate reductions as provided for under section 3413.

"(b) TRANSITION TO PRIVATE COMMERCIAL OR OTHER SOURCES OF CREDIT.—

"(1) IN GENERAL.—In making an operating or ownership loan, the Secretary shall establish a plan and promulgate regulations (including performance criteria) that promote the goal of transitioning borrowers to private commercial credit and other sources of credit in the shortest period of time practicable.

"(2) COORDINATION.—In carrying out this section, the Secretary shall integrate and coordinate the transition policy described in subsection (a) with—

"(A) the borrower training program established by section 3419;

"(B) the loan assessment process established by section 3420;

"(C) the supervised credit requirement established by section 3421;

"(D) the market placement program established by section 3422; and

"(E) other appropriate programs and authorities, as determined by the Secretary.

"(c) GRADUATION OF BORROWERS WITH OPERATING LOANS OR GUARANTEES TO PRIVATE COMMERCIAL CREDIT.—The Secretary shall establish a plan, in coordination with activities under sections 3419 through 3422, to encourage each borrower with an outstanding loan

under this chapter, or with respect to whom there is an outstanding guarantee under this chapter, to graduate to private commercial or other sources of credit.

**"SEC. 3408. DEBT ADJUSTMENT AND CREDIT COUNSELING.**

"In carrying out this subtitle, the Secretary may—

"(1) provide voluntary debt adjustment assistance between—

"(A) farmers; and

"(B) the creditors of the farmers;

"(2) cooperate with State, territorial, and local agencies and committees engaged in the debt adjustment; and

"(3) give credit counseling.

**"SEC. 3409. SECURITY SERVICING.**

"(a) SALE OF PROPERTY.—

"(1) IN GENERAL.—Subject to this subsection and subsection (e)(1), the Secretary shall offer to sell real property that is acquired by the Secretary under this subtitle using the following order and method of sale:

"(A) ADVERTISEMENT.—Not later than 15 days after acquiring real property, the Secretary shall publicly advertise the property for sale.

"(B) QUALIFIED BEGINNING FARMER.—

"(i) IN GENERAL.—Not later than 75 days after acquiring real property, the Secretary shall offer to sell the property to a qualified beginning farmer or a socially disadvantaged farmer at current market value based on a current appraisal.

"(ii) RANDOM SELECTION.—If more than 1 qualified beginning farmer or socially disadvantaged farmer offers to purchase the property, the Secretary shall select between the qualified applicants on a random basis.

"(iii) APPEAL OF RANDOM SELECTION.—A random selection or denial by the Secretary of a qualified beginning farmer or a socially disadvantaged farmer for farm inventory property under this subparagraph shall be final and not administratively appealable.

"(C) PUBLIC SALE.—If no acceptable offer is received from a qualified beginning farmer or a socially disadvantaged farmer under subparagraph (B) not later than 135 days after acquiring the real property, the Secretary shall, not later than 30 days after the 135-day period, sell

the property after public notice at a public sale, and, if no acceptable bid is received, by negotiated sale, at the best price obtainable.

"(2) INTEREST.—

"(A) IN GENERAL.—Subject to subparagraph (B), any conveyance of real property under this subsection shall include all of the interest of the United States in the property, including mineral rights.

"(B) CONSERVATION.—The Secretary may for conservation purposes grant or sell an easement, restriction, development right, or similar legal right to real property to a State, a political subdivision of a State, or a private nonprofit organization separately from the underlying fee or other rights to the property owned by the United States.

"(3) OTHER LAW.—Subtitle I of title 40, United States Code, and title III of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 251 et seq.) shall not apply to any exercise of authority under this subtitle.

"(4) LEASE OF PROPERTY.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary may not lease any real property acquired under this subtitle.

"(B) EXCEPTION.—

"(i) QUALIFIED BEGINNING FARMER OR SOCIALLY DISADVANTAGED FARMER.—The Secretary may lease or contract to sell to a qualified beginning farmer or a socially disadvantaged farmer a farm acquired by the Secretary under this subtitle if the qualified beginning farmer qualifies for a credit sale or direct farm ownership loan under chapter 1 but credit sale authority for loans or direct farm ownership loan funds, respectively, are not available.

"(ii) TERM.—The term of a lease or contract to sell to a qualified beginning farmer or a socially disadvantaged farmer under clause (i) shall be until the earlier of—

"(I) the date that is 18 months after the date of the lease or sale; or

"(II) the date that direct farm ownership loan funds or credit sale authority for loans becomes available

to the qualified beginning farmer or socially disadvantaged farmer.

"(iii) INCOME-PRODUCING CAPABILITY.—In determining the rental rate on real property leased under this subparagraph, the Secretary shall consider the income-producing capability of the property during the term that the property is leased.

"(5) EXPEDITED DETERMINATION.—

"(A) IN GENERAL.—On the request of an applicant, not later than 30 days after denial of the application, the appropriate State director shall provide an expedited review and determination of whether the applicant is a qualified beginning farmer or a socially disadvantaged farmer for the purpose of acquiring farm inventory property.

"(B) APPEAL.—The determination of a State Director under subparagraph (A) shall be final and not administratively appealable.

"(C) EFFECTS OF DETERMINATIONS.—

"(i) IN GENERAL.—The Secretary shall maintain statistical data on the number and results of determinations made

under subparagraph (A) and the effect of the determinations on—

"(I) selling farm inventory property to qualified beginning farmers or socially disadvantaged farmers; and

"(II) disposing of real property in inventory.

"(ii) NOTIFICATION.—The Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate if the Secretary determines that the review process under subparagraph (A) is adversely affecting the selling of farm inventory property to qualified beginning farmers or socially disadvantaged farmers or the disposing of real property in inventory.

"(b) ROAD AND UTILITY EASEMENTS AND CONDEMNATIONS.—In the case of any real property administered under this subtitle, the Secretary may grant or sell easements or rights-of-way for roads, utilities, and other appurtenances that are not inconsistent with the public interest.

"(c) SALE OR LEASE OF FARMLAND.—

"(1) DISPOSITION OF REAL PROPERTY ON INDIAN RESERVATIONS.—

"(A) DEFINITION OF INDIAN RESERVATION.—In this paragraph, the term 'Indian reservation' means—

"(i) all land located within the limits of any Indian reservation under the jurisdiction of the United States, notwithstanding the issuance of any patent, and, including any right-of-way running through the reservation;

"(ii) trust or restricted land located within the boundaries of a former reservation of an Indian tribe in the State of Oklahoma; or

"(iii) all Indian allotments the Indian titles to which have not been extinguished if the allotments are subject to the jurisdiction of an Indian tribe.

"(B) DISPOSITION.—Except as provided in paragraph (3), the Secretary shall dispose of or administer the property as provided in this paragraph when—

"(i) the Secretary acquires property under this subtitle that is located within an Indian reservation; and

"(ii) the borrower-owner is the Indian tribe that has jurisdiction over the reservation in which the real property is located or the borrower-owner is a member of the Indian tribe;

"(C) PRIORITY.—Not later than 90 days after acquiring the property, the Secretary shall afford an opportunity to purchase or lease the real property in accordance with the order of priority established under subparagraph (D) to the Indian tribe having jurisdiction over the Indian reservation within which the real property is located or, if no order of priority is established by the Indian tribe under subparagraph (D), in the following order:

"(i) An Indian member of the Indian tribe that has jurisdiction over the reservation within which the real property is located.

"(ii) An Indian corporate entity.

"(iii) The Indian tribe.

"(D) REVISION OF PRIORITY AND RESTRICTION OF ELIGIBILITY.—The governing body of any Indian tribe having jurisdiction over an Indian reservation may revise the order of priority provided in subparagraph (C) under which land located within the reservation shall be offered for purchase or lease by the Secretary under subparagraph (C) and may restrict the eligibility for the purchase or lease to—

"(i) persons who are members of the Indian tribe;

"(ii) Indian corporate entities that are authorized by the Indian tribe to lease or purchase land within the boundaries of the reservation; or

"(iii) the Indian tribe itself.

"(E) TRANSFER OF PROPERTY TO SECRETARY OF THE INTERIOR.—

"(i) IN GENERAL.—If real property described in subparagraph (B) is not purchased or leased under subparagraph (C) and the Indian tribe having jurisdiction over the reservation within which the real property is located is unable to purchase or

lease the real property, the Secretary shall transfer the real property to the Secretary of the Interior who shall administer the real property as if the real property were held in trust by the United States for the benefit of the Indian tribe.

"(ii) USE OF RENTAL INCOME.—From the rental income derived from the lease of the transferred real property, and all other income generated from the transferred real property, the Secretary of the Interior shall pay the State, county, municipal, or other local taxes to which the transferred real property was subject at the time of acquisition by the Secretary, until the earlier of—

"(I) the expiration of the 4-year period beginning on the date on which the real property is so transferred; or

"(II) such time as the land is transferred into trust pursuant to subparagraph (H).

"(F) RESPONSIBILITIES OF SECRETARIES.—If any real property is transferred to

the Secretary of the Interior under subparagraph (E)—

"(i) the Secretary of Agriculture shall have no further responsibility under this title for—

"(I) collection of any amounts with regard to the farm program loan that had been secured by the real property;

"(II) any lien arising out of the loan transaction; or

"(III) repayment of any amount with regard to the loan transaction or lien to the Treasury of the United States; and

"(ii) the Secretary of the Interior shall succeed to all right, title, and interest of the Secretary of Agriculture in the real estate arising from the farm program loan transaction, including the obligation to remit to the Treasury of the United States, in repayment of the original loan, the amounts provided in subparagraph (G).

"(G) USE OF INCOME.—After the payment of any taxes that are required to be paid under

subparagraph (E)(ii), all remaining rental income derived from the lease of the real property transferred to the Secretary of the Interior under subparagraph (E)(i), and all other income generated from the real property transferred to the Secretary of the Interior under that subparagraph, shall be deposited as miscellaneous receipts in the Treasury of the United States until the amount deposited is equal to the lesser of—

"(i) the amount of the outstanding lien of the United States against the real property, as of the date the real property was acquired by the Secretary;

"(ii) the fair market value of the real property, as of the date of the transfer to the Secretary of the Interior; or

"(iii) the capitalized value of the real property, as of the date of the transfer to the Secretary of the Interior.

"(H) HOLDING OF TITLE IN TRUST.—If the total amount that is required to be deposited under subparagraph (G) with respect to any real property has been deposited into the Treasury of the United States, title to the real

property shall be held in trust by the United States for the benefit of the Indian tribe having jurisdiction over the Indian reservation within which the real property is located.

"(I) PAYMENT OF REMAINING LIEN OR FAIR MARKET VALUE OF PROPERTY.—

"(i) IN GENERAL.—Notwithstanding any other subparagraph of this paragraph, the Indian tribe having jurisdiction over the Indian reservation within which the real property described in subparagraph (B) is located may, at any time after the real property has been transferred to the Secretary of the Interior under subparagraph (E), offer to pay the remaining amount on the lien or the fair market value of the real property, whichever is less.

"(ii) EFFECT OF PAYMENT.—On payment of the amount, title to the real property shall be held by the United States in trust for the tribe and the trust or restricted land that has been acquired by the Secretary under foreclosure or voluntary transfer under a loan made or insured

under this subtitle and transferred to an Indian person, entity, or tribe under this paragraph shall be considered to have never lost trust or restricted status.

"(J) APPLICABILITY.—

"(i) IN GENERAL.—This paragraph shall apply to all land in the land inventory established under this subtitle (as of November 28, 1990) that was (immediately prior to the date) owned by an Indian borrower-owner described in subparagraph (B) and that is situated within an Indian reservation, regardless of the date of foreclosure or acquisition by the Secretary.

"(ii) OPPORTUNITY TO PURCHASE OR LEASE.—The Secretary shall afford an opportunity to an Indian person, entity, or tribe to purchase or lease the real property as provided in subparagraph (C).

"(iii) TRANSFER.—If the right is not exercised or no expression of intent to exercise the right is received within 180 days after November 28, 1990, the Secretary shall transfer the real property to the Sec-

retary of the Interior as provided in subparagraph (E).

"(2) ADDITIONAL RIGHTS.—The rights provided in this subsection shall be in addition to any right of first refusal under the law of the State in which the property is located.

"(3) DISPOSITION OF REAL PROPERTY ON INDIAN RESERVATIONS AFTER PROCEDURES EXHAUSTED.—

"(A) IN GENERAL.—The Secretary shall dispose of or administer real property described in paragraph (1)(B) only as provided in paragraph (1), as modified by this paragraph, if—

"(i) the real property described in paragraph (1)(B) is located within an Indian reservation;

"(ii) the borrower-owner is an Indian tribe that has jurisdiction over the reservation in which the real property is located or the borrower-owner is a member of an Indian tribe;

"(iii) the borrower-owner has obtained a loan made or guaranteed under this title; and

"(iv) the borrower-owner and the Secretary have exhausted all of the procedures provided for in this title to permit a borrower-owner to retain title to the real property, so that it is necessary for the borrower-owner to relinquish title.

"(B) NOTICE OF RIGHT TO CONVEY PROPERTY.—The Secretary shall provide the borrower-owner of real property that is described in subparagraph (A) with written notice of—

"(i) the right of the borrower-owner to voluntarily convey the real property to the Secretary; and

"(ii) the fact that real property so conveyed will be placed in the inventory of the Secretary.

"(C) NOTICE OF RIGHTS AND PROTECTIONS.—The Secretary shall provide the borrower-owner of the real property with written notice of the rights and protections provided under this title to the borrower-owner, and the Indian tribe that has jurisdiction over the reservation in which the real property is located, from foreclosure or liquidation of the real property, including written notice—

"(i) of paragraph (1), this paragraph, and subsection (e)(3);

"(ii) if the borrower-owner does not voluntarily convey the real property to the Secretary, that—

"(I) the Secretary may foreclose on the property;

"(II) in the event of foreclosure, the property will be offered for sale;

"(III) the Secretary shall offer a bid for the property that is equal to the fair market value of the property or the outstanding principal and interest of the loan, whichever is higher;

"(IV) the property may be purchased by another party; and

"(V) if the property is purchased by another party, the property will not be placed in the inventory of the Secretary and the borrower-owner will forfeit the rights and protections provided under this title; and

"(iii) of the opportunity of the borrower-owner to consult with the Indian tribe that has jurisdiction over the reserva-

tion in which the real property is located or counsel to determine if State or tribal law provides rights and protections that are more beneficial than the rights and protections provided the borrower-owner under this title.

"(D) ACCEPTANCE OF VOLUNTARY CONVEYANCE.—

"(i) IN GENERAL.—Except as provided in clause (ii), the Secretary shall accept the voluntary conveyance of real property described in subparagraph (A).

"(ii) HAZARDOUS SUBSTANCES.—If a hazardous substance (as defined in section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(14))) is located on the property and the Secretary takes remedial action to protect human health or the environment if the property is taken into inventory, the Secretary shall accept the voluntary conveyance of the property only if the Secretary determines that the conveyance is in the best interests of the Federal Government.

"(E) FORECLOSURE PROCEDURES.—

"(i) NOTICE TO BORROWER.—If an Indian borrower-owner does not voluntarily convey to the Secretary real property described in subparagraph (A), not less than 30 days before a foreclosure sale of the property, the Secretary shall provide the Indian borrower-owner with the option of—

"(I) requiring the Secretary to assign the loan and security instruments to the Secretary of the Interior, if the Secretary of the Interior agrees to an assignment releasing the Secretary of Agriculture from all further responsibility for collection of any amounts with regard to the loan secured by the real property; or

"(II) requiring the Secretary to assign the loan and security instruments to the tribe having jurisdiction over the reservation in which the real property is located, if the tribe agrees to assume the loan under the terms specified in clause (iii).

"(ii) NOTICE TO TRIBE.—If an Indian borrower-owner does not voluntarily convey to the Secretary real property described in subparagraph (A), not less than 30 days before a foreclosure sale of the property, the Secretary shall provide written notice to the Indian tribe that has jurisdiction over the reservation in which the real property is located of—

"(I) the sale;

"(II) the fair market value of the property; and

"(III) the requirements of this paragraph.

"(iii) ASSUMED LOANS.—If an Indian tribe assumes a loan under clause (i)—

"(I) the Secretary shall not foreclose the loan because of any default that occurred prior to the date of the assumption;

"(II) the loan shall be for the lesser of the outstanding principal and interest of the loan or the fair market value of the property; and

"(III) the loan shall be treated as though the loan was made under Public Law 91–229 (25 U.S.C. 488 et seq.).

"(F) AMOUNT OF BID BY SECRETARY.—

"(i) IN GENERAL.—Except as provided in clause (ii), at a foreclosure sale of real property described in subparagraph (A), the Secretary shall offer a bid for the property that is equal to the higher of—

"(I) the fair market value of the property; or

"(II) the outstanding principal and interest on the loan.

"(ii) HAZARDOUS SUBSTANCES.—If a hazardous substance (as defined in section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(14))) is located on the property and the Secretary takes remedial action to protect human health or the environment if the property is taken into inventory, clause (i) shall apply only if the Secretary determines

that bidding is in the best interests of the Federal Government.

"(4) DETRIMENTAL EFFECT ON VALUE OF AREA FARMLAND.—The Secretary shall not offer for sale or sell any farmland referred to in paragraphs (1) through (3) if placing the farmland on the market will have a detrimental effect on the value of farmland in the area.

"(5) INSTALLMENT SALES AND MULTIPLE OPERATORS.—

"(A) IN GENERAL.—The Secretary may sell farmland administered under this title through an installment sale or similar device that contains such terms as the Secretary considers necessary to protect the investment of the Federal Government in the land.

"(B) SALE OF CONTRACT.—The Secretary may subsequently sell any contract entered into to carry out subparagraph (A).

"(6) HIGHLY ERODIBLE LAND.—In the case of farmland administered under this title that is highly erodible land (as defined in section 1201 of the Food Security Act of 1985 (16 U.S.C. 3801)), the Secretary may require the use of specified conservation

practices on the land as a condition of the sale or lease of the land.

"(7) NO EFFECT ON ACREAGE ALLOTMENTS, MARKETING QUOTAS, OR ACREAGE BASES.—Notwithstanding any other law, compliance by the Secretary with this subsection shall not cause any acreage allotment, marketing quota, or acreage base assigned to the property to lapse, terminate, be reduced, or otherwise be adversely affected.

"(8) NO PREEMPTION OF STATE LAW.—If a conflict exists between any provision of this subsection and any provision of the law of any State providing a right of first refusal to the owner of farmland or the operator of a farm before the sale or lease of land to any other person, the provision of State law shall prevail.

"(d) RELEASE OF NORMAL INCOME SECURITY.—

"(1) DEFINITION OF NORMAL INCOME SECURITY.—In this subsection:

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'normal income security' means all security not considered basic security, including crops, livestock, poultry products, Farm Service Agency payments and Commodity Credit Corporation payments, and

other property covered by Farm Service Agency liens that is sold in conjunction with the operation of a farm or other business.

"(B) EXCEPTIONS.—The term 'normal income security' does not include any equipment (including fixtures in States that have adopted the Uniform Commercial Code), or foundation herd or flock, that is—

"(i) the basis of the farming or other operation; and

"(ii) the basic security for a farmer program loan.

"(2) GENERAL RELEASE.—The Secretary shall release from the normal income security provided for a loan an amount sufficient to pay for the essential household and farm operating expenses of the borrower, until such time as the Secretary accelerates the loan.

"(3) NOTICE OF REPORTING REQUIREMENTS AND RIGHTS.—If a borrower is required to plan for or to report as to how proceeds from the sale of collateral property will be used, the Secretary shall notify the borrower of—

"(A) the requirement; and

"(B) the right to the release of funds under this subsection and the means by which a request for the funds may be made.

"(e) EASEMENTS ON INVENTORIED PROPERTY.—

"(1) IN GENERAL.—Subject to paragraph (2), in the disposal of real property under this section, the Secretary shall establish perpetual wetland conservation easements to protect and restore wetland or converted wetland that exists on inventoried property.

"(2) LIMITATION.—The Secretary shall not establish a wetland conservation easement on an inventoried property that—

"(A) was cropland on the date the property entered the inventory of the Secretary; or

"(B) was used for farming at any time during the period—

"(i) beginning on the date that is 5 years before the property entered the inventory of the Secretary; and

"(ii) ending on the date on which the property entered the inventory of the Secretary.

"(3) NOTIFICATION.—The Secretary shall provide prior written notification to a borrower consid-

ering homestead retention that a wetland conservation easement may be placed on land for which the borrower is negotiating a lease option.

"(4) APPRAISED VALUE.—The appraised value of the farm shall reflect the value of the land due to the placement of wetland conservation easements.

**"SEC. 3410. CONTRACTS ON LOAN SECURITY PROPERTIES.**

"(a) CONTRACTS ON LOAN SECURITY PROPERTIES.—Subject to subsection (b), the Secretary may enter into a contract related to real property for conservation, recreation, or wildlife purposes.

"(b) LIMITATIONS.—The Secretary may enter into a contract under subsection (a) if—

"(1) the property is wetland, upland, or highly erodible land;

"(2) the property is determined by the Secretary to be suitable for the purpose involved; and

"(3)(A) the property secures a loan made under a law administered and held by the Secretary; and

"(B) the contract would better enable a qualified borrower to repay the loan in a timely manner, as determined by the Secretary.

"(c) TERMS AND CONDITIONS.—The terms and conditions specified in a contract under subsection (a) shall—

"(1) specify the purposes for which the real property may be used;

"(2) identify any conservation measure to be taken, and any recreational and wildlife use to be allowed, with respect to the real property; and

"(3) require the owner to permit the Secretary, and any person or governmental entity designated by the Secretary, to have access to the real property for the purpose of monitoring compliance with the contract.

"(d) REDUCTION OR FORGIVENESS OF DEBT.—

"(1) IN GENERAL.—Subject to this section, the Secretary may reduce or forgive the outstanding debt of a borrower—

"(A) in the case of a borrower to whom the Secretary has made an outstanding loan under a law administered by the Secretary, by canceling that part of the aggregate amount of the outstanding loan that bears the same ratio to the aggregate amount as—

"(i) the number of acres of the real property of the borrower that are subject to the contract; bears to

"(ii) the aggregate number of acres securing the loan; or

"(B) in any other case, by treating as prepaid that part of the principal amount of a new loan to the borrower issued and held by the Secretary under a law administered by the Secretary that bears the same ratio to the principal amount as—

"(i) the number of acres of the real property of the borrower that are subject to the contract; bears to

"(ii) the aggregate number of acres securing the new loan.

"(2) MAXIMUM CANCELED AMOUNT.—The amount canceled or treated as prepaid under paragraph (1) shall not exceed—

"(A) in the case of a delinquent loan, the greater of—

"(i) the value of the land on which the contract is entered into; or

"(ii) the difference between—

"(I) the amount of the outstanding loan secured by the land; and

"(II) the value of the land; or

"(B) in the case of a nondelinquent loan, 33 percent of the amount of the loan secured by the land.

"(e) CONSULTATION WITH FISH AND WILDLIFE SERVICE.—If the Secretary uses the authority provided by this section, the Secretary shall consult with the Director of the Fish and Wildlife Service for the purposes of—

"(1) selecting real property in which the Secretary may enter into a contract under this section;

"(2) formulating the terms and conditions of the contract; and

"(3) enforcing the contract.

"(f) ENFORCEMENT.—The Secretary, and any person or governmental entity designated by the Secretary, may enforce a contract entered into by the Secretary under this section.

**"SEC. 3411. DEBT RESTRUCTURING AND LOAN SERVICING.**

"(a) IN GENERAL.—The Secretary shall modify a delinquent farmer program loan made under this subtitle, or purchased from the lender or the Federal Deposit Insurance Corporation under section 3902, to the maximum extent practicable—

"(1) to avoid a loss to the Secretary on the loan, with priority consideration being placed on writing-down the loan principal and interest (subject

to subsections (d) and (e)), and debt set-aside (subject to subsection (e)), to facilitate keeping the borrower on the farm, or otherwise through the use of primary loan service programs under this section; and

"(2) to ensure that a borrower is able to continue farming operations.

"(b) ELIGIBILITY.—To be eligible to obtain assistance under subsection (a)—

"(1) the delinquency shall be due to a circumstance beyond the control of the borrower, as defined in regulations issued by the Secretary, except that the regulations shall require that, if the value of the assets calculated under subsection (c)(2)(A)(ii) that may be realized through liquidation or other methods would produce enough income to make the delinquent loan current, the borrower shall not be eligible for assistance under subsection (a);

"(2) the borrower shall have acted in good faith with the Secretary in connection with the loan as defined in regulations issued by the Secretary;

"(3) the borrower shall present a preliminary plan to the Secretary that contains reasonable as-

sumptions that demonstrate that the borrower will be able—

"(A) to meet the necessary family living and farm operating expenses of the borrower; and

"(B) to service all debts of the borrower, including restructured loans; and

"(4) the loan, if restructured, shall result in a net recovery to the Federal Government, during the term of the loan as restructured, that would be more than or equal to the net recovery to the Federal Government from an involuntary liquidation or foreclosure on the property securing the loan.

"(c) RESTRUCTURING DETERMINATIONS.—

"(1) DETERMINATION OF NET RECOVERY.—In determining the net recovery from the involuntary liquidation of a loan under this section, the Secretary shall calculate—

"(A) the recovery value of the collateral securing the loan, in accordance with paragraph (2); and

"(B) the value of the restructured loan, in accordance with paragraph (3).

"(2) RECOVERY VALUE.—For the purpose of 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, depreciа-
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;

"(iii) resale expenses, such as repairs, commissions, and advertising; and

"(iv) other administrative and attorney costs; and

"(C) the value, as determined by the Secretary, of any property not included in subparagraph (A)(i) if the property is specified in any security agreement with respect to the loan and the Secretary determines that the value of the property should be included for purposes of this section.

"(3) VALUE OF THE RESTRUCTURED LOAN.—

"(A) IN GENERAL.—For the purpose of paragraph (1), the value of the restructured loan shall be based on the present value of payments that the borrower would make to the Federal Government if the terms of the loan were modified under any combination of primary loan service programs to ensure that the borrower is able to meet the obligations and continue farming operations.

"(B) PRESENT VALUE.—For the purpose of calculating the present value referred to in subparagraph (A), the Secretary shall use a discount rate of not more than the current rate at

the time of the calculation of 90-day Treasury bills.

"(C) CASH FLOW MARGIN.—For the purpose of assessing under subparagraph (A) the ability of a borrower to meet debt obligations and continue farming operations, the Secretary shall assume that the borrower needs up to 110 percent of the amount indicated for payment of farm operating expenses, debt service obligations, and family living expenses.

"(4) NOTIFICATION.—Not later than 90 days after receipt of a written request for restructuring from the borrower, the Secretary shall—

"(A) make the calculations specified in paragraphs (2) and (3);

"(B) notify the borrower in writing of the results of the calculations; and

"(C) provide documentation for the calculations.

"(5) RESTRUCTURING OF LOANS.—

"(A) IN GENERAL.—If the value of a restructured loan is greater than or equal to the recovery value of the collateral securing the loan, not later than 45 days after notifying the borrower under paragraph (4), the Secretary

shall offer to restructure the loan obligations of the borrower under this subtitle through primary loan service programs that would enable the borrower to meet the obligations (as modified) under the loan and to continue the farming operations of the borrower.

"(B) RESTRUCTURING.—If the borrower accepts an offer under subparagraph (A), not later than 45 days after receipt of notice of acceptance, the Secretary shall restructure the loan accordingly.

"(6) TERMINATION OF LOAN OBLIGATIONS.—The obligations of a borrower to the Secretary under a loan shall terminate if—

"(A) the borrower satisfies the requirements of paragraphs (1) and (2) of subsection (b);

"(B) the value of the restructured loan is less than the recovery value; and

"(C) not later than 90 days after receipt of the notification described in paragraph (4)(B), the borrower pays (or obtains third-party financing to pay) the Secretary an amount equal to the current market value.

"(7) NEGOTIATION OF APPRAISAL.—

"(A) IN GENERAL.—In making a determination concerning restructuring under this subsection, the Secretary, at the request of the borrower, shall enter into negotiations with the borrower concerning appraisals required under this subsection.

"(B) INDEPENDENT APPRAISAL.—

"(i) IN GENERAL.—If the borrower, based on a separate current appraisal, objects to the decision of the Secretary regarding an appraisal, the borrower and the Secretary shall mutually agree, to the extent practicable, on an independent appraiser who shall conduct another appraisal of the property of the borrower.

"(ii) VALUE OF FINAL APPRAISAL.—The average of the 2 appraisals under clause (i) that are closest in value shall become the final appraisal under this paragraph.

"(iii) COST OF APPRAISAL.—The borrower and the Secretary shall each pay ½ of the cost of any independent appraisal.

"(d) PRINCIPAL AND INTEREST WRITE-DOWN.—

"(1) IN GENERAL.—

"(A) PRIORITY CONSIDERATION.—In selecting the restructuring alternatives to be used in the case of a borrower who has requested restructuring under this section, the Secretary shall give priority consideration to the use of a principal and interest write-down if other creditors of the borrower (other than any creditor who is fully collateralized) representing a substantial portion of the total debt of the borrower held by the creditors of the borrower, agree to participate in the development of the restructuring plan or agree to participate in a State mediation program.

"(B) FAILURE OF CREDITORS TO AGREE.—Failure of creditors to agree to participate in the restructuring plan or mediation program shall not preclude the use of a principal and interest write-down by the Secretary if the Secretary determines that restructuring results in the least cost to the Secretary.

"(2) PARTICIPATION OF CREDITORS.—Before eliminating the option to use debt write-down in the case of a borrower, the Secretary shall make a reasonable effort to contact the creditors of the borrower, either directly or through the borrower, and

encourage the creditors to participate with the Secretary in the development of a restructuring plan for the borrower.

"(e) SHARED APPRECIATION ARRANGEMENTS.—

"(1) IN GENERAL.—As a condition of restructuring a loan in accordance with this section, the borrower of the loan may be required to enter into a shared appreciation arrangement that requires the repayment of amounts written off or set aside.

"(2) TERMS.—A shared appreciation agreement shall—

"(A) have a term not to exceed 10 years; and

"(B) provide for recapture based on the difference between the appraised values of the real security property at the time of restructuring and at the time of recapture.

"(3) PERCENTAGE OF RECAPTURE.—The amount of the appreciation to be recaptured by the Secretary shall be—

"(A) 75 percent of the appreciation in the value of the real security property if the recapture occurs not later than 4 years after the date of restructuring; and

"(B) 50 percent if the recapture occurs during the remainder of the term of the agreement.

"(4) TIME OF RECAPTURE.—Recapture shall take place on the date that is the earliest of—

"(A) the end of the term of the agreement;

"(B) the conveyance of the real security property;

"(C) the repayment of the loans; or

"(D) the cessation of farming operations by the borrower.

"(5) TRANSFER OF TITLE.—Transfer of title to the spouse of a borrower on the death of the borrower shall not be treated as a conveyance for the purpose of paragraph (4).

"(6) NOTICE OF RECAPTURE.—Not later than 12 months before the end of the term of a shared appreciation arrangement, the Secretary shall notify the borrower involved of the provisions of the arrangement.

"(7) FINANCING OF RECAPTURE PAYMENT.—

"(A) IN GENERAL.—The Secretary may amortize a recapture payment owed to the Secretary under this subsection.

"(B) TERM.—The term of an amortization under this paragraph may not exceed 25 years.

"(C) INTEREST RATE.—The interest rate applicable to an amortization under this paragraph may not exceed the rate applicable to a loan to reacquire homestead property less 100 basis points.

"(D) REAMORTIZATION.—

"(i) IN GENERAL.—The Secretary may modify the amortization of a recapture payment referred to in subparagraph (A) of this paragraph on which a payment has become delinquent if—

"(I) the default is due to circumstances beyond the control of the borrower; and

"(II) the borrower acted in good faith (as determined by the Secretary) in attempting to repay the recapture amount.

"(ii) LIMITATIONS.—

"(I) TERM OF REAMORTIZATION.—The term of a reamortization under this subparagraph may not ex-

ceed 25 years from the date of the original amortization agreement.

"(II) NO REDUCTION OR PRINCIPAL OR UNPAID INTEREST DUE.—A reamortization of a recapture payment under this subparagraph may not provide for reducing the outstanding principal or unpaid interest due on the recapture payment.

"(f) INTEREST RATES.—Any loan for farm ownership purposes, farm operating purposes, or disaster emergency purposes, other than a guaranteed loan, that is deferred, consolidated, rescheduled, or reamortized shall, notwithstanding any other provision of this subtitle, bear interest on the balance of the original loan and for the term of the original loan at a rate that is the lowest of—

"(1) the rate of interest on the original loan;

"(2) the rate being charged by the Secretary for loans, other than guaranteed loans, of the same type at the time at which the borrower applies for a deferral, consolidation, rescheduling, or reamortization; or

"(3) the rate being charged by the Secretary for loans, other than guaranteed loans, of the same

type at the time of the deferral, consolidation, rescheduling, or reamortization.

"(g) PERIOD AND EFFECT.—

"(1) PERIOD.—The Secretary may consolidate or reschedule outstanding loans for payment over a period not to exceed 7 years (or, in the case of loans for farm operating purposes, 15 years) from the date of the consolidation or rescheduling.

"(2) EFFECT.—The amount of unpaid principal and interest of the prior loans so consolidated or rescheduled shall not create a new charge against any loan levels authorized by law.

"(h) PREREQUISITES TO FORECLOSURE OR LIQUIDATION.—No foreclosure or other similar action shall be taken to liquidate any loan determined to be ineligible for restructuring by the Secretary under this section—

"(1) until the borrower has been given the opportunity to appeal the decision; and

"(2) if the borrower appeals, the appeals process has been completed, and a determination has been made that the loan is ineligible for restructuring.

"(i) NOTICE OF INELIGIBILITY FOR RESTRUCTURING.—

"(1) IN GENERAL.—A notice of ineligibility for restructuring shall be sent to the borrower by registered or certified mail not later than 15 days after a determination of ineligibility.

"(2) CONTENTS.—The notice required under paragraph (1) shall contain—

"(A) the determination and the reasons for the determination;

"(B) the computations used to make the determination, including the calculation of the recovery value of the collateral securing the loan; and

"(C) a statement of the right of the borrower to appeal the decision to the appeals division, and to appear before a hearing officer.

"(j) INDEPENDENT APPRAISALS.—

"(1) IN GENERAL.—An appeal may include a request by the borrower for an independent appraisal of any property securing the loan.

"(2) PROCESS FOR APPRAISAL.—On a request under paragraph (1), the Secretary shall present the borrower with a list of 3 appraisers approved by the county supervisor, from which the borrower shall select an appraiser to conduct the appraisal.

"(3) COST.—The cost of an appraisal under this subsection shall be paid by the borrower.

"(4) RESULT.—The result of an appraisal under this subsection shall be considered in any final determination concerning the loan.

"(5) COPY.—A copy of any appraisal under this subsection shall be provided to the borrower.

"(k) PARTIAL LIQUIDATIONS.—If a partial liquidation of a delinquent loan is performed (with the prior consent of the Secretary) as part of loan servicing by a guaranteed lender under this title, the Secretary shall not require full liquidation of the loan for the lender to be eligible to receive payment on losses.

"(l) ONLY 1 WRITE-DOWN OR NET RECOVERY BUY-OUT PER BORROWER FOR A LOAN MADE AFTER JANUARY 6, 1988.—

"(1) IN GENERAL.—The Secretary may provide for each borrower not more than 1 write-down or net recovery buy-out under this section with respect to all loans made to the borrower after January 6, 1988.

"(2) SPECIAL RULE.—For purposes of paragraph (1), the Secretary shall treat any loan made on or before January 6, 1988, with respect to which a restructuring, write-down, or net recovery buy-out

is provided under this section after January 6, 1988, as a loan made after January 6, 1988.

"(m) LIQUIDATION OF ASSETS.—The Secretary may not use the authority provided by this section to reduce or terminate any portion of the debt of the borrower that the borrower could pay through the liquidation of assets (or through the payment of the loan value of the assets, if the loan value is greater than the liquidation value) described in subsection (c)(2)(A)(ii).

"(n) LIFETIME LIMITATION ON DEBT FORGIVENESS PER BORROWER.—The Secretary may provide each borrower not more than $300,000 in debt forgiveness under this section.

**"SEC. 3412. RELIEF FOR MOBILIZED MILITARY RESERVISTS FROM CERTAIN AGRICULTURAL LOAN OBLIGATIONS.**

"(a) DEFINITION OF MOBILIZED MILITARY RESERVIST.—In this section, the term 'mobilized military reservist' means an individual who—

"(1) is on active duty under section 688, 12301(a), 12301(g), 12302, 12304, 12306, or 12406, or chapter 15 of title 10, United States Code, or any other provision of law during a war or during a national emergency declared by the Presi-

dent or Congress, regardless of the location at which the active duty service is performed; or

"(2) in the case of a member of the National Guard, is on full-time National Guard duty (as defined in section 101(d)(5) of title 10, United States Code) under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days under section 502(f) of title 32, United States Code, for purposes of responding to a national emergency declared by the President and supported by Federal funds.

"(b) FORGIVENESS OF INTEREST PAYMENTS DUE WHILE BORROWER IS A MOBILIZED MILITARY RESERVIST.—Any requirement that a borrower of a direct loan made under this subtitle make any interest payment on the loan that would otherwise be required to be made while the borrower is a mobilized military reservist is rescinded.

"(c) DEFERRAL OF PRINCIPAL PAYMENTS DUE WHILE OR AFTER BORROWER IS A MOBILIZED MILITARY RESERVIST.—The due date of any payment of principal on a direct loan made to a borrower under this subtitle that would otherwise be required to be made while or after the borrower is a mobilized military reservist is deferred for a period equal in length to the period for which the borrower is a mobilized military reservist.

"(d) NONACCRUAL OF INTEREST.—Interest on a direct loan made to a borrower described in this section shall not accrue during the period the borrower is a mobilized military reservist.

"(e) BORROWER NOT CONSIDERED TO BE DELINQUENT OR RECEIVING DEBT FORGIVENESS.—Notwithstanding section 3425 or any other provision of this title, a borrower who receives assistance under this section shall not, as a result of the assistance, be considered to be delinquent or receiving debt forgiveness for purposes of receiving a direct or guaranteed loan under this subtitle.

**"SEC. 3413. INTEREST RATE REDUCTION PROGRAM.**

"(a) ESTABLISHMENT OF PROGRAM.—The Secretary shall establish and carry out in accordance with this section an interest rate reduction program for any loan guaranteed under this subtitle.

"(b) ENTERING INTO CONTRACTS.—The Secretary shall enter into a contract with, and make payments to, an institution to reduce, during the term of the contract, the interest rate paid by the borrower on the guaranteed loan if—

"(1) the borrower—

"(A) is unable to obtain credit elsewhere;

"(B) is unable to make payments on the loan in a timely manner; and

"(C) during the 24-month period beginning on the date on which the contract is entered into, has a total estimated cash income, including all farm and nonfarm income, that will equal or exceed the total estimated cash expenses, including all farm and nonfarm expenses, to be incurred by the borrower during the period; and

"(2) during the term of the contract, the lender reduces the annual rate of interest payable on the loan by a minimum percentage specified in the contract.

"(c) PAYMENTS.—

"(1) IN GENERAL.—Subject to paragraph (2), in return for a contract entered into by a lender under subsection (b) for the reduction of the interest rate paid on a loan, the Secretary shall make payments to the lender in an amount equal to not more than 100 percent of the cost of reducing the annual rate of interest payable on the loan.

"(2) LIMITATION.—Payments under paragraph (1) may not exceed the cost of reducing the rate by more than 400 basis points.

"(d) TERM.—The term of a contract entered into under this section to reduce the interest rate on a guaranteed loan may not exceed the outstanding term of the loan.

"(e) CONDITION ON FORECLOSURE.—Notwithstanding any other law, any contract of guarantee on a farm loan entered into under this subtitle shall contain a condition that the lender of the loan may not initiate a foreclosure action on the loan until 60 days after a determination is made with respect to the eligibility of the borrower to participate in the program established under this section.

**"SEC. 3414. HOMESTEAD PROPERTY.**

"(a) DEFINITIONS.—In this section:

"(1) ADMINISTRATOR.—The term 'Administrator' means the Administrator of the Small Business Administration.

"(2) BORROWER-OWNER.—The term 'borrower-owner' means—

"(A) a borrower-owner of a loan made or guaranteed by the Secretary or the Administrator who meets the eligibility requirements of subsection (c)(1); or

"(B) in a case in which an owner of homestead property pledged the property to secure

the loan and the owner is different than the borrower, the owner.

"(3) FARM PROGRAM LOAN.—The term 'farm program loan' means a loan made by the Administrator under the Small Business Act (15 U.S.C. 631 et seq.) for any of the purposes authorized for loans under chapter 1 or 2.

"(4) HOMESTEAD PROPERTY.—The term 'homestead property' means—

"(A) the principal residence and adjoining property possessed and occupied by a borrower-owner, including a reasonable number of farm outbuildings located on the adjoining land that are useful to any occupant of the homestead; and

"(B) not more than 10 acres of adjoining land that is used to maintain the family of the borrower-owner.

"(b) RETENTION OF HOMESTEAD PROPERTY.—

"(1) IN GENERAL.—The Secretary or the Administrator shall, on application by a borrower-owner who meets the eligibility requirements of subsection (c)(1), permit the borrower-owner to retain possession and occupancy of homestead property

under the terms set forth, and until the action described in this section has been completed, if—

"(A) the Secretary forecloses or takes into inventory property securing a loan made under this subtitle;

"(B) the Administrator forecloses or takes into inventory property securing a farm program loan made under the Small Business Act (15 U.S.C. 631 et seq.); or

"(C) the borrower-owner of a loan made by the Secretary or the Administrator files a petition in bankruptcy that results in the conveyance of the homestead property to the Secretary or the Administrator, or agrees to voluntarily liquidate or convey the property in whole or in part.

"(2) PERIOD OF OCCUPANCY.—Subject to subsection (c), the Secretary or the Administrator shall not grant a period of occupancy of less than 3 nor more than 5 years.

"(c) ELIGIBILITY.—

"(1) IN GENERAL.—To be eligible to occupy homestead property, a borrower-owner of a loan made by the Secretary or the Administrator shall—

"(A) apply for the occupancy not later than 30 days after the property is acquired by the Secretary or Administrator;

"(B) have received from farming operations gross farm income that is reasonably commensurate with—

"(i) the size and location of the farming unit of the borrower-owner; and

"(ii) local agricultural conditions (including natural and economic conditions), during at least 2 calendar years of the 6-year period preceding the calendar year in which the application is made;

"(C) have received from farming operations at least 60 percent of the gross annual income of the borrower-owner and any spouse of the borrower-owner during at least 2 calendar years of the 6-year period described in subparagraph (B);

"(D) have continuously occupied the homestead property during the 6-year period described in subparagraph (B), except that the requirement of this subparagraph may be waived if a borrower-owner, due to circumstances beyond the control of the borrower-owner, had to

leave the homestead property for a period of time not to exceed 12 months during the 6-year period;

"(E) during the period of occupancy of the homestead property, pay a reasonable sum as rent for the property to the Secretary or the Administrator in an amount substantially equivalent to rents charged for similar residential properties in the area in which the homestead property is located;

"(F) during the period of the occupancy of the homestead property, maintain the property in good condition; and

"(G) meet such other reasonable and necessary terms and conditions as the Secretary may require.

"(2) DEFINITION OF FARMING OPERATIONS.—In subparagraphs (B) and (C) of paragraph (1), the term 'farming operations' includes rent paid by a lessee of agricultural land during a period in which the borrower-owner, due to circumstances beyond the control of the borrower-owner, is unable to actively farm the land.

"(3) TERMINATION OF RIGHTS.—

"(A) IN GENERAL.—For purposes of paragraph (1)(E), the failure of the borrower-owner to make a timely rental payment shall constitute cause for the termination of all rights of the borrower-owner to possession and occupancy of the homestead property under this section.

"(B) PROCEDURE FOR TERMINATION.—In effecting a termination under subparagraph (A), the Secretary shall—

"(i) afford the borrower-owner or lessee the notice and hearing procedural rights described in subtitle H of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6991 et seq.); and

"(ii) comply with any applicable State and local law governing eviction of a person from residential property.

"(4) RIGHTS OF BORROWER-OWNER.—

"(A) PERIOD OF OCCUPANCY.—Subject to subsection (b)(2), the period of occupancy allowed the borrower-owner of homestead property under this section shall be the period requested in writing by the borrower-owner.

"(B) RIGHT TO REACQUIRE.—

"(i) IN GENERAL.—During the period the borrower-owner occupies the homestead property, the borrower-owner shall have a right to reacquire the homestead property on such terms and conditions as the Secretary shall determine.

"(ii) SOCIALLY DISADVANTAGED BORROWER-OWNER.—During the period of occupancy of a borrower-owner who is a socially disadvantaged farmer, the borrower-owner or a member of the immediate family of the borrower-owner shall have a right of first refusal to reacquire the homestead property on such terms and conditions as the Secretary shall determine.

"(iii) INDEPENDENT APPRAISAL.—The Secretary may not demand a payment for the homestead property that is in excess of the current market value of the homestead property as established by an independent appraisal.

"(iv) CONDUCT OF APPRAISAL.—An independent appraisal under clause (iii) shall be conducted by an appraiser selected by the borrower-owner, or, in the case of a

borrower-owner who is a socially disadvantaged farmer, the immediate family member of the borrower-owner, from a list of 3 appraisers approved by the county supervisor.

"(5) TRANSFER OF RIGHTS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), no right of a borrower-owner under this section, and no agreement entered into between the borrower-owner and the Secretary for occupancy of the homestead property, shall be transferable or assignable by the borrower-owner or by operation of law.

"(B) DEATH OR INCOMPETENCY.—In the case of death or incompetency of the borrower-owner, the right and agreement shall be transferable to a spouse of the borrower-owner if the spouse agrees to comply with any terms and conditions of the right or agreement.

"(6) NOTIFICATION.—Not later than the date of acquisition of the property securing a loan made under this title, the Secretary shall notify the borrower-owner of the property of the availability of homestead protection rights under this section.

"(d) END OF PERIOD OF OCCUPANCY.—

"(1) IN GENERAL.—At the end of the period of occupancy allowed a borrower-owner under subsection (c), the Secretary or the Administrator shall grant to the borrower-owner a right of first refusal to reacquire the homestead property on such terms and conditions (which may include payment of principal in installments) as the Secretary or the Administrator shall determine.

"(2) TERMS AND CONDITIONS.—The terms and conditions granted under paragraph (1) may not be less favorable than those offered by the Secretary or Administrator or intended by the Secretary or Administrator to be offered to any other buyer.

"(e) MAXIMUM PAYMENT OF PRINCIPAL.—

"(1) IN GENERAL.—At the time a reacquisition agreement is entered into, the Secretary or the Administrator may not demand a total payment of principal that is in excess of the value of the homestead property.

"(2) DETERMINATION OF VALUE.—To the maximum extent practicable, the value of the homestead property shall be determined by an independent appraisal made during the 180 day period beginning on the date of receipt of the application of the bor-

rower-owner to retain possession and occupancy of the homestead property.

"(f) TITLE NOT NEEDED TO ENTER INTO CONTRACTS.—The Secretary may enter into a contract authorized by this section before the Secretary acquires title to the homestead property that is the subject of the contract.

"(g) STATE LAW PREVAILS.—In the event of a conflict between this section and a provision of State law relating to the right of a borrower-owner to designate for separate sale or redeem part or all of the real property securing a loan foreclosed on by a lender to the borrower-owner, the provision of State law shall prevail.

**"SEC. 3415. TRANSFER OF INVENTORY LAND.**

"(a) IN GENERAL.—Subject to subsection (b), the Secretary may transfer to a Federal or State agency, for conservation purposes, any real property, or interest in real property, administered by the Secretary under this subtitle—

"(1) with respect to which the rights of all prior owners and operators have expired;

"(2) that is eligible to be disposed of in accordance with section 3409; and

"(3) that—

"(A) has marginal value for agricultural production;

"(B) is environmentally sensitive; or

"(C) has special management importance.

"(b) CONDITIONS.—The Secretary may not transfer any property or interest in property under subsection (a) unless—

"(1) at least 2 public notices are given of the transfer;

"(2) if requested, at least 1 public meeting is held prior to the transfer; and

"(3) the Governor and at least 1 elected county official of the State and county in which the property is located are consulted prior to the transfer.

**"SEC. 3416. TARGET PARTICIPATION RATES.**

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—The Secretary shall establish annual target participation rates, on a county-wide basis, that shall ensure that members of socially disadvantaged groups shall—

"(A) receive loans made or guaranteed under chapter 1; and

"(B) have the opportunity to purchase or lease farmland acquired by the Secretary under this subtitle.

"(2) GROUP POPULATION.—Except as provided in paragraph (3), in establishing the target rates, the Secretary shall take into consideration—

"(A) the portion of the population of the county made up of the socially disadvantaged groups; and

"(B) the availability of inventory farmland in the county.

"(3) GENDER.—In the case of gender, target participation rates shall take into consideration the number of current and potential socially disadvantaged farmers in a State in proportion to the total number of farmers in the State.

"(b) RESERVATION AND ALLOCATION.—

"(1) RESERVATION.—To the maximum extent practicable, the Secretary shall reserve sufficient loan funds made available under chapter 1 for use by members of socially disadvantaged groups identified under target participation rates established under subsection (a).

"(2) ALLOCATION.—The Secretary shall allocate the loans on the basis of the proportion of members of socially disadvantaged groups in a county and the availability of inventory farmland, with the greatest amount of loan funds being distributed

in the county with the greatest proportion of socially disadvantaged group members and the greatest quantity of available inventory farmland.

"(3) INDIAN RESERVATIONS.—In distributing loan funds in counties within the boundaries of an Indian reservation, the Secretary shall allocate the funds on a reservation-wide basis.

"(c) OPERATING LOANS.—

"(1) ESTABLISHMENT.—

"(A) IN GENERAL.—The Secretary shall establish annual target participation rates that shall ensure that socially disadvantaged farmers receive loans made or guaranteed under chapter 2.

"(B) CONSIDERATIONS.—In establishing the target rates, the Secretary shall consider the number of socially disadvantaged farmers in a State in proportion to the total number of farmers in the State.

"(2) RESERVATION AND ALLOCATION.—

"(A) IN GENERAL.—To the maximum extent practicable, the Secretary shall reserve and allocate the proportion of the loan funds of each State made available under chapter 2 that is equal to the target participation rate of the

State for use by the socially disadvantaged farmers in the State.

"(B) DISTRIBUTION.—To the maximum extent practicable, the Secretary shall distribute the total loan funds reserved under subparagraph (A) on a county-by-county basis according to the number of socially disadvantaged farmers in the county.

"(C) REALLOCATION OF UNUSED FUNDS.—Any funds reserved and allocated under this paragraph but not used within a State shall, to the extent necessary to satisfy pending applications under this title, be available for use by socially disadvantaged farmers in other States, as determined by the Secretary, and any remaining funds shall be reallocated within the State.

"(d) REPORT.—The Secretary shall prepare and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the annual target participation rates and the success in meeting the rates.

"(e) IMPLEMENTATION CONSISTENT WITH SUPREME COURT HOLDING.—Not later than 180 days after April

4, 1996, the Secretary shall ensure that the implementation of this section is consistent with the holding of the Supreme Court in Adarand Constructors, Inc. v. Federico Pena, Secretary of Transportation, 115 S. Ct. 2097 (1995).

**"SEC. 3417. COMPROMISE OR ADJUSTMENT OF DEBTS OR CLAIMS BY GUARANTEED LENDER.**

"(a) LOSS BY LENDER.—If the lender of a guaranteed farmer program loan takes any action described in section 3903(a)(4) with respect to the loan and the Secretary approves the action, for purposes of the guarantee, the lender shall be treated as having sustained a loss equal to the amount by which—

"(1) the outstanding balance of the loan immediately before the action; exceeds

"(2) the outstanding balance of the loan immediately after the action.

"(b) NET PRESENT VALUE OF LOAN.—The Secretary shall approve the taking of an action described in section 3903(a)(4) by the lender of a guaranteed farmer program loan with respect to the loan if the action reduces the net present value of the loan to an amount equal to not less than the greater of—

"(1) the greatest net present value of a loan the borrower could reasonably be expected to repay; and

"(2) the difference between—

"(A) the greatest amount that the lender of the loan could reasonably expect to recover from the borrower through bankruptcy, or liquidation of the property securing the loan; and

"(B) all reasonable and necessary costs and expenses that the lender of the loan could reasonably expect to incur to preserve or dispose of the property (including all associated legal and property management costs) in the course of such a bankruptcy or liquidation.

"(c) NO LIMITATION ON AUTHORITY.—This section shall not limit the authority of the Secretary to enter into a shared appreciation arrangement with a borrower under section 3411(e).

**"SEC. 3418. WAIVER OF MEDIATION RIGHTS BY BORROWERS.**

"The Secretary may not make or guarantee any farmer program loan to a farm borrower on the condition that the borrower waive any right under the mediation program of any State.

**"SEC. 3419. BORROWER TRAINING.**

"(a) IN GENERAL.—The Secretary shall contract to 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-

nial of eligibility of the borrower for a direct or guaranteed loan under this subtitle.

"(d) GUIDELINES AND CURRICULUM.—The Secretary shall issue regulations establishing guidelines and curriculum for the borrower training program established under this section.

"(e) PAYMENT.—A borrower—

"(1) shall pay for training received under this section; and

"(2) may use funds from operating loans made under chapter 2 to pay for the training.

"(f) WAIVERS.—

"(1) IN GENERAL.—The Secretary may waive the requirements of this section for an individual borrower on a determination that the borrower demonstrates adequate knowledge in areas described in this section.

"(2) CRITERIA.—The Secretary shall establish criteria providing for the application of paragraph (1) consistently in all counties nationwide.

**"SEC. 3420. LOAN ASSESSMENTS.**

"(a) IN GENERAL.—After an applicant is determined to be eligible for assistance under this subtitle, the Secretary shall evaluate, in accordance with regulations issued

by the Secretary, the farming plan and financial situation of each qualified farmer applicant.

"(b) DETERMINATIONS.—In evaluating the farming plan and financial situation of an applicant under this section, the Secretary shall determine—

"(1) the amount that the applicant needs to borrow to carry out the proposed farming plan;

"(2) the rate of interest that the applicant would need to be able to cover expenses and build an adequate equity base;

"(3) the goals of the proposed farming plan of the applicant;

"(4) the financial viability of the plan and any changes that are necessary to make the plan viable; and

"(5) whether assistance is necessary under this title and, if so, the amount of the assistance.

"(c) CONTRACT.—The Secretary may contract with a third party (including an entity that is eligible to provide borrower training under section 3419(b)) to conduct a loan assessment under this section.

"(d) REVIEW OF LOANS.—

"(1) IN GENERAL.—Loan assessments conducted under this section shall include biannual review of direct loans, and periodic review (as deter-

mined necessary by the Secretary) of guaranteed loans, made under this title to assess the progress of a borrower in meeting the goals for the farm operation.

"(2) CONTRACTS.—The Secretary may contract with an entity that is eligible to provide borrower training under section 3419(b) to conduct a loan review under paragraph (1).

"(3) PROBLEM ASSESSMENTS.—If a borrower is delinquent in payments on a direct or guaranteed loan made under this title, the Secretary or the contracting entity shall determine the cause of, and action necessary to correct, the delinquency.

"(e) GUIDELINES.—The Secretary shall issue regulations providing guidelines for loan assessments conducted under this section.

**"SEC. 3421. SUPERVISED CREDIT.**

"The Secretary shall provide adequate training to employees of the Farm Service Agency on credit analysis and financial and farm management—

"(1) to better acquaint the employees with what constitutes adequate financial data on which to base a direct or guaranteed loan approval decision; and

"(2) to ensure proper supervision of farmer program loans.

**"SEC. 3422. MARKET PLACEMENT.**

"The Secretary shall establish a market placement program for a qualified beginning farmer and any other borrower of farmer program loans that the Secretary believes has a reasonable chance of qualifying for commercial credit with a guarantee provided under this subtitle.

**"SEC. 3423. RECORDKEEPING OF LOANS BY GENDER OF BORROWER.**

"The Secretary shall classify, by gender, records of applicants for loans and loan guarantees under this subtitle.

**"SEC. 3424. CROP INSURANCE REQUIREMENT.**

"(a) IN GENERAL.—As a condition of obtaining any benefit (including a direct loan, loan guarantee, or payment) described in subsection (b), a borrower shall be required to obtain at least catastrophic risk protection insurance coverage under section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) for the crop and crop year for which the benefit is sought, if the coverage is offered by the Federal Crop Insurance Corporation.

"(b) APPLICABLE BENEFITS.—Subsection (a) shall apply to—

"(1) a farm ownership loan under section 3102;

"(2) an operating loan under section 3202; and

"(3) an emergency loan under section 3301.

**"SEC. 3425. LOAN AND LOAN SERVICING LIMITATIONS.**

"(a) DELINQUENT BORROWERS PROHIBITED FROM OBTAINING DIRECT OPERATING LOANS.—The Secretary may not make a direct operating loan under chapter 2 to a borrower who is delinquent on any loan made or guaranteed under this subtitle.

"(b) LOANS PROHIBITED FOR BORROWERS THAT HAVE RECEIVED DEBT FORGIVENESS.—

"(1) PROHIBITIONS.—Except as provided in paragraph (2)—

"(A) the Secretary may not make a loan under this subtitle to a borrower that has received debt forgiveness on a loan made or guaranteed under this subtitle; and

"(B) the Secretary may not guarantee a loan under this subtitle to a borrower that has received—

"(i) debt forgiveness after April 4, 1996, on a loan made or guaranteed under this subtitle; or

"(ii) received debt forgiveness on more than 3 occasions on or before April 4, 1996.

"(2) EXCEPTIONS.—

"(A) IN GENERAL.—The Secretary may make a direct or guaranteed farm operating

loan for paying annual farm operating expenses of a borrower who—

"(i) was restructured with a write-down under section 3411;

"(ii) is current on payments under a confirmed reorganization plan under chapters 1 11, 12, or 13 of title 11 of the United States Code; or

"(iii) received debt forgiveness on not more than 1 occasion resulting directly and primarily from a major disaster or emergency designated by the President on or after April 4, 1996, under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

"(B) EMERGENCY LOANS.—The Secretary may make an emergency loan under section 3301 to a borrower that—

"(i) on or before April 4, 1996, received not more than 1 debt forgiveness on a loan made or guaranteed under this subtitle; and

"(ii) after April 4, 1996, has not received debt forgiveness on a loan made or guaranteed under this subtitle.

"(c) NO MORE THAN 1 DEBT FORGIVENESS FOR A BORROWER ON A DIRECT LOAN.—The Secretary may not provide to a borrower debt forgiveness on a direct loan made under this subtitle if the borrower has received debt forgiveness on another direct loan made under this subtitle.

**"SEC. 3426. SHORT FORM CERTIFICATION OF FARM PROGRAM BORROWER COMPLIANCE.**

"The Secretary shall develop and use a consolidated short form for farmer program loan borrowers to use in certifying compliance with any applicable provision of law (including a regulation) that serves as an eligibility prerequisite for a loan made under this subtitle.

**"SEC. 3427. UNDERWRITING FORMS AND STANDARDS.**

"In the administration of this subtitle, the Secretary shall, to the extent practicable, use underwriting forms, standards, practices, and terminology similar to the forms, standards, practices, and terminology used by lenders in the private sector.

**"SEC. 3428. BEGINNING FARMER INDIVIDUAL DEVELOPMENT ACCOUNTS PILOT PROGRAM.**

"(a) DEFINITIONS.—In this section:

"(1) DEMONSTRATION PROGRAM.—The term 'demonstration program' means a demonstration

program carried out by a qualified entity under the pilot program established in subsection (b)(1).

"(2) ELIGIBLE PARTICIPANT.—The term 'eligible participant' means a qualified beginning farmer that—

"(A) lacks significant financial resources or assets; and

"(B) has an income that is less than—

"(i) 80 percent of the median income of the State in which the farmer resides; or

"(ii) 200 percent of the most recent annual Federal Poverty Income Guidelines published by the Department of Health and Human Services for the State.

"(3) INDIVIDUAL DEVELOPMENT ACCOUNT.—The term 'individual development account' means a savings account described in subsection (b)(4)(A).

"(4) QUALIFIED ENTITY.—

"(A) IN GENERAL.—The term 'qualified entity' means—

"(i) 1 or more organizations—

"(I) described in section 501(c)(3) of the Internal Revenue Code of 1986; and

"(II) exempt from taxation under section 501(a) of such Code; or

"(ii) a State, local, or tribal government submitting an application jointly with an organization described in clause (i).

"(B) NO PROHIBITION ON COLLABORATION.—An organization described in subparagraph (A)(i) may collaborate with a financial institution or for-profit community development corporation to carry out the purposes of this section.

"(b) PILOT PROGRAM.—

"(1) IN GENERAL.—The Secretary shall establish a pilot program to be known as the 'New Farmer Individual Development Accounts Pilot Program' under which the Secretary shall work through qualified entities to establish demonstration programs—

"(A) of at least 5 years in duration; and

"(B) in at least 15 States.

"(2) COORDINATION.—The Secretary shall operate the pilot program through and in coordination with the farmer program loans of the Farm Service Agency.

"(3) RESERVE FUNDS.—

"(A) IN GENERAL.—A qualified entity carrying out a demonstration program under this section shall establish a reserve fund consisting of a non-Federal match of 50 percent of the total amount of the grant awarded to the demonstration program under this section.

"(B) FEDERAL FUNDS.—After the qualified entity has deposited the non-Federal matching funds described in subparagraph (A) in the reserve fund, the Secretary shall provide the total amount of the grant awarded under this section to the demonstration program for deposit in the reserve fund.

"(C) USE OF FUNDS.—Of the funds deposited under subparagraph (B) in the reserve fund established for a demonstration program, the qualified entity carrying out the demonstration program—

"(i) may use up to 10 percent for administrative expenses; and

"(ii) shall use the remainder in making matching awards described in paragraph (4)(B)(ii)(I).

"(D) INTEREST.—Any interest earned on amounts in a reserve fund established under

subparagraph (A) may be used by the qualified entity as additional matching funds for, or to administer, the demonstration program.

"(E) GUIDANCE.—The Secretary shall issue guidance regarding the investment requirements of reserve funds established under this paragraph.

"(F) REVERSION.—On the date on which all funds remaining in any individual development account established by a qualified entity have reverted under paragraph (5)(B)(ii) to the reserve fund established by the qualified entity, there shall revert to the Treasury of the United States a percentage of the amount (if any) in the reserve fund equal to—

"(i) the amount of Federal funds deposited in the reserve fund under subparagraph (B) that were not used for administrative expenses; divided by

"(ii) the total amount of funds deposited in the reserve fund.

"(4) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

"(A) IN GENERAL.—A qualified entity receiving a grant under this section shall establish

and administer individual development accounts for eligible participants.

"(B) CONTRACT REQUIREMENTS.—To be eligible to receive funds under this section from a qualified entity, an eligible participant shall enter into a contract with only 1 qualified entity under which—

"(i) the eligible participant agrees—

"(I) to deposit a certain amount of funds of the eligible participant in a personal savings account, as prescribed by the contractual agreement between the eligible participant and the qualified entity;

"(II) to use the funds described in subclause (I) only for 1 or more eligible expenditures described in paragraph (5)(A); and

"(III) to complete financial training; and

"(ii) the qualified entity agrees—

"(I) to deposit, not later than 1 month after an amount is deposited pursuant to clause (i)(I), at least a 100-percent, and up to a 200-percent,

match of that amount into the individual development account established for the eligible participant; and

"(II) with uses of funds proposed by the eligible participant.

"(C) LIMITATION.—

"(i) IN GENERAL.—A qualified entity administering a demonstration program under this section may provide not more than $6,000 for each fiscal year in matching funds to the individual development account established by the qualified entity for an eligible participant.

"(ii) TREATMENT OF AMOUNT.—An amount provided under clause (i) shall not be considered to be a gift or loan for mortgage purposes.

"(5) ELIGIBLE EXPENDITURES.—

"(A) IN GENERAL.—An eligible expenditure described in this subparagraph is an expenditure—

"(i) to purchase farmland or make a down payment on an accepted purchase offer for farmland;

"(ii) to make mortgage payments on farmland purchased pursuant to clause (i), for up to 180 days after the date of the purchase;

"(iii) to purchase breeding stock, fruit or nut trees, or trees to harvest for timber; and

"(iv) for other similar expenditures, as determined by the Secretary.

"(B) TIMING.—

"(i) IN GENERAL.—An eligible participant may make an eligible expenditure at any time during the 2-year period beginning on the date on which the last matching funds are provided under paragraph (4)(B)(ii)(I) to the individual development account established for the eligible participant.

"(ii) UNEXPENDED FUNDS.—At the end of the period described in clause (i), any funds remaining in an individual development account established for an eligible participant shall revert to the reserve fund of the demonstration program under which the account was established.

"(c) APPLICATIONS.—

"(1) IN GENERAL.—A qualified entity that seeks to carry out a demonstration program under this section may submit to the Secretary an application at such time, in such form, and containing such information as the Secretary may prescribe.

"(2) CRITERIA.—In considering whether to approve an application to carry out a demonstration program under this section, the Secretary shall assess—

"(A) the degree to which the demonstration program described in the application is likely to aid eligible participants in successfully pursuing new farming opportunities;

"(B) the experience and ability of the qualified entity to responsibly administer the demonstration program;

"(C) the experience and ability of the qualified entity in recruiting, educating, and assisting eligible participants to increase economic independence and pursue or advance farming opportunities;

"(D) the aggregate amount of direct funds from non-Federal public sector and private sources that are formally committed to the

demonstration program as matching contributions;

"(E) the adequacy of the plan of the qualified entity to provide information relevant to an evaluation of the demonstration program; and

"(F) such other factors as the Secretary considers to be appropriate.

"(3) PREFERENCES.—In considering an application to conduct a demonstration program under this section, the Secretary shall give preference to an application from a qualified entity that demonstrates—

"(A) a track record of serving clients targeted by the program, including, as appropriate, socially disadvantaged farmers; and

"(B) expertise in dealing with financial management aspects of farming.

"(4) APPROVAL.—Not later than 1 year after the date of enactment of this section, in accordance with this section, the Secretary shall, on a competitive basis, approve such applications to conduct demonstration programs as the Secretary considers appropriate.

"(5) TERM OF AUTHORITY.—If the Secretary approves an application to carry out a demonstration

program, the Secretary shall authorize the applicant to carry out the project for a period of 5 years, plus an additional 2 years to make eligible expenditures in accordance with subsection (b)(5)(B).

"(d) GRANT AUTHORITY.—

"(1) IN GENERAL.—The Secretary shall make a grant to a qualified entity authorized to carry out a demonstration program under this section.

"(2) MAXIMUM AMOUNT OF GRANTS.—The aggregate amount of grant funds provided to a demonstration program carried out under this section shall not exceed $250,000.

"(3) TIMING OF GRANT PAYMENTS.—The Secretary shall pay the amounts awarded under a grant made under this section—

"(A) on the awarding of the grant; or

"(B) pursuant to such payment plan as the qualified entity may specify.

"(e) REPORTS.—

"(1) ANNUAL PROGRESS REPORTS.—

"(A) IN GENERAL.—Not later than 60 days after the end of the calendar year in which the Secretary authorizes a qualified entity to carry out a demonstration program under this section, and annually thereafter until the con-

clusion of the demonstration program, the qualified entity shall prepare an annual report that includes, for the period covered by the report—

"(i) an evaluation of the progress of the demonstration program;

"(ii) information about the demonstration program, including the eligible participants and the individual development accounts that have been established; and

"(iii) such other information as the Secretary may require.

"(B) SUBMISSION OF REPORTS.—A qualified entity shall submit each report required under subparagraph (A) to the Secretary.

"(2) REPORTS BY THE SECRETARY.—Not later than 1 year after the date on which all demonstration programs under this section are concluded, the Secretary shall submit to Congress a final report that describes the results and findings of all reports and evaluations carried out under this section.

"(f) ANNUAL REVIEW.—The Secretary may conduct an annual review of the financial records of a qualified entity—

"(1) to assess the financial soundness of the qualified entity; and

"(2) to determine the use of grant funds made available to the qualified entity under this section.

"(g) REGULATIONS.—In carrying out this section, the Secretary may promulgate regulations to ensure that the program includes provisions for—

"(1) the termination of demonstration programs;

"(2) control of the reserve funds in the case of such a termination;

"(3) transfer of demonstration programs to other qualified entities; and

"(4) remissions from a reserve fund to the Secretary in a case in which a demonstration program is terminated without transfer to a new qualified entity.

"(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2012 through 2017.

**"SEC. 3429. FARMER LOAN PILOT PROJECTS.**

"(a) IN GENERAL.—The Secretary may conduct pilot projects of limited scope and duration that are consistent with this subtitle to evaluate processes and techniques that

may improve the efficiency and effectiveness of the programs carried out under this subtitle

"(b) NOTIFICATION.—The Secretary shall—

"(1) not less than 60 days before the date on which the Secretary initiates a pilot project under subsection (a), submit notice of the proposed pilot project to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

"(2) consider any recommendations or feedback provided to the Secretary in response to the notice provided under paragraph (1).

**"SEC. 3430. AUTHORIZATION OF APPROPRIATIONS AND ALLOCATION OF FUNDS.**

"(a) AUTHORIZATION FOR LOANS.—

"(1) IN GENERAL.—The Secretary may make or guarantee loans under chapters 1 and 2 from the Agricultural Credit Insurance Fund for not more than $4,226,000,000 for each of fiscal years 2012 through 2017, of which, for each fiscal year—

"(A) $1,200,000,000 shall be for direct loans, of which—

"(i) $350,000,000 shall be for farm ownership loans; and

"(ii) $850,000,000 shall be for operating loans; and

"(B) $3,026,000,000 shall be for guaranteed loans, of which—

"(i) $1,000,000,000 shall be for guarantees of farm ownership loans; and

"(ii) $2,026,000,000 shall be for guarantees of operating loans.

"(2) BEGINNING FARMERS.—

"(A) DIRECT LOANS.—

"(i) FARM OWNERSHIP LOANS.—

"(I) IN GENERAL.—Of the amounts made available under paragraph (1) for direct farm ownership loans, the Secretary shall reserve an amount that is not less than 75 percent of the total amount for qualified beginning farmers.

"(II) DOWN PAYMENT LOANS; JOINT FINANCING ARRANGEMENTS.—Of the amounts reserved for a fiscal year under subclause (I), the Secretary shall reserve an amount not less than ⅔ of the amount for the down payment loan program under

section 3107 and joint financing arrangements under section 3105 until April 1 of the fiscal year.

"(ii) OPERATING LOANS.—Of the amounts made available under paragraph (1) for direct operating loans, the Secretary shall reserve for qualified beginning farmers for each of fiscal years 2012 through 2017, an amount that is not less than 50 percent of the total amount.

"(iii) FUNDS RESERVED UNTIL SEPTEMBER 1.—Except as provided in clause (i)(II), funds reserved for qualified beginning farmers under this subparagraph for a fiscal year shall be reserved only until September 1 of the fiscal year.

"(B) GUARANTEED LOANS.—

"(i) FARM OWNERSHIP LOANS.—Of the amounts made available under paragraph (1) for guarantees of farm ownership loans, the Secretary shall reserve an amount that is not less than 40 percent of the total amount for qualified beginning farmers.

"(ii) OPERATING LOANS.—Of the amounts made available under paragraph (1) for guarantees of operating loans, the Secretary shall reserve 40 percent for qualified beginning farmers.

"(iii) FUNDS RESERVED UNTIL APRIL 1.—Funds reserved for qualified beginning farmers under this subparagraph for a fiscal year shall be reserved only until April 1 of the fiscal year.

"(C) RESERVED FUNDS FOR ALL QUALIFIED BEGINNING FARMERS.—If a qualified beginning farmer meets the eligibility criteria for receiving a direct or guaranteed loan under section 3101, 3107, or 3201, the Secretary shall make or guarantee the loan if sufficient funds reserved under this paragraph are available to make or guarantee the loan.

"(3) TRANSFER FOR DOWN PAYMENT LOANS.—

"(A) IN GENERAL.—Subject to subparagraph (B)—

"(i) beginning on August 1 of each fiscal year, the Secretary shall use available unsubsidized guaranteed farm operating loan funds to provide direct farm

ownership loans approved by the Secretary to qualified beginning farmers under the down payment loan program established under section 3107, if sufficient direct farm ownership loan funds are not otherwise available; and

"(ii) beginning on September 1 of each fiscal year, the Secretary shall use available unsubsidized guaranteed farm operating loan funds to provide direct farm ownership loans approved by the Secretary to qualified beginning farmers, if sufficient direct farm ownership loan funds are not otherwise available.

"(B) LIMITATION.—The Secretary shall limit the transfer of funds under subparagraph (A) so that all guaranteed farm operating loans that have been approved, or will be approved, by the Secretary during the fiscal year will be made to the extent of available amounts.

"(4) TRANSFER FOR CREDIT SALES OF FARM INVENTORY PROPERTY.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C), beginning on September 1 of each fiscal year, the Secretary may use avail-

able funds made available under chapter 3 for the fiscal year to fund the credit sale of farm real estate in the inventory of the Secretary.

"(B) SUPPLEMENTAL APPROPRIATIONS.—The transfer authority provided under subparagraph (A) shall not apply to any funds made available to the Secretary for any fiscal year under an Act making supplemental appropriations.

"(C) LIMITATION.—The Secretary shall limit the transfer of funds under subparagraph (A) so that all emergency disaster loans that have been approved, or will be approved, by the Secretary during the fiscal year will be made to the extent of available amounts.

"(5) AVAILABILITY OF FUNDS.—Funds made available to carry out this subtitle shall remain available until expended.

"(b) COST PROJECTIONS.—

"(1) IN GENERAL.—The Secretary shall develop long-term cost projections for loan program authorizations required under subsection (a).

"(2) ANALYSIS.—Each projection under paragraph (1) shall include analyses of—

"(A) the long-term costs of the lending levels that the Secretary requests to be authorized under subsection (a); and

"(B) the long-term costs for increases in lending levels beyond those requested to be authorized, based on increments of $10,000,000 or such other levels as the Secretary considers appropriate.

"(3) SUBMISSION TO CONGRESS.—The Secretary shall submit to the Committees on Agriculture and Appropriations of the House of Representatives and the Committees on Agriculture, Nutrition, and Forestry and Appropriations of the Senate reports containing the long-term cost projections for the 3-year period beginning with fiscal year 1983 and each 3-year period thereafter at the time the requests for authorizations for those periods are submitted to Congress.

"(c) LOW-INCOME, LIMITED-RESOURCE BORROWERS.—

"(1) RESERVE.—Notwithstanding any other provision of law, not less than 25 percent of the loans for farm ownership purposes for each fiscal year under this subtitle shall be for low-income, limited-resource borrowers.

"(2) NOTIFICATION.—The Secretary shall provide notification to farm borrowers under this subtitle in the normal course of loan making and loan servicing operations, of the provisions of this subtitle relating to low-income, limited-resource borrowers and the procedures by which persons may apply for loans under the low-income, limited-resource borrower program.".

# Subtitle B—Miscellaneous

**SEC. 5101. STATE AGRICULTURAL MEDIATION PROGRAMS.**

Section 506 of the Agricultural Credit Act of 1987 (7 U.S.C. 5106) is amended by striking "2015" and inserting "2017".

**SEC. 5102. LOANS TO PURCHASERS OF HIGHLY FRACTIONATED LAND.**

The first section of Public Law 91–229 (25 U.S.C. 488) is amended in subsection (b)(1) by inserting "or to intermediaries in order to establish revolving loan funds for the purchase of highly fractionated land under that section" before the period at the end.

**SEC. 5103. REMOVAL OF DUPLICATIVE APPRAISALS.**

Notwithstanding any other law (including regulations), in making loans under the first section of Public Law 91–229 (25 U.S.C. 488), borrowers who are Indian tribes, members of Indian tribes, or tribal corporations

shall only be required to obtain 1 appraisal under an appraisal standard recognized as of the date of enactment of this Act by the Secretary or the Secretary of the Interior.

# 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.

Title III of the Agricultural Act of 1961 (7 U.S.C. 1921 et seq.) is amended to read as follows:

# "TITLE III—AGRICULTURAL CREDIT

### "SEC. 3001. SHORT TITLE; TABLE OF CONTENTS.

"(a) SHORT TITLE.—This title may be cited as the 'Consolidated Farm and Rural Development Act'.

"(b) TABLE OF CONTENTS.—The table of contents 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.

"Sec. 3105. Repayment requirements for farm ownership loans.
"Sec. 3106. Limited-resource loans.
"Sec. 3107. Downpayment loan program.
"Sec. 3108. Beginning farmer and socially disadvantaged farmer contract land sales program.

"CHAPTER 2—OPERATING LOANS

"Sec. 3201. Operating loans.
"Sec. 3202. Purposes of loans.
"Sec. 3203. Restrictions on loans.
"Sec. 3204. Terms of loans.

"CHAPTER 3—EMERGENCY LOANS

"Sec. 3301. Emergency loans.
"Sec. 3302. Purposes of loans.
"Sec. 3303. Terms of loans.
"Sec. 3304. Production losses.

"CHAPTER 4—GENERAL FARMER LOAN PROVISIONS

"Sec. 3401. Agricultural Credit Insurance Fund.
"Sec. 3402. Guaranteed farmer loans.
"Sec. 3403. Provision of information to borrowers.
"Sec. 3404. Notice of loan service programs.
"Sec. 3405. Planting and production history guidelines.
"Sec. 3406. Special conditions and limitations on loans.
"Sec. 3407. Graduation of borrowers.
"Sec. 3408. Debt adjustment and credit counseling.
"Sec. 3409. Security servicing.
"Sec. 3410. Contracts on loan security properties.
"Sec. 3411. Debt restructuring and loan servicing.
"Sec. 3412. Relief for mobilized military reservists from certain agricultural loan obligations.
"Sec. 3413. Interest rate reduction program.
"Sec. 3414. Homestead property.
"Sec. 3415. Transfer of inventory land.
"Sec. 3416. Target participation rates.
"Sec. 3417. Compromise or adjustment of debts or claims by guaranteed lender.
"Sec. 3418. Waiver of mediation rights by borrowers.
"Sec. 3419. Borrower training.
"Sec. 3420. Loan assessments.
"Sec. 3421. Supervised credit.
"Sec. 3422. Market placement.
"Sec. 3423. Recordkeeping of loans by gender of borrower.
"Sec. 3424. Crop insurance requirement.
"Sec. 3425. Loan and loan servicing limitations.
"Sec. 3426. Short form certification of farm program borrower compliance.
"Sec. 3427. Underwriting forms and standards.
"Sec. 3428. Beginning farmer individual development accounts pilot program.
"Sec. 3429. Farmer loan pilot projects.
"Sec. 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.

**"SEC. 3002. DEFINITIONS.**

"In this title (unless the context otherwise requires):

"(1) ABLE TO OBTAIN CREDIT ELSEWHERE.—The term 'able to obtain credit elsewhere' means able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source (or, in the case of a borrower under section 3106, the borrower may be able to obtain a loan under section 3101) at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

"(2) AGRICULTURAL CREDIT INSURANCE FUND.—The term 'Agricultural Credit Insurance

Fund' means the fund established under section 3401.

"(3) APPROVED LENDER.—The term 'approved lender' means—

"(A) a lender approved prior to October 28, 1992, by the Secretary under the approved lender program established by exhibit A to subpart B of part 1980 of title 7, Code of Federal Regulations (as in effect on January 1, 1991); or

"(B) a lender certified under section 3909.

"(4) AQUACULTURE.—The term 'aquaculture' means the culture or husbandry of aquatic animals or plants by private industry for commercial purposes, including the culture and growing of fish by private industry for the purpose of creating or augmenting publicly owned and regulated stocks of fish.

"(5) BEGINNING FARMER.—The term 'beginning farmer' has the meaning given the term by the Secretary.

"(6) BORROWER.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'borrower' means an individual or entity who has an outstanding obligation to the Secretary under any loan

made or guaranteed under this title, without regard to whether the loan has been accelerated.

"(B) EXCLUSIONS.—The term 'borrower' does not include an individual or entity all of whose loans and accounts have been foreclosed on or liquidated, voluntarily or otherwise.

"(7) COUNTY COMMITTEE.—The term 'county committee' means the appropriate county committee established under section 8(b)(5) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5)).

"(8) DEBT FORGIVENESS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'debt forgiveness' means reducing or terminating a loan made or guaranteed under this title, in a manner that results in a loss to the Secretary, through—

"(i) writing down or writing off a loan under section 3411;

"(ii) compromising, adjusting, reducing, or charging-off a debt or claim under section 3903;

"(iii) paying a loss on a guaranteed loan under this title; or

"(iv) discharging a debt as a result of bankruptcy.

"(B) LOAN RESTRUCTURING.—The term 'debt forgiveness' does not include consolidation, rescheduling, reamortization, or deferral.

"(9) DEPARTMENT.—The term 'Department' means the Department of Agriculture.

"(10) DIRECT LOAN.—The term 'direct loan' means a loan made by the Secretary from appropriated funds.

"(11) ENTITY.—The term 'entity' means a corporation, farm cooperative, partnership, joint operation, governmental entity, or other legal organization, as determined by the Secretary.

"(12) FARM.—The term 'farm' means an operation involved in—

"(A) the production of an agricultural commodity;

"(B) ranching; or

"(C) aquaculture.

"(13) FARMER.—The term 'farmer' means an individual or entity engaged primarily and directly in—

"(A) the production of an agricultural commodity;

"(B) ranching; or

"(C) aquaculture.

"(14) FARMER PROGRAM LOAN.—The term 'farmer program loan' means—

"(A) a farm ownership loan under section 3101;

"(B) a conservation loan under section 3103;

"(C) an operating loan under section 3201;

"(D) an emergency loan under section 3301;

"(E) an economic emergency loan under section 202 of the Emergency Agricultural Credit Adjustment Act of 1978 (7 U.S.C. prec. 1961 note; Public Law 95-334);

"(F) a loan for a farm service building under section 502 of the Housing Act of 1949 (42 U.S.C. 1472);

"(G) an economic opportunity loan under section 602 of the Economic Opportunity Act of 1964 (Public Law 88–452; 42 U.S.C. 2942 note) (as it existed before the amendment made by section 683(a) of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97–35; 95 Stat. 519));

"(H) a softwood timber loan under section 608 of the Agricultural Programs Adjustment Act of 1984 (7 U.S.C. 1981 note; Public Law 98–258); or

"(I) any other loan described in section 343(a)(10) of this title (as it existed before the amendment made by section 2 of the Agriculture Reform, Food, and Jobs Act of 2012) that is outstanding on the date of enactment of that Act.

"(15) FARM SERVICE AGENCY.—The term 'Farm Service Agency' means the offices of the Farm Service Agency to which the Secretary delegates responsibility to carry out this title.

"(16) GOVERNMENTAL ENTITY.—The term 'governmental entity' means any agency of the United States, a State, or a unit of local government of a State, or subdivision thereof.

"(17) GUARANTEE.—The term 'guarantee' means guaranteeing the payment of a loan originated, held, and serviced by a private financial agency, or lender, approved by the Secretary.

"(18) HIGHLY ERODIBLE LAND.—The term 'highly erodible land' has the meaning given the

term in section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)).

"(19) HOMESTEAD RETENTION.—The term 'homestead retention' means homestead retention as authorized under section 3414.

"(20) INDIAN TRIBE.—The term 'Indian tribe' means a Federal and State-recognized Indian tribe or other federally recognized Indian tribal group (including a Tribal College or University, as defined in section 316(b) of the Higher Education Act of 1965 (20 U.S.C. 1059c(b)).

"(21) LOAN SERVICE PROGRAM.—The term 'loan service program' means, with respect to a farmer program loan borrower, a primary loan service program or a homestead retention program.

"(22) NATURAL OR MAJOR DISASTER OR EMERGENCY.—The term 'natural or major disaster or emergency' means—

"(A) a disaster due to nonmanmade causes declared by the Secretary; or

"(B) a major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

"(23) PRIMARY LOAN SERVICE PROGRAM.—The term 'primary loan service program' means, with respect to a farmer program loan—

"(A) loan consolidation, rescheduling, or reamortization;

"(B) interest rate reduction, including the use of the limited resource program;

"(C) loan restructuring, including deferral, set aside, or writing down of the principal or accumulated interest charges, or both, of the loan; or

"(D) any combination of actions described in subparagraphs (A), (B), and (C).

"(24) PRIME FARMLAND.—The term 'prime farmland' means prime farmland and unique farmland (as defined in subsections (a) and (b) of section 657.5 of title 7, Code of Federal Regulations (1980)).

"(25) PROJECT.—For purposes of section 3501, the term 'project' includes a facility providing central service or a facility serving an individual property, or both.

"(26) QUALIFIED BEGINNING FARMER.—The term 'qualified beginning farmer' means an appli-

cant, regardless of whether the applicant is participating in a program under section 3107, who—

"(A) is eligible for assistance under this title;

"(B) has not operated a farm, or has operated a farm for not more than 10 years;

"(C) in the case of a cooperative, corporation, partnership, or joint operation, has members, stockholders, partners, or joint operators who are all related to each other by blood or marriage;

"(D) in the case of a farmer who is the owner and operator of a farm—

"(i) in the case of a loan made to an individual, individually or with the immediate family of the applicant—

"(I) materially and substantially participates in the operation of the farm; and

"(II) provides substantial day-to-day labor and management of the farm, consistent with the practices in the State or county in which the farm is located; or

"(ii)(I) in the case of a loan made to a cooperative, corporation, partnership, or joint operation, has members, stockholders, partners, or joint operators who materially and substantially participate in the operation of the farm; and

"(II) in the case of a loan made to a corporation, has stockholders who all qualify individually as beginning farmers;

"(E) in the case of an applicant seeking to become an owner and operator of a farm—

"(i) in the case of a loan made to an individual, individually or with the immediate family of the applicant, will—

"(I) materially and substantially participate in the operation of the farm; and

"(II) provide substantial day-to-day labor and management of the farm, consistent with the practices in the State or county in which the farm is located; or

"(ii)(I) in the case of a loan made to a cooperative, corporation, partnership, or joint operation, will have members, stock-

holders, partners, or joint operators who will materially and substantially participate in the operation of the farm; and

"(II) in the case of a loan made to a corporation, has stockholders who will all qualify individually as beginning farmers;

"(F) agrees to participate in such loan assessment, borrower training, and financial management programs as the Secretary may require;

"(G)(i) does not own farm land; or

"(ii) directly or through interests in family farm corporations, owns farm land, the aggregate acreage of which does not exceed 30 percent of the average acreage of the farms, as the case may be, in the county in which the farm operations of the applicant are located, as reported in the most recent census of agriculture taken in accordance with the Census of Agriculture Act of 1997 (7 U.S.C. 2204g et seq.), except that this subparagraph shall not apply to a loan made or guaranteed under chapter 2 of subtitle A; and

"(H) demonstrates that the available resources of the applicant and any spouse of the

applicant are not sufficient to enable the applicant to farm on a viable scale.

"(27) RECREATIONAL PURPOSE.—For purposes of section 3410, the term 'recreational purpose' has the meaning provided by the Secretary, but shall include hunting.

"(28) RURAL AND RURAL AREA.—

"(A) IN GENERAL.—Subject to any determination made under subparagraph (B), the terms 'rural' and 'rural area' mean any area other than—

"(i) a city or town that has a population of greater than 50,000 inhabitants; and

"(ii) any urbanized area contiguous and adjacent to a city or town described in clause (i).

"(B) DETERMINATION OF AREAS RURAL IN CHARACTER.—

"(i) IN GENERAL.—On petition of a unit of local government in an urbanized area described in subparagraph (A)(ii), or on the initiative of the Secretary, acting through the Under Secretary for Rural Development (referred to in this subpara-

graph as the 'Under Secretary'), the Under Secretary may determine that part of an area described in subparagraph (A)(ii) is a rural area based on the criteria described in clause (ii).

"(ii) CRITERIA.—In making a determination under clause (i), the Under Secretary shall consider—

"(I) population density, favoring a rural area determination for the most sparsely populated areas;

"(II) economic conditions, favoring a rural area determination for areas facing—

"(aa) chronic unemployment in excess of statewide averages;

"(bb) sudden loss of employment from natural disaster or the loss of a significant employer in the area; or

"(cc) chronic poverty demonstrated at the census block or county level compared to statewide median household income;

"(III) commuting patterns, favoring a rural area determination for areas that can demonstrate higher proportions of the population living and working in the area; and

"(IV) whether the area was eligible under the definitions of the terms 'rural' and 'rural area' in section 343 (as in effect before the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012) for community facility, water and waste disposal, and broadband programs.

"(iii) ADMINISTRATION.—In carrying out this subparagraph, the Under Secretary shall—

"(I) not delegate the authority to carry out this subparagraph;

"(II) consult with the applicable rural development State or regional director of the Department and the Governor of the respective State;

"(III) provide to the petitioner an opportunity to appeal to the Under

Secretary a determination made under this subparagraph;

"(IV) release to the public notice of a petition filed or initiative of the Under Secretary under this subparagraph not later than 30 days after receipt of the petition or the commencement of the initiative, as appropriate;

"(V) make a determination under this subparagraph not less than 15 days, and not more than 60 days, after the release of the notice under subclause (IV);

"(VI) submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report on actions taken to carry out this subparagraph; and

"(VII) terminate a determination under this subparagraph that part of an area is a rural area on the date that data is available for the next decennial census conducted under sec-

tion 141(a) of title 13, United States Code.

"(iv) HAWAII AND PUERTO RICO.—Notwithstanding any other provision of this subsection, within the areas of the County of Honolulu, Hawaii, and the Commonwealth of Puerto Rico, the Under Secretary may designate any part of the areas as a rural area if the Under Secretary determines that the part is not urban in character, other than any area included in the Honolulu Census Designated Place or the San Juan Census Designated Place.

"(C) EXCLUSIONS.—Notwithstanding any other provision of this paragraph, in determining which census blocks in an urbanized area are not in a rural area (as defined in this paragraph), the Secretary shall exclude any cluster of census blocks that would otherwise be considered not in a rural area only because the cluster is adjacent to not more than 2 census blocks that are otherwise considered not in a rural area under this paragraph.

"(29) SEASONED DIRECT LOAN BORROWER.—The term 'seasoned direct loan borrower' means a

borrower who could reasonably be expected to qualify for commercial credit using criteria determined by the Secretary.

"(30) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

"(31) SOCIALLY DISADVANTAGED FARMER.—The term 'socially disadvantaged farmer' means a farmer who is a member of a socially disadvantaged group.

"(32) SOCIALLY DISADVANTAGED GROUP.—The term 'socially disadvantaged group' means a group whose members have been subjected to racial, ethnic, or gender prejudice because of the identity of the members as members of a group without regard to the individual qualities of the members.

"(33) SOLAR ENERGY.—The term 'solar energy' means energy derived from sources (other than fossil fuels) and technologies included in the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5901 et seq.).

"(34) STATE.—The term 'State' means—

"(A) in this title (other than subtitle A), each of the 50 States, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the North-

ern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau; and

"(B) in subtitle A, each of the 50 States, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and, to the extent the Secretary determines it to be feasible and appropriate, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

"(35) STATE BEGINNING FARMER PROGRAM.—The term 'State beginning farmer program' means any program that is—

"(A) carried out by, or under contract with, a State; and

"(B) designed to assist qualified beginning farmers in obtaining the financial assistance necessary to enter agriculture and establish viable farming operations.

"(36) VETERAN.—The term 'veteran' has the meaning given the term in section 101 of title 38, United States Code.

"(37) WETLAND.—The term 'wetland' has the meaning given the term in section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)).

"(38) WILDLIFE.—The term 'wildlife' means fish or wildlife (as defined in section 2(a) of the Lacey Act Amendments of 1981 (16 U.S.C. 3371(a))).

# "Subtitle B—Rural Development

## "CHAPTER 1—RURAL COMMUNITY PROGRAMS

### "SEC. 3501. WATER AND WASTE DISPOSAL LOANS, LOAN GUARANTEES, AND GRANTS.

"(a) IN GENERAL.—The Secretary may make grants and loans and issue loan guarantees (including a guarantee of a loan financed by the net proceeds of a bond described in section 142(a) of the Internal Revenue Code of 1986) to eligible entities described in subsection (b) for projects in rural areas that primarily serve rural residents to provide for—

"(1) the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste; and

"(2) financial assistance and other aid in the planning of projects for purposes described in paragraph (1).

"(b) ELIGIBLE ENTITIES.—Entities eligible for assistance described in subsection (a) are—

"(1) associations (including corporations not operated for profit);

"(2) Indian tribes;

"(3) public and quasi-public agencies; and

"(4) in the case of a project to attach an individual property in a rural area to a water system to alleviate a health risk, an individual.

"(c) LOAN AND LOAN GUARANTEE REQUIREMENTS.—In connection with loans made or guaranteed under this section, the Secretary shall require the applicant—

"(1) to certify in writing, and the Secretary shall determine, that the applicant is unable to obtain sufficient credit elsewhere to finance the actual needs of the applicant at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time; and

"(2) to furnish an appropriate written financial statement.

"(d) GRANT AMOUNTS.—

"(1) MAXIMUM.—Except as otherwise provided in this subsection, the amount of any grant made under this section shall not exceed 75 percent of the development cost of the project for which the grant is provided.

"(2) GRANT RATE.—The Secretary shall establish the grant rate for each project in conformity with regulations issued by the Secretary that shall provide for a graduated scale of grant rates that establish higher rates for projects in communities that have—

"(A) low community population;

"(B) high rates of outmigration; and

"(C) low income levels.

"(3) LOCAL SHARE REQUIREMENTS.—Grants made under this section may be used to pay the local share requirements of another Federal grant-in-aid program to the extent permitted under the law providing for the grant-in-aid program.

"(e) SPECIAL GRANTS.—

"(1) REVOLVING FUNDS FOR FINANCING WATER AND WASTEWATER PROJECTS.—

"(A) IN GENERAL.—The Secretary may make grants to qualified, nonprofit entities in rural areas to capitalize revolving funds for the

purpose of providing financing to eligible entities for—

"(i) predevelopment costs associated with proposed water and wastewater projects or with existing water and wastewater systems; and

"(ii) short-term costs incurred for replacement equipment, small-scale extension services, or other small capital projects that are not part of the regular operations and maintenance activities of existing water and wastewater systems.

"(B) MAXIMUM AMOUNT OF FINANCING.—The amount of financing made to an eligible entity under this paragraph shall not exceed—

"(i) $100,000 for costs described in subparagraph (A)(i); and

"(ii) $100,000 for costs described in subparagraph (A)(ii).

"(C) TERM.—The term of financing provided to an eligible entity under this paragraph shall not exceed 10 years.

"(D) ADMINISTRATION.—The Secretary shall limit the amount of grant funds that may

be used by a grant recipient for administrative costs incurred under this paragraph.

"(E) ANNUAL REPORT.—A nonprofit entity receiving a grant under this paragraph shall submit to the Secretary an annual report that describes the number and size of communities served and the type of financing provided.

"(F) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $30,000,000 for each of fiscal years 2013 through 2017.

"(2) EMERGENCY AND IMMINENT COMMUNITY WATER ASSISTANCE PROGRAM.—

"(A) IN GENERAL.—The Secretary shall provide grants in accordance with this paragraph to assist the residents of rural areas and small communities to secure adequate quantities of safe water—

"(i) after a significant decline in the quantity or quality of water available from the water supplies of the rural areas and small communities, or when such a decline is imminent; or

"(ii) when repairs, partial replacement, or significant maintenance efforts on established water systems would remedy—

"(I) an acute or imminent shortage of quality water; or

"(II) a significant or imminent decline in the quantity or quality of water that is available.

"(B) PRIORITY.—In carrying out subparagraph (A), the Secretary shall—

"(i) give priority to projects described in subparagraph (A)(i); and

"(ii) provide at least 70 percent of all grants under this paragraph to those projects.

"(C) ELIGIBILITY.—To be eligible to obtain a grant under this paragraph, an applicant shall—

"(i) be a public or private nonprofit entity; and

"(ii) in the case of a grant made under subparagraph (A)(i), demonstrate to the Secretary that the decline referred to in that subparagraph occurred, or will occur, not later than 2 years after the date

on which the application was filed for the grant.

"(D) USES.—

"(i) IN GENERAL.—Grants made under this paragraph may be used—

"(I) for waterline extensions from existing systems, laying of new waterlines, repairs, significant maintenance, digging of new wells, equipment replacement, and hook and tap fees;

"(II) for any other appropriate purpose associated with developing sources of, treating, storing, or distributing water;

"(III) to assist communities in complying with the requirements of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) or the Safe Drinking Water Act (42 U.S.C. 300f et seq.); and

"(IV) to provide potable water to communities through other means.

"(ii) JOINT PROPOSALS.—

"(I) IN GENERAL.—Subject to the restrictions in subparagraph (E), nothing in this paragraph precludes rural communities from submitting joint proposals for emergency water assistance.

"(II) CONSIDERATION OF RESTRICTIONS.—The restrictions in subparagraph (E) shall be considered in the aggregate, depending on the number of communities involved.

"(E) RESTRICTIONS.—

"(i) MAXIMUM INCOME.—No grant provided under this paragraph shall be used to assist any rural area or community that has a median household income in excess of the State nonmetropolitan median household income according to the most recent decennial census of the United States.

"(ii) SET-ASIDE FOR SMALLER COMMUNITIES.—Not less than 50 percent of the funds allocated under this paragraph shall be allocated to rural communities with populations that do not exceed 3,000 inhabitants.

"(F) MAXIMUM GRANTS.—Grants made under this paragraph may not exceed—

"(i) in the case of each grant made under subparagraph (A)(i), $500,000; and

"(ii) in the case of each grant made under subparagraph (A)(ii), $150,000.

"(G) FULL FUNDING.—Subject to subparagraph (F), grants under this paragraph shall be made in an amount equal to 100 percent of the costs of the projects conducted under this paragraph.

"(H) APPLICATION.—

"(i) NATIONALLY COMPETITIVE APPLICATION PROCESS.—

"(I) IN GENERAL.—The Secretary shall develop a nationally competitive application process to award grants under this paragraph.

"(II) REQUIREMENTS.—The process shall include criteria for evaluating applications, including population, median household income, and the severity of the decline, or imminent decline, in the quantity or quality of water.

"(ii) TIMING OF REVIEW OF APPLICATIONS.—

"(I) SIMPLIFIED APPLICATION.—The application process developed by the Secretary under clause (i) shall include a simplified application form that will permit expedited consideration of an application for a grant filed under this paragraph.

"(II) PRIORITY REVIEW.—In processing applications for any water or waste grant or loan authorized under this section, the Secretary shall afford priority processing to an application for a grant under this paragraph to the extent funds will be available for an award on the application at the conclusion of priority processing.

"(III) TIMING.—The Secretary shall, to the maximum extent practicable, review and act on an application under this paragraph not later than 60 days after the date on which

the application is submitted to the Secretary.

"(I) FUNDING.—

"(i) RESERVATION.—

"(I) IN GENERAL.—For each fiscal year, not less than 3 nor more than 5 percent of the total amount made available to carry out this section for the fiscal year shall be reserved for grants under this paragraph.

"(II) RELEASE.—Funds reserved under subclause (I) for a fiscal year shall be reserved only until July 1 of the fiscal year.

"(ii) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds made available under clause (i), there is authorized to be appropriated to carry out this paragraph $35,000,000 for each of fiscal years 2013 through 2017.

"(3) WATER AND WASTE FACILITY LOANS AND GRANTS TO ALLEVIATE HEALTH RISKS.—

"(A) DEFINITION OF COOPERATIVE.—In this paragraph, the term 'cooperative' means a

cooperative formed specifically for the purpose of the installation, expansion, improvement, or operation of water supply or waste disposal facilities or systems.

"(B) LOANS AND GRANTS TO PERSONS OTHER THAN INDIVIDUALS.—

"(i) IN GENERAL.—The Secretary shall make or guarantee loans and make grants to provide for the conservation, development, use, and control of water (including the extension or improvement of existing water supply systems) and the installation or improvement of drainage or waste disposal facilities and essential community facilities, including necessary related equipment, training, and technical assistance to—

"(I) rural water supply corporations, cooperatives, or similar entities;

"(II) Indian tribes;

"(III) rural or native villages in the State of Alaska;

"(IV) native tribal health consortiums;

"(V) public agencies; and

"(VI) Native Hawaiian Home Lands.

"(ii) ELIGIBLE PROJECTS.—Loans and grants described in clause (i) shall be available only to provide the described water and waste facilities and services to communities whose residents face significant health risks, as determined by the Secretary, due to the fact that a significant proportion of the residents of the community do not have access to, or are not served by, adequate affordable—

"(I) water supply systems; or

"(II) waste disposal facilities.

"(iii) MATCHING REQUIREMENTS.—For entities described under subclauses (III), (IV), or (V) of clause (i) to be eligible to receive a grant for water supply systems or waste disposal facilities, the State in which the project will occur shall provide 25 percent in matching funds from non-Federal sources.

"(iv) CERTAIN AREAS TARGETED.—

"(I) IN GENERAL.—Loans and grants under clause (i) shall be made

only if the loan or grant funds will be used primarily to provide water or waste services, or both, to residents of a county or census area—

"(aa) the per capita income of the residents of which is not more than 70 percent of the national average per capita income, as determined by the Department of Commerce; and

"(bb) the unemployment rate of the residents of which is not less than 125 percent of the national average unemployment rate, as determined by the Bureau of Labor Statistics.

"(II) EXCEPTION.—Notwithstanding subclause (I), loans and grants under clause (i) may also be made if the loan or grant funds will be used primarily to provide water or waste services, or both, to residents of a rural area that was recognized as a colonia as of October 1, 1989.

"(C) LOANS AND GRANTS TO INDIVIDUALS.—

"(i) IN GENERAL.—The Secretary shall make or guarantee loans and make grants to individuals who reside in a community described in subparagraph (B)(i) for the purpose of extending water supply and waste disposal systems, connecting the systems to the residences of the individuals, or installing plumbing and fixtures within the residences of the individuals to facilitate the use of the water supply and waste disposal systems.

"(ii) INTEREST.—Loans described in clause (i) shall be at a rate of interest no greater than the Federal Financing Bank rate on loans of a similar term at the time the loans are made.

"(iii) AMORTIZATION.—The repayment of loans described in clause (i) shall be amortized over the expected life of the water supply or waste disposal system to which the residence of the borrower will be connected.

"(iv) MANNER IN WHICH LOANS AND GRANTS ARE TO BE MADE.—Loans and grants to individuals under clause (i) shall be made—

"(I) directly to the individuals by the Secretary; or

"(II) to the individuals through the rural water supply corporation, cooperative, or similar entity, or public agency, providing the water supply or waste disposal services, pursuant to regulations issued by the Secretary.

"(D) PREFERENCE.—The Secretary shall give preference in the awarding of loans and grants under subparagraphs (B) and (C) to entities described in clause (i) of subparagraph (B) that propose to provide water supply or waste disposal services to the residents of Indian reservations, rural or native villages in the State of Alaska, Native Hawaiian Home Lands, and those rural subdivisions commonly referred to as colonias, that are characterized by substandard housing, inadequate roads and drainage, and a lack of adequate water or waste facilities.

"(E) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated—

"(i) for grants under this paragraph, $60,000,000 for each fiscal year;

"(ii) for loans under this paragraph, $60,000,000 for each fiscal year; and

"(iii) in addition to grants provided under clause (i), for grants under this section to benefit Indian tribes, $20,000,000 for each fiscal year.

"(4) SOLID WASTE MANAGEMENT GRANTS.—

"(A) IN GENERAL.—The Secretary may make grants to nonprofit organizations for the provision of regional technical assistance to local and regional governments and related agencies for the purpose of reducing or eliminating pollution of water resources and improving the planning and management of solid waste disposal facilities in rural areas.

"(B) TECHNICAL ASSISTANCE GRANT AMOUNTS.—Grants made under this paragraph for the provision of technical assistance shall be made for 100 percent of the cost of the technical assistance.

"(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $10,000,000 for each of fiscal years 2013 through 2017

"(5) RURAL WATER AND WASTEWATER TECHNICAL ASSISTANCE AND TRAINING PROGRAMS.—

"(A) GRANTS TO NONPROFITS.—

"(i) IN GENERAL.—The Secretary may make grants to nonprofit organizations to enable the organizations to provide to associations that provide water and wastewater services in rural areas technical assistance and training—

"(I) to identify, and evaluate alternative solutions to, problems relating to the obtaining, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas;

"(II) to prepare applications to receive financial assistance for any purpose specified in subsection (a)(1) from any public or private source; and

"(III) to improve the operation and maintenance practices at any ex-

isting works for the storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

''(ii) SELECTION PRIORITY.—In selecting recipients of grants to be made under clause (i), the Secretary shall give priority to nonprofit organizations that have experience in providing the technical assistance and training described in clause (i) to associations serving rural areas in which—

''(I) residents have low income; and

''(II) water supply systems or waste facilities are unhealthful.

''(iii) FUNDING.—

''(I) IN GENERAL.—Except as provided in subclause (II), not less than 1 nor more than 3 percent of any funds made available to carry out water and waste disposal projects described in subsection (a) for any fiscal year shall be reserved for grants under this paragraph.

"(II) EXCEPTION.—The minimum amount specified in subclause (I) shall not apply if the aggregate amount of grant funds requested by applications that qualify for grants received by the Secretary from eligible nonprofit organizations for the fiscal year totals less than 1 percent of those funds.

"(B) RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.—

"(i) IN GENERAL.—The Secretary shall continue a national rural water and wastewater circuit rider program that—

"(I) is consistent with the activities and results of the program conducted before January 1, 2012, as determined by the Secretary; and

"(II) received funding from the Secretary, acting through the Administrator of the Rural Utilities Service.

"(ii) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subparagraph

$25,000,000 for fiscal year 2013 and each fiscal year thereafter.

"(6) SEARCH PROGRAM.—

"(A) IN GENERAL.—The Secretary may establish a Special Evaluation Assistance for Rural Communities and Households (SEARCH) program to make predevelopment planning grants for feasibility studies, design assistance, and technical assistance, to financially distressed communities in rural areas with populations of 2,500 or fewer inhabitants for water and waste disposal projects described in this section.

"(B) TERMS.—

"(i) DOCUMENTATION.—With respect to grants made under this paragraph, the Secretary shall require the lowest quantity of documentation practicable.

"(ii) MATCHING.—Notwithstanding any other provision of this section, the Secretary may fund up to 100 percent of the eligible costs of grants provided under this paragraph, as determined by the Secretary.

"(iii) FUNDING.—The Secretary may use not more than 4 percent of the total

amount of funds made available for a fiscal year for water, waste disposal, and essential community facility activities under this chapter to carry out this paragraph.

"(C) RELATIONSHIP TO OTHER AUTHORITY.—

"(i) IN GENERAL.—The funds and authorities provided under this paragraph are in addition to any other funds or authorities the Secretary may have to carry out activities described in this section.

"(ii) AUTHORIZED ACTIVITIES.—The Secretary may furnish financial assistance or other aid in planning projects for the purposes described in subparagraph (A).

"(f) PRIORITY.—In making grants and loans, and guaranteeing loans, for water, wastewater, and waste disposal projects under this section, the Secretary shall give priority consideration to projects that serve rural communities that, as determined by the Secretary—

"(1) have a population of less than 5,500 permanent residents;

"(2) have a community water, wastewater, or waste disposal system that—

"(A) is experiencing—

"(i) an unanticipated reduction in the quality of water, the quantity of water, or the ability to deliver water; or

"(ii) some other deterioration in the supply of water to the community;

"(B) is not adequate to meet the needs of the community; and

"(C) requires immediate corrective action;

"(3) are experiencing outmigration;

"(4) have a high percentage of low-income residents; or

"(5) are isolated from other significant population centers.

"(g) CURTAILMENT OR LIMITATION OF SERVICE PROHIBITED.—The service provided or made available through any such association shall not be curtailed or limited by inclusion of the area served by such association within the boundaries of any municipal corporation or other public body, or by the granting of any private franchise for similar service within such area during the term of such loan; nor shall the happening of any such event be the basis of requiring such association to secure any franchise, license, or permit as a condition to continuing to serve the area served by the association at the time of the occurrence of such event.

"(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as are necessary.

**"SEC. 3502. COMMUNITY FACILITIES LOANS, LOAN GUARANTEES, AND GRANTS.**

"(a) IN GENERAL.—The Secretary may make grants and loans and issue loan guarantees (including a guarantee of a loan financed by the net proceeds of a bond described in section 142(a) of the Internal Revenue Code of 1986) to eligible entities described in subsection (b) for projects in rural areas that primarily serve rural residents to provide for—

"(1) essential community facilities, including—

"(A) necessary equipment;

"(B) recreational developments; and

"(2) financial assistance and other assistance in the planning of projects for purposes described in this section.

"(b) ELIGIBLE ENTITIES.—Entities eligible for assistance described in subsection (a) are—

"(1) associations (including corporations not operated for profit);

"(2) Indian tribes (including groups of individuals described in paragraph (4) of section 815 of the

Native American Programs Act of 1974 (42 U.S.C. 2992c)); and

"(3) public and quasi-public agencies.

"(c) LOAN AND LOAN GUARANTEE REQUIREMENTS.—

"(1) IN GENERAL.—In connection with loans made or guaranteed under this section, the Secretary shall require the applicant—

"(A) to certify in writing, and the Secretary shall determine, that the applicant is unable to obtain sufficient credit elsewhere to finance the actual needs of the applicant; and

"(B) to furnish an appropriate written financial statement.

"(2) DEBT RESTRUCTURING AND LOAN SERVICING FOR COMMUNITY FACILITY LOANS.—The Secretary shall establish and implement a program that is similar to the program established under section 3411, except that the debt restructuring and loan servicing procedures shall apply to delinquent community facility program loans to a hospital or health care facility under subsection (a).

"(d) GRANT AMOUNTS.—

"(1) MAXIMUM.—Except as otherwise provided in this subsection, the amount of any grant made

under this section shall not exceed 75 percent of the development cost of the project for which the grant is provided.

"(2) GRANT RATE.—The Secretary shall establish the grant rate for each project in conformity with regulations issued by the Secretary that shall provide for a graduated scale of grant rates that establish higher rates for projects in communities that have—

"(A) low community population;

"(B) high rates of outmigration; and

"(C) low income levels.

"(3) LOCAL SHARE REQUIREMENTS.—Grants made under this section may be used to pay the local share requirements of another Federal grant-in-aid program to the extent permitted under the law providing for the grant-in-aid program.

"(e) PRIORITY.—In making grants and loans, and guaranteeing loans under this section, the Secretary shall give priority consideration to projects that serve rural communities that—

"(1) have a population of less than 20,000 permanent residents;

"(2) are experiencing outmigration;

"(3) have a high percentage of low-income residents; or

"(4) are isolated from other significant population centers.

"(f) TRIBAL COLLEGES AND UNIVERSITIES.—

"(1) IN GENERAL.—The Secretary may make grants to an entity that is a Tribal College or University (as defined in section 316(b) of the Higher Education Act of 1965 (20 U.S.C. 1059c(b))) to provide the Federal share of the cost of developing specific Tribal College or University essential community facilities in rural areas.

"(2) FEDERAL SHARE.—The Secretary shall establish the maximum percentage of the cost of the project that may be covered by a grant under this subsection, except that the Secretary may not require non-Federal financial support in an amount that is greater than 5 percent of the total cost of the project.

"(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $10,000,000 for each of fiscal years 2013 through 2017.

"(g) TECHNICAL ASSISTANCE FOR COMMUNITY FACILITIES 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.

"(c) GRANTS.—To carry out the purpose described in subsection (a), the Secretary may award a grant to an eligible entity for—

"(1) the development of—

"(A) health care services;

"(B) health education programs; and

"(C) health care job training programs; and

"(2) the development and expansion of public health-related facilities in the Delta region to address longstanding and unmet health needs of the region.

"(d) USE.—As a condition of the receipt of the grant, the eligible entity shall use the grant to fund projects and activities described in subsection (c), based on input solicited from local governments, public health care providers, and other entities in the Delta region.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section $3,000,000 for each of fiscal years 2013 through 2017.

## "CHAPTER 2—RURAL BUSINESS AND COOPERATIVE DEVELOPMENT

### "SEC. 3601. BUSINESS PROGRAMS.

"(a) RURAL BUSINESS DEVELOPMENT GRANTS.—

"(1) IN GENERAL.—The Secretary may make grants under this subsection to eligible entities described in paragraph (2) in rural areas that primarily serve rural areas for purposes described in paragraph (3).

"(2) ELIGIBLE ENTITIES.—The Secretary may make grants under this subsection to—

"(A) governmental entities;

"(B) Indian tribes; and

"(C) nonprofit entities.

"(3) ELIGIBLE PURPOSES FOR GRANTS.—Eligible entities that receive grants under this subsection may use the grant funds for—

"(A) business opportunity projects that—

"(i) identify and analyze business opportunities;

"(ii) identify, train, and provide technical assistance to existing or prospective rural entrepreneurs and managers;

"(iii) assist in the establishment of new rural businesses and the maintenance of existing businesses, including through business support centers;

"(iv) conduct regional, community, and local economic development planning

and coordination, and leadership development; and

"(v) establish centers for training, technology, and trade that will provide training to rural businesses in the use of interactive communications technologies to develop international trade opportunities and markets; and

"(B) projects that support the development of business enterprises that finance or facilitate—

"(i) the development of small and emerging private business enterprise;

"(ii) the establishment, expansion, and operation of rural distance learning networks;

"(iii) the development of rural learning programs that provide educational instruction or job training instruction related to potential employment or job advancement to adult students; and

"(iv) the provision of technical assistance and training to rural communities for the purpose of improving passenger transportation services or facilities.

"(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this subsection $65,000,000 for each of fiscal years 2013 through 2017, to remain available until expended.

"(b) VALUE-ADDED AGRICULTURAL PRODUCER GRANTS.—

"(1) DEFINITIONS.—In this subsection:

"(A) MID-TIER VALUE CHAIN.—The term 'mid-tier value chain' means a local and regional supply network that links independent producers with businesses and cooperatives that market value-added agricultural products in a manner that—

"(i) targets and strengthens the profitability and competitiveness of small- and medium-sized farms that are structured as family farms; and

"(ii) obtains agreement from an eligible agricultural producer group, farmer cooperative, or majority-controlled producer-based business venture that is engaged in the value chain on a marketing strategy.

"(B) PRODUCER.—The term 'producer' means a farmer.

"(C) VALUE-ADDED AGRICULTURAL PRODUCT.—The term 'value-added agricultural product' means any agricultural commodity or product—

"(i) that—

"(I) has undergone a change in physical state;

"(II) was produced in a manner that enhances the value of the agricultural commodity or product, as demonstrated through a business plan that shows the enhanced value, as determined by the Secretary;

"(III) is physically segregated in a manner that results in the enhancement of the value of the agricultural commodity or product;

"(IV) is a source of farm-based renewable energy, including E–85 fuel; or

"(V) is aggregated and marketed as a locally produced agricultural food product; and

"(ii) for which, as a result of the change in physical state or the manner in

which the agricultural commodity or product was produced, marketed, or segregated—

"(I) the customer base for the agricultural commodity or product is expanded; and

"(II) a greater portion of the revenue derived from the marketing, processing, or physical segregation of the agricultural commodity or product is available to the producer of the commodity or product.

"(2) GRANTS.—

"(A) IN GENERAL.—The Secretary may make grants under this subsection to—

"(i) independent producers of value-added agricultural products; and

"(ii) an agricultural producer group, farmer cooperative, or majority-controlled producer-based business venture, as determined by the Secretary.

"(B) GRANTS TO A PRODUCER.—A grantee under subparagraph (A)(i) shall use the grant—

"(i) to develop a business plan or perform a feasibility study to establish a viable marketing opportunity (including through mid-tier value chains) for value-added agricultural products; or

"(ii) to provide capital to establish alliances or business ventures that allow the producer to better compete in domestic or international markets.

"(C) GRANTS TO AN AGRICULTURAL PRODUCER GROUP, COOPERATIVE OR PRODUCER-BASED BUSINESS VENTURE.—A grantee under subparagraph (A)(ii) shall use the grant—

"(i) to develop a business plan for viable marketing opportunities in emerging markets for a value-added agricultural product; or

"(ii) to develop strategies that are intended to create marketing opportunities in emerging markets for the value-added agricultural product.

"(D) AWARD SELECTION.—

"(i) PRIORITY.—In awarding grants under this subsection, the Secretary shall give priority to projects—

"(I) that contribute to increasing opportunities for operators of small- and medium-sized farms that are structured as family farms; or

"(II) at least ¼ of the recipients of which are beginning farmers or socially disadvantaged farmers.

"(ii) RANKING.—In evaluating and ranking proposals under this subsection, the Secretary shall provide substantial weight to the priorities described in clause (i).

"(E) AMOUNT OF GRANT.—

"(i) IN GENERAL.—The total amount provided to a grant recipient under this subsection shall not exceed $500,000.

"(ii) MAJORITY-CONTROLLED, PRODUCER-BASED BUSINESS VENTURES.—The total amount of all grants provided to majority-controlled, producer-based business ventures under this subsection for a fiscal year shall not exceed 10 percent of the amount of funds used to make all grants for the fiscal year under this subsection.

"(F) TERM.—The term of a grant under this paragraph shall not exceed 3 years.

"(G) SIMPLIFIED APPLICATION.—The Secretary shall offer a simplified application form and process for project proposals requesting less than $50,000 under this subsection.

"(3) FUNDING.—

"(A) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $40,000,000 for each of fiscal years 2013 through 2017.

"(B) RESERVATION OF FUNDS FOR PROJECTS TO BENEFIT BEGINNING FARMERS, SOCIALLY DISADVANTAGED FARMERS, AND MID-TIER VALUE CHAINS.—

"(i) IN GENERAL.—The Secretary shall reserve 10 percent of the amounts made available for each fiscal year under this subsection to fund projects that benefit beginning farmers or socially disadvantaged farmers.

"(ii) MID-TIER VALUE CHAINS.—The Secretary shall reserve 10 percent of the amounts made available for each fiscal year under this subsection to fund applica-

tions of eligible entities described in paragraph (2) that propose to develop mid-tier value chains.

"(iii) UNOBLIGATED AMOUNTS.—Any amounts in the reserves for a fiscal year established under clauses (i) and (ii) that are not obligated by June 30 of the fiscal year shall be available to the Secretary to make grants under this subsection to eligible entities in any State, as determined by the Secretary.

"(c) RURAL COOPERATIVE DEVELOPMENT GRANTS.—

"(1) DEFINITIONS.—In this subsection:

"(A) NONPROFIT INSTITUTION.—The term 'nonprofit institution' means any organization or institution, including an accredited institution of higher education, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

"(B) UNITED STATES.—The term 'United States' means—

"(i) the several States; and

"(ii) the District of Columbia.

"(2) GRANTS.—The Secretary shall make grants under this subsection to nonprofit institutions for the purpose of enabling the nonprofit institutions to establish and operate centers for rural cooperative development.

"(3) GOALS.—The goals of a center funded under this subsection shall be to facilitate the creation of jobs in rural areas through the development of new rural cooperatives, value -added processing, and rural businesses.

"(4) APPLICATION.—

"(A) IN GENERAL.—Any nonprofit institution seeking a grant under paragraph (2) shall submit to the Secretary an application containing a plan for the establishment and operation by the institution of 1 or more centers for cooperative development.

"(B) REQUIREMENTS.—The Secretary may approve an application if the plan contains the following:

"(i) A provision that substantiates that the center will effectively serve rural areas in the United States.

"(ii) A provision that the primary objective of the center will be to improve the

economic condition of rural areas through cooperative development.

"(iii) A description of the activities that the center will carry out to accomplish the objective, which may include programs—

"(I) for applied research and feasibility studies that may be useful to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center;

"(II) for the collection, interpretation, and dissemination of information that may be useful to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center;

"(III) providing training and instruction for individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center;

"(IV) providing loans and grants 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-

tinuing sources of financial support for the center, particularly from sources in the private sector.

"(vii) Provisions for—

"(I) monitoring and evaluating the activities by the nonprofit institution operating the center; and

"(II) accounting for funds received by the institution under this section.

"(5) AWARDING GRANTS.—

"(A) IN GENERAL.—Grants made under paragraph (2) shall be made on a competitive basis.

"(B) PREFERENCE.—In making grants under paragraph (2), the Secretary shall give preference to grant applications providing for the establishment of centers for rural cooperative development that—

"(i) demonstrate a proven track record in carrying out activities to promote and assist the development of cooperatively and mutually owned businesses;

"(ii) demonstrate previous expertise in providing technical assistance in rural

areas to promote and assist the development of cooperatively and mutually owned businesses;

"(iii) demonstrate the ability to assist in the retention of businesses, facilitate the establishment of cooperatives and new cooperative approaches, and generate employment opportunities that will improve the economic conditions of rural areas;

"(iv) commit to providing technical assistance and other services to underserved and economically distressed areas in rural areas of the United States;

"(v) demonstrate a commitment to—

"(I) networking with and sharing the results of the efforts of the center with other cooperative development centers and other organizations involved in rural economic development efforts; and

"(II) developing multiorganization and multistate approaches to addressing the economic development and cooperative needs of rural areas; and

"(vi) commit to providing a 25 percent matching contribution with private funds and in-kind contributions, except that the Secretary shall not require non-Federal financial support in an amount that is greater than 5 percent in the case of a 1994 institution (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)).

"(6) GRANT PERIOD.—

"(A) IN GENERAL.—A grant awarded to a center that has received no prior funding under this subsection shall be made for a period of 1 year.

"(B) MULTIYEAR GRANTS.—If the Secretary determines it to be in the best interest of the program, the Secretary shall award grants for a period of more than 1 year, but not more than 3 years, to a center that has successfully met the requirements of paragraph (5)(B), as determined by the Secretary.

"(7) AUTHORITY TO EXTEND GRANT PERIOD.—The Secretary may extend for 1 additional 12-month

period the period during which a grantee may use a grant made under this subsection.

"(8) TECHNICAL ASSISTANCE TO PREVENT EXCESSIVE UNEMPLOYMENT OR UNDEREMPLOYMENT.—

"(A) IN GENERAL.—In carrying out this subsection, the Secretary may provide technical assistance to alleviate or prevent conditions of excessive unemployment, underemployment, outmigration, or low employment growth in economically distressed rural areas that the Secretary determines have a substantial need for the assistance.

"(B) INCLUSIONS.—The assistance may include planning and feasibility studies, management and operational assistance, and studies evaluating the need for the development potential of projects that increase employment and improve economic growth in the areas.

"(9) GRANTS TO DEFRAY ADMINISTRATIVE COSTS.—

"(A) IN GENERAL.—The Secretary may make grants to defray not to exceed 75 percent of the costs incurred by organizations and pub-

lic bodies to carry out projects for which grants or loans are made under this subsection.

"(B) COST-SHARING.—For purposes of determining the non-Federal share of the costs, the Secretary shall include contributions in cash and in kind, fairly evaluated, including premises, equipment, and services.

"(10) COOPERATIVE RESEARCH PROGRAM.—The Secretary shall offer to enter into a cooperative research agreement with 1 or more qualified academic institutions in each fiscal year to conduct research on the effects of all types of cooperatives on the national economy.

"(11) ADDRESSING NEEDS OF MINORITY COMMUNITIES.—

"(A) IN GENERAL.—If the total amount appropriated under paragraph (13) for a fiscal year exceeds $7,500,000, the Secretary shall reserve an amount equal to 20 percent of the total amount appropriated for grants for cooperative development centers, individual cooperatives, or groups of cooperatives—

"(i) that serve socially disadvantaged groups; and

"(ii) a majority of the boards of directors or governing boards of which are comprised of individuals who are members of socially disadvantaged groups.

"(B) INSUFFICIENT APPLICATIONS.—To the extent there are insufficient applications to carry out subparagraph (A), the Secretary shall use the funds as otherwise authorized by this subsection.

"(12) INTERAGENCY WORKING GROUP.—Not later than 90 days after the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012, the Secretary shall coordinate and chair an interagency working group to foster cooperative development and ensure coordination with Federal agencies and national and local cooperative organizations that have cooperative programs and interests.

"(13) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $50,000,000 for each of fiscal years 2013 through 2017.

"(d) APPROPRIATE TECHNOLOGY TRANSFER FOR RURAL AREAS PROGRAM.—

"(1) DEFINITION OF NATIONAL NONPROFIT AGRICULTURAL ASSISTANCE INSTITUTION.—In this

subsection, the term 'national nonprofit agricultural assistance institution' means an organization that—

"(A) is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under 501(a) of that Code;

"(B) has staff and offices in multiple regions of the United States;

"(C) has experience and expertise in operating national agricultural technical assistance programs;

"(D) expands markets for the agricultural commodities produced by producers through the use of practices that enhance the environment, natural resource base, and quality of life; and

"(E) improves the economic viability of agricultural operations.

"(2) ESTABLISHMENT.—The Secretary shall establish a national appropriate technology transfer for rural areas program to assist agricultural producers that are seeking information—

"(A) to reduce input costs;

"(B) to conserve energy resources;

"(C) to diversify operations through new energy crops and energy generation facilities; and

"(D) to expand markets for agricultural commodities produced by the producers by using practices that enhance the environment, natural resource base, and quality of life.

"(3) IMPLEMENTATION.—

"(A) IN GENERAL.—The Secretary shall carry out the program under this subsection by making a grant to, or offering to enter into a cooperative agreement with, a national non-profit agricultural assistance institution.

"(B) GRANT AMOUNT.—A grant made, or cooperative agreement entered into, under subparagraph (A) shall provide 100 percent of the cost of providing information described in paragraph (2).

"(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $5,000,000 for each of fiscal years 2013 through 2017.

"(e) BUSINESS AND INDUSTRY DIRECT AND GUARANTEED LOANS.—

"(1) DEFINITION OF BUSINESS AND INDUSTRY LOAN.—In this section, the term 'business and industry loan' means a direct loan that is made, or a

loan that is guaranteed, by the Secretary under this subsection.

"(2) LOAN PURPOSES.—The Secretary may make business and industry loans to public, private, or cooperative organizations organized for profit or nonprofit, private investment funds that invest primarily in cooperative organizations, or to individuals—

"(A) to improve, develop, or finance business, industry, and employment and improve the economic and environmental climate in rural communities, including pollution abatement and control;

"(B) to conserve, develop, and use water for aquaculture purposes in rural areas; and

"(C) to reduce the reliance on nonrenewable energy resources by encouraging the development and construction of renewable energy systems (including solar energy systems, wind energy systems, and anaerobic digestors for the purpose of energy generation), including the modification of existing systems, in rural areas.

"(3) LOAN GUARANTEES FOR CERTAIN LOANS.—The Secretary may guarantee loans made

under this subsection to finance the issuance of bonds for the projects described in paragraph (2).

"(4) MAXIMUM AMOUNT OF PRINCIPAL.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, no loan may be made or guaranteed under this subsection that exceeds $25,000,000 in principal amount.

"(B) LIMITATIONS ON LOAN GUARANTEES FOR COOPERATIVE ORGANIZATIONS.—

"(i) PRINCIPAL AMOUNT.—Subject to clause (ii), the principal amount of a business and industry loan made to a cooperative organization and guaranteed under this subsection shall not exceed $40,000,000.

"(ii) USE.—To be eligible for a guarantee under this subsection for a business and industry loan made to a cooperative organization, the principal amount of the loan in excess of $25,000,000 shall be used to carry out a project that is in a rural area and—

"(I) provides for the value-added processing of agricultural commodities; or

"(II) significantly benefits 1 or more entities eligible for assistance for the purposes described in paragraph (2), as determined by the Secretary.

"(iii) APPLICATIONS.—If a cooperative organization submits an application for a guarantee under this paragraph, the Secretary shall make the determination whether to approve the application, and the Secretary may not delegate this authority.

"(iv) MAXIMUM AMOUNT.—The total amount of business and industry loans made to cooperative organizations and guaranteed for a fiscal year under this subsection with principal amounts that are in excess of $25,000,000 may not exceed 10 percent of the total amount of business and industry loans guaranteed for the fiscal year under this subsection.

"(5) FEES.—The Secretary may assess a 1-time fee and an annual renewal fee for any guaranteed business and industry loan in an amount that does not exceed 3 percent of the guaranteed principal portion of the loan.

"(6) INTANGIBLE ASSETS.—In determining whether a cooperative organization is eligible for a guaranteed business and industry loan, the Secretary may consider the market value of a properly appraised brand name, patent, or trademark of the cooperative.

"(7) LOAN APPRAISALS.—The Secretary may require that any appraisal made in connection with a business and industry loan be conducted by a specialized appraiser that uses standards that are comparable to standards used for similar purposes in the private sector, as determined by the Secretary.

"(8) LOAN GUARANTEES FOR THE PURCHASE OF COOPERATIVE STOCK.—

"(A) IN GENERAL.—The Secretary may guarantee a business and industry loan to individual farmers to purchase capital stock of a farmer cooperative established for the purpose of processing an agricultural commodity.

"(B) PROCESSING CONTRACTS DURING INITIAL PERIOD.—A cooperative described in subparagraph (A) for which a farmer receives a guarantee to purchase stock under that subparagraph may contract for services to process agricultural commodities or otherwise process

value added for the period beginning on the date of the startup of the cooperative in order to provide adequate time for the planning and construction of the processing facility of the cooperative.

"(C) FINANCIAL INFORMATION.—Financial information required by the Secretary from a farmer as a condition of making a business and industry loan guarantee under this paragraph shall be provided in the manner generally required by commercial agricultural lenders in the applicable area.

"(9) LOANS TO COOPERATIVES.—

"(A) ELIGIBILITY.—

"(i) IN GENERAL.—The Secretary may make or guarantee a business and industry loan to a cooperative organization that is headquartered in a metropolitan area if the loan is—

"(I) used for a project or venture described in paragraph (2) that is located in a rural area; or

"(II) a loan guarantee that meets the requirements of paragraph (10).

"(ii) EQUITY.—The Secretary may guarantee a loan made for the purchase of preferred stock or similar equity issued by a cooperative organization or a fund that invests primarily in cooperative organizations, if the guarantee significantly benefits 1 or more entities eligible for assistance for the purposes described in paragraph (2)(A), as determined by the Secretary.

"(B) REFINANCING.—A cooperative organization that is eligible for a business and industry loan shall be eligible to refinance an existing business and industry loan with a lender if—

"(i) the cooperative organization—

"(I) is current and performing with respect to the existing loan; and

"(II)(aa) is not, and has not been, in payment default, with respect to the existing loan; or

"(bb) has not converted any of the collateral with respect to the existing loan; and

"(ii) there is adequate security or full collateral for the refinanced loan.

"(10) LOAN GUARANTEES IN NONRURAL AREAS.—The Secretary may guarantee a business and industry loan to a cooperative organization for a facility that is not located in a rural area if—

"(A) the primary purpose of the loan guarantee is for a facility to provide value-added processing for agricultural producers that are located within 80 miles of the facility;

"(B) the applicant demonstrates to the Secretary that the primary benefit of the loan guarantee will be to provide employment for residents of a rural area; and

"(C) the total amount of business and industry loans guaranteed for a fiscal year under this paragraph does not exceed 10 percent of the business and industry loans guaranteed for the fiscal year under this subsection.

"(11) LOCALLY OR REGIONALLY PRODUCED AGRICULTURAL FOOD PRODUCTS.—

"(A) DEFINITIONS.—In this paragraph:

"(i) LOCALLY OR REGIONALLY PRODUCED AGRICULTURAL FOOD PRODUCT.—The term 'locally or regionally produced

agricultural food product' means any agricultural food product that is raised, produced, and distributed in—

"(I) the locality or region in which the final product is marketed, so that the total distance that the product is transported is less than 400 miles from the origin of the product; or

"(II) the State in which the product is produced.

"(ii) UNDERSERVED COMMUNITY.—The term 'underserved community' means a community (including an urban or rural community and an Indian tribal community) that, as determined by the Secretary, has—

"(I) limited access to affordable, healthy foods, including fresh fruits and vegetables, in grocery retail stores or farmer-to-consumer direct markets; and

"(II) a high rate of hunger or food insecurity or a high poverty rate.

"(B) LOAN AND LOAN GUARANTEE PROGRAM.—

"(i) IN GENERAL.—The Secretary shall make or guarantee loans to individuals, cooperatives, cooperative organizations, businesses, and other entities to establish and facilitate enterprises that process, distribute, aggregate, store, and market locally or regionally produced agricultural food products to support community development and farm income.

"(ii) REQUIREMENT.—The recipient of a loan or loan guarantee under this paragraph shall include in an appropriate agreement with retail and institutional facilities to which the recipient sells locally or regionally produced agricultural food products a requirement to inform consumers of the retail or institutional facilities that the consumers are purchasing or consuming locally or regionally produced agricultural food products.

"(iii) PRIORITY.—In making or guaranteeing a loan under this paragraph, the Secretary shall give priority to projects

that have components benefitting underserved communities.

"(iv) REPORTS.—Not later than 2 years after the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012 and annually thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, and publish on the Internet, a report that describes projects carried out using loans or loan guarantees made under clause (i), including—

"(I) summary information about all projects;

"(II) the characteristics of the communities served; and

"(III) resulting benefits.

"(v) RESERVATION OF FUNDS.—For each of fiscal years 2012 through 2017, the Secretary shall reserve not less than 5 percent of the total amount of funds made available to carry out this subsection to

carry out this paragraph until April 1 of the fiscal year.

"(vi) OUTREACH.—The Secretary shall develop and implement an outreach plan to publicize the availability of loans and loan guarantees under this paragraph, working closely with rural cooperative development centers, credit unions, community development financial institutions, regional economic development authorities, and other financial and economic development entities.

"(12) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $75,000,000 for each of fiscal years 2013 through 2017.

"(f) RELENDING PROGRAMS.—

"(1) INTERMEDIATE RELENDING PROGRAM.—

"(A) IN GENERAL.—The Secretary may make or guarantee loans to eligible entities described in subparagraph (B) so that the eligible entities may relend the funds to individuals and entities for the purposes described in subparagraph (C).

"(B) ELIGIBLE ENTITIES.—Entities eligible for loans and loan guarantees described in subparagraph (A) are—

"(i) public agencies;

"(ii) Indian tribes;

"(iii) cooperatives; and

"(iv) nonprofit corporations.

"(C) ELIGIBLE PURPOSES.—The proceeds from loans made or guaranteed by the Secretary pursuant to subparagraph (A) may be relent by eligible entities for projects that—

"(i) predominately serve communities in rural areas; and

"(ii) as determined by the Secretary—

"(I) promote community development;

"(II) establish new businesses;

"(III) establish and support microlending programs; and

"(IV) create or retain employment opportunities.

"(D) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $50,000,000 for each of fiscal years 2013 through 2017.

"(2) RURAL MICROENTREPRENEUR ASSISTANCE PROGRAM.—

"(A) DEFINITIONS.—In this paragraph:

"(i) MICROENTREPRENEUR.—The term 'microentrepreneur' means an owner and operator, or prospective owner and operator, of a rural microenterprise who is unable to obtain sufficient training, technical assistance, or credit other than under this subsection, as determined by the Secretary.

"(ii) MICROENTERPRISE DEVELOPMENT ORGANIZATION.—The term 'microenterprise development organization' means an organization that is—

"(I) a nonprofit entity;

"(II) an Indian tribe, the tribal government of which certifies to the Secretary that—

"(aa) no microenterprise development organization serves the Indian tribe; and

"(bb) no rural microentrepreneur assistance program ex-

ists under the jurisdiction of the Indian tribe;

"(III) a public institution of higher education; or

"(IV) a collaboration of rural nonprofit entities serving a region or State, if 1 lead nonprofit entity is the sole underwriter of all loans and is responsible for associated risks.

"(iii) MICROLOAN.—The term 'microloan' means a business loan of not more than $50,000 that is provided to a rural microenterprise.

"(iv) PROGRAM.—The term 'program' means the rural microentrepreneur assistance program established under subparagraph (B).

"(v) RURAL MICROENTERPRISE.—The term 'rural microenterprise' means a business entity with not more than 10 full-time equivalent employees located in a rural area.

"(vi) TRAINING.—The term 'training' means teaching broad business principles

or general business skills in a group or public setting.

"(vii) TECHNICAL ASSISTANCE.—The term 'technical assistance' means working with a business client in a 1-to-1 manner to provide business and financial management counseling, assist in the preparation of business or marketing plans, or provide other skills tailored to an individual microentrepreneur.

"(B) RURAL MICROENTREPRENEUR ASSISTANCE PROGRAM.—

"(i) ESTABLISHMENT.—The Secretary shall establish a rural microentrepreneur assistance program to provide loans and grants to support microentrepreneurs in the development and ongoing success of rural microenterprises.

"(ii) PURPOSE.—The purpose of the program is to provide microentrepreneurs with—

"(I) the skills necessary to establish new rural microenterprises; and

"(II) continuing technical and financial assistance related to the suc-

cessful operation of rural microenterprises.

"(iii) LOANS.—

"(I) IN GENERAL.—The Secretary shall make loans to microenterprise development organizations for the purpose of providing fixed-interest rate microloans to microentrepreneurs for startup and growing rural microenterprises.

"(II) LOAN TERMS.—A loan made by the Secretary to a microenterprise development organization under this subparagraph shall—

"(aa) be for a term not to exceed 20 years; and

"(bb) bear an annual interest rate of at least 1 percent.

"(III) LOAN LOSS RESERVE FUND.—The Secretary shall require each microenterprise development organization that receives a loan under this subparagraph to—

"(aa) establish a loan loss reserve fund; and

"(bb) maintain the reserve fund in an amount equal to at least 5 percent of the outstanding balance of such loans owed by the microenterprise development organization, until all obligations owed to the Secretary under this subparagraph are repaid.

"(IV) DEFERRAL OF INTEREST AND PRINCIPAL.—The Secretary may permit the deferral of payments on principal and interest due on a loan to a microenterprise development organization made under this paragraph for a 2-year period beginning on the date on which the loan is made.

"(iv) GRANTS TO SUPPORT RURAL MICROENTERPRISE DEVELOPMENT.—

"(I) IN GENERAL.—The Secretary shall make grants to microenterprise development organizations—

"(aa) to provide training and technical assistance, and other related services to rural microentrepreneurs; and

"(bb) to carry out such other projects and activities as the Secretary determines appropriate to further the purposes of the program.

"(II) SELECTION.—In making grants under subclause (I), the Secretary shall—

"(aa) place an emphasis on microenterprise development organizations that serve microentrepreneurs that are located in rural areas that have suffered significant outward migration, as determined by the Secretary; and

"(bb) ensure, to the maximum extent practicable, that grant recipients include microenterprise development organizations of varying sizes and that serve racially and ethnically diverse populations.

"(v) GRANTS TO ASSIST MICROENTREPRENEURS.—

"(I) IN GENERAL.—The Secretary shall make annual grants to microenterprise development organizations to provide technical assistance to microentrepreneurs that—

"(aa) received a loan from the microenterprise development organization under subparagraph (B)(iii); or

"(bb) are seeking a loan from the microenterprise development organization under subparagraph (B)(iii).

"(II) MAXIMUM AMOUNT OF TECHNICAL ASSISTANCE GRANT.—The maximum amount of a grant under this clause shall be in an amount equal to not more than 25 percent of the total outstanding balance of microloans made by the microenterprise development organization under clause (iii), as of the date the grant is awarded.

"(vi) ADMINISTRATIVE EXPENSES.—Not more than 10 percent of a grant re-

ceived by a microenterprise development organization for a fiscal year under this subparagraph may be used to pay administrative expenses.

"(C) ADMINISTRATION.—

"(i) MATCHING REQUIREMENT.—As a condition of any grant made under clauses (iv) and (v) of subparagraph (B), the Secretary shall require the microenterprise development organization to match not less than 15 percent of the total amount of the grant in the form of matching funds (including community development block grants), indirect costs, or in-kind goods or services.

"(ii) OVERSIGHT.—At a minimum, not later than December 1 of each fiscal year, a microenterprise development organization that receives a loan or grant under this section shall provide to the Secretary such information as the Secretary may require to ensure that assistance provided under this section is used for the purposes for which the loan or grant was made.

"(D) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $40,000,000 for each of fiscal years 2013 through 2017.

**"SEC. 3602. RURAL BUSINESS INVESTMENT PROGRAM.**

"(a) DEFINITIONS.—In this section:

"(1) ARTICLES.—The term 'articles' means articles of incorporation for an incorporated body or the functional equivalent or other similar documents specified by the Secretary for other business entities.

"(2) DEVELOPMENTAL VENTURE CAPITAL.—The term 'developmental venture capital' means capital in the form of equity capital investments in rural business investment companies with an objective of fostering economic development in rural areas.

"(3) EMPLOYEE WELFARE BENEFIT PLAN; PENSION PLAN.—

"(A) IN GENERAL.—The terms 'employee welfare benefit plan' and 'pension plan' have the meanings given the terms in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002).

"(B) INCLUSIONS.—The terms 'employee welfare benefit plan' and 'pension plan' include—

"(i) public and private pension or retirement plans subject to this subtitle; and

"(ii) similar plans not covered by this subtitle that have been established, and that are maintained, by the Federal Government or any State (including by a political subdivision, agency, or instrumentality of the Federal Government or a State) for the benefit of employees.

"(4) EQUITY CAPITAL.—The term 'equity capital' means common or preferred stock or a similar instrument, including subordinated debt with equity features.

"(5) LEVERAGE.—The term 'leverage' includes—

"(A) debentures purchased or guaranteed by the Secretary;

"(B) participating securities purchased or guaranteed by the Secretary; and

"(C) preferred securities outstanding as of the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012.

"(6) LICENSE.—The term 'license' means a license issued by the Secretary in accordance with in subsection (d)(5).

"(7) LIMITED LIABILITY COMPANY.—The term 'limited liability company' means a business entity that is organized and operating in accordance with a State limited liability company law approved by the Secretary.

"(8) MEMBER.—The term 'member' means, with respect to a rural business investment company that is a limited liability company, a holder of an ownership interest, or a person otherwise admitted to membership in the limited liability company.

"(9) OPERATIONAL ASSISTANCE.—The term 'operational assistance' means management, marketing, and other technical assistance that assists a rural business concern with business development.

"(10) PARTICIPATION AGREEMENT.—The term 'participation agreement' means an agreement, between the Secretary and a rural business investment company granted final approval under subsection (d)(5), that requires the rural business investment company to make investments in smaller enterprises in rural areas.

"(11) PRIVATE CAPITAL.—

"(A) IN GENERAL.—The term 'private capital' means the total of—

"(i)(I) the paid-in capital and paid-in surplus of a corporate rural business investment company;

"(II) the contributed capital of the partners of a partnership rural business investment company; or

"(III) the equity investment of the members of a limited liability company rural business investment company; and

"(ii) unfunded binding commitments from investors that meet criteria established by the Secretary to contribute capital to the rural business investment company, except that—

"(I) unfunded commitments may be counted as private capital for purposes of approval by the Secretary of any request for leverage; but

"(II) leverage shall not be funded based on the commitments.

"(B) EXCLUSIONS.—The term 'private capital' does not include—

"(i) any funds borrowed by a rural business investment company from any source;

"(ii) any funds obtained through the issuance of leverage; or

"(iii) any funds obtained directly or indirectly from the Federal Government or any State (including by a political subdivision, agency, or instrumentality of the Federal Government or a State), except for—

"(I) funds obtained from the business revenues (excluding any governmental appropriation) of any Federally chartered or government-sponsored enterprise established prior to the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012;

"(II) funds invested by an employee welfare benefit plan or pension plan; and

"(III) any qualified nonprivate funds (if the investors of the qualified nonprivate funds do not control, directly or indirectly, the management, board of directors, general partners,

or members of the rural business investment company).

"(12) QUALIFIED NONPRIVATE FUNDS.—The term 'qualified nonprivate funds' means any—

"(A) funds directly or indirectly invested in any applicant or rural business investment company on or before the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012 by any Federal agency, other than the Department, under a provision of law explicitly mandating the inclusion of those funds in the definition of the term 'private capital'; and

"(B) funds invested in any applicant or rural business investment company by 1 or more entities of any State (including by a political subdivision, agency, or instrumentality of the State and including any guarantee extended by those entities) in an aggregate amount that does not exceed 33 percent of the private capital of the applicant or rural business investment company.

"(13) RURAL BUSINESS CONCERN.—The term 'rural business concern' means—

"(A) a public, private, or cooperative for-profit or nonprofit organization;

"(B) a for-profit or nonprofit business controlled by an Indian tribe; or

"(C) any other person or entity that primarily operates in a rural area, as determined by the Secretary.

"(14) RURAL BUSINESS INVESTMENT COMPANY.—The term 'rural business investment company' means a company that—

"(A) has been granted final approval by the Secretary under subsection (d)(5); and

"(B) has entered into a participation agreement with the Secretary.

"(15) SMALLER ENTERPRISE.—

"(A) IN GENERAL.—The term 'smaller enterprise' means any rural business concern that, together with its affiliates—

"(i) has—

"(I) a net financial worth of not more than $6,000,000, as of the date on which assistance is provided under this section to the rural business concern; and

"(II) except as provided in subparagraph (B), an average net income for the 2-year period preceding the

date on which assistance is provided under this section to the rural business concern, of not more than $2,000,000, after Federal income taxes (excluding any carryover losses); or

"(ii) satisfies the standard industrial classification size standards established by the Administrator of the Small Business Administration for the industry in which the rural business concern is primarily engaged.

"(B) EXCEPTION.—For purposes of subparagraph (A)(i)(II), if the rural business concern is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to the shareholders, partners, beneficiaries, or other equitable owners of the business concern, the net income of the business concern shall be determined by allowing a deduction in an amount equal to the total of—

"(i) if the rural business concern is not required by law to pay State (and local, if any) income taxes at the enterprise

level, the product obtained by multiplying—

"(I) the net income (determined without regard to this subparagraph); by

"(II) the marginal State income tax rate (or by the combined State and local income tax rates, as applicable) that would have applied if the business concern were a corporation; and

"(ii) the product obtained by multiplying—

"(I) the net income (so determined) less any deduction for State (and local) income taxes calculated under clause (i); by

"(II) the marginal Federal income tax rate that would have applied if the rural business concern were a corporation.

"(b) PURPOSES.—The purposes of the Rural Business Investment Program established under this section are—

"(1) to promote economic development and the creation of wealth and job opportunities in rural areas and among individuals living in those areas by encouraging developmental venture capital investments in smaller enterprises primarily located in rural areas; and

"(2) to establish a developmental venture capital program, with the mission of addressing the unmet equity investment needs of small enterprises located in rural areas, by authorizing the Secretary—

"(A) to enter into participation agreements with rural business investment companies;

"(B) to guarantee debentures of rural business investment companies to enable each rural business investment company to make developmental venture capital investments in smaller enterprises in rural areas; and

"(C) to make grants to rural business investment companies, and to other entities, for the purpose of providing operational assistance to smaller enterprises financed, or expected to be financed, by rural business investment companies.

"(c) ESTABLISHMENT.—In accordance with this subtitle, the Secretary shall establish a Rural Business Investment Program, under which the Secretary may—

"(1) enter into participation agreements with companies granted final approval under subsection (d)(5) for the purposes described in subsection (b);

"(2) guarantee the debentures issued by rural business investment companies as provided in subsection (e); and

"(3) make grants to rural business investment companies, and to other entities, under subsection (h).

"(d) SELECTION OF RURAL BUSINESS INVESTMENT COMPANIES.—

"(1) ELIGIBILITY.—A company shall be eligible to apply to participate, as a rural business investment company, in the program established under this section if—

"(A) the company is a newly formed for-profit entity or a newly formed for-profit subsidiary of such an entity;

"(B) the company has a management team with experience in community development financing or relevant venture capital financing; and

"(C) the company will invest in enterprises that will create wealth and job opportunities in rural areas, with an emphasis on smaller enterprises.

"(2) APPLICATION.—To participate, as a rural business investment company, in the program established under this section, a company meeting the eligibility requirements of paragraph (1) shall submit an application to the Secretary that includes—

"(A) a business plan describing how the company intends to make successful developmental venture capital investments in identified rural areas;

"(B) information regarding the community development finance or relevant venture capital qualifications and general reputation of the management of the company;

"(C) a description of how the company intends to work with community-based organizations and local entities (including local economic development companies, local lenders, and local investors) and to seek to address the unmet equity capital needs of the communities served;

"(D) a proposal describing how the company intends to use the grant funds provided

under this section to provide operational assistance to smaller enterprises financed by the company, including information regarding whether the company intends to use licensed professionals, as necessary, on the staff of the company or from an outside entity;

"(E) with respect to binding commitments to be made to the company under this section, an estimate of the ratio of cash to in-kind contributions;

"(F) a description of the criteria to be used to evaluate whether and to what extent the company meets the purposes of the program established under this section;

"(G) information regarding the management and financial strength of any parent firm, affiliated firm, or any other firm essential to the success of the business plan of the company; and

"(H) such other information as the Secretary may require.

"(3) STATUS.—Not later than 90 days after the initial receipt by the Secretary of an application under this subsection, the Secretary shall provide to the applicant a written report describing the status

of the application and any requirements remaining for completion of the application.

"(4) MATTERS CONSIDERED.—In reviewing and processing any application under this subsection, the Secretary shall—

"(A) determine whether—

"(i) the applicant meets the requirements of paragraph (5); and

"(ii) the management of the applicant is qualified and has the knowledge, experience, and capability necessary to comply with this section;

"(B) take into consideration—

"(i) the need for and availability of financing for rural business concerns in the geographic area in which the applicant is to commence business;

"(ii) the general business reputation of the owners and management of the applicant; and

"(iii) the probability of successful operations of the applicant, including adequate profitability and financial soundness; and

"(C) not take into consideration any projected shortage or unavailability of grant funds or leverage.

"(5) APPROVAL; LICENSE.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary may approve an applicant to operate as a rural business investment company under this subtitle and license the applicant as a rural business investment company, if—

"(i) the Secretary determines that the application satisfies the requirements of paragraph (2);

"(ii) the area in which the rural business investment company is to conduct its operations, and establishment of branch offices or agencies (if authorized by the articles), are approved by the Secretary; and

"(iii) the applicant enters into a participation agreement with the Secretary.

"(B) CAPITAL REQUIREMENTS.—

"(i) IN GENERAL.—Notwithstanding any other provision of this section, the Secretary may approve an applicant to operate as a rural business investment company

under this section and designate the applicant as a rural business investment company, if the Secretary determines that the applicant—

"(I) has private capital as determined by the Secretary;

"(II) would otherwise be approved under this section, except that the applicant does not satisfy the requirements of subsection (i)(3); and

"(III) has a viable business plan that—

"(aa) reasonably projects profitable operations; and

"(bb) has a reasonable timetable for achieving a level of private capital that satisfies the requirements of subsection (i)(3).

"(ii) LEVERAGE.—An applicant approved under clause (i) shall not be eligible to receive leverage under this section until the applicant satisfies the requirements of section 3602(i)(3).

"(iii) GRANTS.—An applicant approved under clause (i) shall be eligible for

grants under subsection (h) in proportion to the private capital of the applicant, as determined by the Secretary.

"(e) DEBENTURES.—

"(1) IN GENERAL.—The Secretary may guarantee the timely payment of principal and interest, as scheduled, on debentures issued by any rural business investment company.

"(2) TERMS AND CONDITIONS.—The Secretary may make guarantees under this subsection on such terms and conditions as the Secretary considers appropriate, except that the term of any debenture guaranteed under this section shall not exceed 15 years.

"(3) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 3901 shall apply to any guarantee under this subsection.

"(4) MAXIMUM GUARANTEE.—Under this subsection, the Secretary may—

"(A) guarantee the debentures issued by a rural business investment company only to the extent that the total face amount of outstanding guaranteed debentures of the rural business investment company does not exceed the lesser of—

"(i) 300 percent of the private capital of the rural business investment company; or

"(ii) $105,000,000; and

"(B) provide for the use of discounted debentures.

"(f) ISSUANCE AND GUARANTEE OF TRUST CERTIFICATES.—

"(1) ISSUANCE.—The Secretary may issue trust certificates representing ownership of all or a fractional part of debentures issued by a rural business investment company and guaranteed by the Secretary under this section, if the certificates are based on and backed by a trust or pool approved by the Secretary and composed solely of guaranteed debentures.

"(2) GUARANTEE.—

"(A) IN GENERAL.—The Secretary may, under such terms and conditions as the Secretary considers appropriate, guarantee the timely payment of the principal of and interest on trust certificates issued by the Secretary or agents of the Secretary for purposes of this subsection.

"(B) LIMITATION.—Each guarantee under this paragraph shall be limited to the extent of principal and interest on the guaranteed debentures that compose the trust or pool.

"(C) PREPAYMENT OR DEFAULT.—

"(i) IN GENERAL.—

"(I) AUTHORITY TO PREPAY.—A debenture may be prepaid at any time without penalty.

"(II) REDUCTION OF GUARANTEE.—Subject to subclause (I), if a debenture in a trust or pool is prepaid, or in the event of default of such a debenture, the guarantee of timely payment of principal and interest on the trust certificates shall be reduced in proportion to the amount of principal and interest the prepaid debenture represents in the trust or pool.

"(ii) INTEREST.—Interest on prepaid or defaulted debentures shall accrue and be guaranteed by the Secretary only through the date of payment of the guarantee.

"(iii) REDEMPTION.—At any time during the term of a trust certificate, the

trust certificate may be called for redemption due to prepayment or default of all debentures.

"(3) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 3901 shall apply to any guarantee of a trust certificate issued by the Secretary under this section.

"(4) SUBROGATION AND OWNERSHIP RIGHTS.—

"(A) SUBROGATION.—If the Secretary pays a claim under a guarantee issued under this section, the claim shall be subrogated fully to the rights satisfied by the payment.

"(B) OWNERSHIP RIGHTS.—No Federal, State, or local law shall preclude or limit the exercise by the Secretary of the ownership rights of the Secretary in a debenture residing in a trust or pool against which 1 or more trust certificates are issued under this subsection.

"(5) MANAGEMENT AND ADMINISTRATION.—

"(A) REGISTRATION.—The Secretary shall provide for a central registration of all trust certificates issued under this subsection.

"(B) CREATION OF POOLS.—The Secretary may—

"(i) maintain such commercial bank accounts or investments in obligations of the United States as may be necessary to facilitate the creation of trusts or pools backed by debentures guaranteed under this subtitle; and

"(ii) issue trust certificates to facilitate the creation of those trusts or pools.

"(C) FIDELITY BOND OR INSURANCE REQUIREMENT.—Any agent performing functions on behalf of the Secretary under this paragraph shall provide a fidelity bond or insurance in such amount as the Secretary considers to be necessary to fully protect the interests of the United States.

"(D) REGULATION OF BROKERS AND DEALERS.—The Secretary may regulate brokers and dealers in trust certificates issued under this subsection.

"(E) ELECTRONIC REGISTRATION.—Nothing in this paragraph prohibits the use of a book-entry or other electronic form of registration for trust certificates issued under this subsection.

"(g) FEES.—

"(1) IN GENERAL.—The Secretary may charge a fee that does not exceed $500 with respect to any guarantee or grant issued under this section.

"(2) TRUST CERTIFICATE.—Notwithstanding paragraph (1), the Secretary shall not collect a fee for any guarantee of a trust certificate under subsection (f), except that any agent of the Secretary may collect a fee that does not exceed $500 for the functions described in subsection (f)(5)(B).

"(3) LICENSE.—

"(A) IN GENERAL.—Except as provided in subparagraph (C), the Secretary may prescribe fees to be paid by each applicant for a license to operate as a rural business investment company under this section.

"(B) USE OF AMOUNTS.—Fees collected under this paragraph—

"(i) shall be deposited in the account for salaries and expenses of the Secretary;

"(ii) are authorized to be appropriated solely to cover the costs of licensing examinations; and

"(iii) shall—

"(I) in the case of a license issued before the date of enactment of

the Agriculture Reform, Food, and Jobs Act of 2012, not exceed $500 for any fee collected under this paragraph; and

"(II) in the case of a license issued after the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012, be a rate as determined by the Secretary.

"(C) PROHIBITION ON COLLECTION OF CERTAIN FEES.—In the case of a license described in subparagraph (A) that was approved before July 1, 2007, the Secretary shall not collect any fees due on or after the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012.

"(h) OPERATIONAL ASSISTANCE GRANTS.—

"(1) IN GENERAL.—In accordance with this subsection, the Secretary may make grants to rural business investment companies and to other entities, as authorized by this section, to provide operational assistance to smaller enterprises financed, or expected to be financed, by the entities.

"(2) TERMS.—Grants made under this subsection shall be made over a multiyear period (not

to exceed 10 years) under such terms as the Secretary may require.

"(3) USE OF FUNDS.—The proceeds of a grant made under this subsection may be used by the rural business investment company receiving the grant only to provide operational assistance in connection with an equity or prospective equity investment in a business located in a rural area.

"(4) SUBMISSION OF PLANS.—A rural business investment company shall be eligible for a grant under this subsection only if the rural business investment company submits to the Secretary, in such form and manner as the Secretary may require, a plan for use of the grant.

"(5) GRANT AMOUNT.—

"(A) RURAL BUSINESS INVESTMENT COMPANIES.—The amount of a grant made under this subsection to a rural business investment company shall be equal to the lesser of—

"(i) 10 percent of the private capital raised by the rural business investment company; or

"(ii) $1,000,000.

"(6) OTHER ENTITIES.—The amount of a grant made under this subsection to any entity other

than a rural business investment company shall be equal to the resources (in cash or in kind) raised by the entity in accordance with the requirements applicable to rural business investment companies under this section.

"(i) RURAL BUSINESS INVESTMENT COMPANIES.—

"(1) ORGANIZATION.—For purposes of this subsection, a rural business investment company shall—

"(A) be an incorporated body, a limited liability company, or a limited partnership organized and chartered or otherwise existing under State law solely for the purpose of performing the functions and conducting the activities authorized by this section; and

"(B)(i) if incorporated, have succession for a period of not less than 30 years unless earlier dissolved by the shareholders of the rural business investment company; and

"(ii) if a limited partnership or a limited liability company, have succession for a period of not less than 10 years; and

"(iii) possess the powers reasonably necessary to perform the functions and conduct the activities.

"(2) ARTICLES.—The articles of any rural business investment company—

"(A) shall specify in general terms—

"(i) the purposes for which the rural business investment company is formed;

"(ii) the name of the rural business investment company;

"(iii) the 1 or more areas in which the operations of the rural business investment company are to be carried out;

"(iv) the place where the principal office of the rural business investment company is to be located; and

"(v) the amount and classes of the shares of capital stock of the rural business investment company;

"(B) may contain any other provisions consistent with this section that the rural business investment company may determine appropriate to adopt for the regulation of the business of the rural business investment company and the conduct of the affairs of the rural business investment company; and

"(C) shall be subject to the approval of the Secretary.

"(3) CAPITAL REQUIREMENTS.—

"(A) IN GENERAL.—Each rural business investment company shall be required to meet the capital requirements as provided by the Secretary.

"(B) TIME FRAME.—Each rural business investment company shall have a period of 2 years to meet the capital requirements of this paragraph.

"(C) ADEQUACY.—In addition to the requirements of subparagraph (A), the Secretary shall—

"(i) determine whether the private capital of each rural business investment company is adequate to ensure a reasonable prospect that the rural business investment company will be operated soundly and profitably, and managed actively and prudently in accordance with the articles of the rural business investment company;

"(ii) determine that the rural business investment company will be able to comply with the requirements of this section;

"(iii) require that at least 75 percent of the capital of each rural business invest-

ment company is invested in rural business concerns;

"(iv) ensure that the rural business investment company is designed primarily to meet equity capital needs of the businesses in which the rural business investment company invests and not to compete with traditional small business financing by commercial lenders; and

"(v) require that the rural business investment company makes short-term non-equity investments of less than 5 years only to the extent necessary to preserve an existing investment.

"(4) DIVERSIFICATION OF OWNERSHIP.—The Secretary shall ensure that the management of each rural business investment company licensed after the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012 is sufficiently diversified from and unaffiliated with the ownership of the rural business investment company so as to ensure independence and objectivity in the financial management and oversight of the investments and operations of the rural business investment company.

"(j) FINANCIAL INSTITUTION INVESTMENTS.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection and notwithstanding any other provision of law, the following banks, associations, and institutions are eligible both to establish and invest in any rural business investment company or in any entity established to invest solely in rural business investment companies:

"(A) Any bank or savings association the deposits of which are insured under the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.), including an investment pool created entirely by such bank or savings association.

"(B) Any Farm Credit System institution described in subsection 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)).

"(2) LIMITATION.—No bank, association, or institution described in paragraph (1) may make investments described in paragraph (1) that are greater than 5 percent of the capital and surplus of the bank, association, or institution.

"(3) LIMITATION ON RURAL BUSINESS INVESTMENT COMPANIES CONTROLLED BY FARM CREDIT SYSTEM INSTITUTIONS.—If a Farm Credit System institution described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)) holds more

than 25 percent of the shares of a rural business investment company, either alone or in conjunction with other System institutions (or affiliates), the rural business investment company shall not provide equity investments in, or provide other financial assistance to, entities that are not otherwise eligible to receive financing from the Farm Credit System under that Act (12 U.S.C. 2001 et seq.).

''(k) EXAMINATIONS.—

''(1) IN GENERAL.—Each rural business investment company that participates in the program established under this section shall be subject to examinations made at the direction of the Secretary in accordance with this subsection.

''(2) ASSISTANCE OF PRIVATE SECTOR ENTITIES.—An examination under this subsection may be conducted with the assistance of a private sector entity that has the qualifications and the expertise necessary to conduct such an examination.

''(3) COSTS.—

''(A) IN GENERAL.—The Secretary may assess the cost of an examination under this section, including compensation of the examiners, against the rural business investment company examined.

"(B) PAYMENT.—Any rural business investment company against which the Secretary assesses costs under this subparagraph shall pay the costs.

"(4) DEPOSIT OF FUNDS.—Funds collected under this subsection shall—

"(A) be deposited in the account that incurred the costs for carrying out this subsection;

"(B) be made available to the Secretary to carry out this subsection, without further appropriation; and

"(C) remain available until expended.

"(l) REPORTING REQUIREMENTS.—

"(1) RURAL BUSINESS INVESTMENT COMPANIES.—Each entity that participates in a program established under this section shall provide to the Secretary such information as the Secretary may require, including—

"(A) information relating to the measurement criteria that the entity proposed in the program application of the rural business investment company; and

"(B) in each case in which the entity under this section makes an investment in, or

a loan or grant to, a business that is not located in a rural area, a report on the number and percentage of employees of the business who reside in those areas.

"(2) PUBLIC REPORTS.—

"(A) IN GENERAL.—The Secretary shall prepare and make available to the public an annual report on the programs established under this section, including detailed information on—

"(i) the number of rural business investment companies licensed by the Secretary during the previous fiscal year;

"(ii) the aggregate amount of leverage that rural business investment companies have received from the Federal Government during the previous fiscal year;

"(iii) the aggregate number of each type of leveraged instruments used by rural business investment companies during the previous fiscal year and how each number compares to previous fiscal years;

"(iv) the number of rural business investment company licenses surrendered and the number of rural business investment companies placed in liquidation dur-

ing the previous fiscal year, identifying the amount of leverage each rural business investment company has received from the Federal Government and the type of leverage instruments each rural business investment company has used;

''(v) the amount of losses sustained by the Federal Government as a result of operations under this section during the previous fiscal year and an estimate of the total losses that the Federal Government can reasonably expect to incur as a result of the operations during the current fiscal year;

''(vi) actions taken by the Secretary to maximize recoupment of funds of the Federal Government expended to implement and administer the Rural Business Investment Program under this section during the previous fiscal year and to ensure compliance with the requirements of this section (including regulations);

''(vii) the amount of Federal Government leverage that each licensee received

in the previous fiscal year and the types of leverage instruments each licensee used;

"(viii) for each type of financing instrument, the sizes, types of geographic locations, and other characteristics of the small business investment companies using the instrument during the previous fiscal year, including the extent to which the investment companies have used the leverage from each instrument to make loans or equity investments in rural areas; and

"(ix) the actions of the Secretary to carry out this section

"(B) PROHIBITION.—In compiling the report required under subparagraph (A), the Secretary may not—

"(i) compile the report in a manner that permits identification of any particular type of investment by an individual rural business investment company or small business concern in which a rural business investment company invests; or

"(ii) release any information that is prohibited under section 1905 of title 18, United States Code.

"(m) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $25,000,000 for the period of fiscal years 2008 through 2017.".

## "CHAPTER 3—GENERAL RURAL DEVELOPMENT PROVISIONS

### "SEC. 3701. GENERAL PROVISIONS FOR LOANS AND GRANTS.

"(a) PERIOD FOR REPAYMENT.—Unless otherwise specifically provided for in this subtitle, the period for repayment of a loan under this subtitle shall not exceed 40 years.

"(b) INTEREST RATES.—

"(1) IN GENERAL.—Except as otherwise provided in this title, the interest rate on a loan under this subtitle shall be determined by the Secretary at a rate—

"(A) not to exceed a sum obtained by adding—

"(i) the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturity of the loan; and

"(ii) an amount not to exceed 1 percent, as determined by the Secretary; and

"(B) adjusted to the nearest ⅛ of 1 percent.

"(2) WATER AND WASTE FACILITY LOANS AND COMMUNITY FACILITIES LOANS.—

"(A) IN GENERAL.—Notwithstanding any provision of State law limiting the rate or amount of interest that may be charged, taken, received, or reserved, except as provided in subparagraph (C) and paragraph (5), the interest rate on a loan (other than a guaranteed loan) to a public body or nonprofit association (including an Indian tribe) for a water or waste disposal facility or essential community facility shall be determined by the Secretary at a rate not to exceed—

"(i) the current market yield on outstanding municipal obligations with remaining periods to maturity comparable to the average maturity for the loan, and adjusted to the nearest ⅛ of 1 percent;

"(ii) 5 percent per year for a loan that is for the upgrading of a facility or construction of a new facility as required

to meet applicable health or sanitary standards in—

"(I) an area in which the median family income of the persons to be served by the facility is below the poverty line (as defined in section 673 of the Community Services Block Grant Act (42 U.S.C. 9902)); and

"(II) any areas the Secretary may designate in which a significant percentage of the persons to be served by the facilities are low income persons, as determined by the Secretary; and

"(iii) 7 percent per year for a loan for a facility that does not qualify for the 5 percent per year interest rate prescribed in clause (ii) but that is located in an area in a State in which the median household income of the persons to be served by the facility does not exceed 100 percent of the statewide nonmetropolitan median household income for the State.

"(B) HEALTH CARE AND RELATED FACILITIES.—Notwithstanding subparagraph (A), the

Secretary shall establish a rate for a loan for a health care or related facility that is—

"(i) based solely on the income of the area to be served; and

"(ii) otherwise consistent with subparagraph (A).

"(C) INTEREST RATES FOR WATER AND WASTE DISPOSAL FACILITIES LOANS.—

"(i) IN GENERAL.—Except as provided in clause (ii) and notwithstanding subparagraph (A), in the case of a direct loan for a water or waste disposal facility—

"(I) in the case of a loan that would be subject to the 5 percent interest rate limitation under subparagraph (A), the Secretary shall establish the interest rate at a rate that is equal to 60 percent of the current market yield for outstanding municipal obligations with remaining periods to maturity comparable to the average maturity of the loan, adjusted to the nearest ⅛ of 1 percent; and

"(II) in the case of a loan that would be subject to the 7 percent limitation under subparagraph (A), the Secretary shall establish the interest rate at a rate that is equal to 80 percent of the current market yield for outstanding municipal obligations with remaining periods to maturity comparable to the average maturity of the loan, adjusted to the nearest ⅛ of 1 percent.

"(ii) EXCEPTION.—Clause (i) does not apply to a loan for a specific project that is the subject of a loan that has been approved, but not closed, as of the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012.

"(3) INTEREST RATES ON BUSINESS AND OTHER LOANS.—

"(A) IN GENERAL.—Except as provided in paragraph (4), the interest rates on loans under sections 3501(a)(1) (other than guaranteed loans and loans as described in paragraph (2)(A)) shall be as determined by the Secretary in accordance with subparagraph (B).

"(B) MINIMUM RATE.—The interest rates described in subparagraph (A) shall be not less than the sum obtained by adding—

"(i) such rates as determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted in the judgment of the Secretary of the Treasury to provide for rates comparable to the rates prevailing in the private market for similar loans and considering the insurance by the Secretary of the loans; and

"(ii) an additional charge, prescribed by the Secretary, to cover the losses of the Secretary and cost of administration, which shall be deposited in the Rural Development Insurance Fund, and further adjusted to the nearest ⅛ of 1 percent.

"(4) INTEREST RATES ADJUSTMENTS.—

"(A) ADJUSTMENTS.—Notwithstanding any other provision of this subsection, in the case of loans (other than guaranteed loans)

made or guaranteed under the authorities of this title specified in subparagraph (C) for activities that involve the use of prime farmland, the interest rates shall be the interest rates otherwise applicable under this section increased by 2 percent per year.

"(B) PRIME FARMLAND.—

"(i) IN GENERAL.—Wherever practicable, construction by a State, municipality, or other political subdivision of local government that is supported by loans described in subparagraph (A) shall be placed on land that is not prime farmland, in order to preserve the maximum practicable quantity of prime farmlands for production of food and fiber.

"(ii) INCREASED RATE.—In any case in which other options exist for the siting of construction described in clause (i) and the governmental authority still desires to carry out the construction on prime farmland, the 2-percent interest rate increase provided by this paragraph shall apply, but that increased interest rate shall not apply where such other options do not exist.

"(C) APPLICABLE AUTHORITIES.—The authorities referred to in subparagraph (A) are—

"(i) the provisions of section 3502(a) relating to loans for recreational developments and essential community facilities;

"(ii) section 3601(e)(2)(A); and

"(iii) section 3601(c).

"(c) PAYMENT OF CHARGES.—A borrower of a loan made or guaranteed under this subtitle shall pay such fees and other charges as the Secretary may require, and prepay to the Secretary such taxes and insurance as the Secretary may require, on such terms and conditions as the Secretary may prescribe.

"(d) SECURITY.—

"(1) IN GENERAL.—The Secretary shall take as security for an obligation entered into in connection with a loan made under this subtitle such security as the Secretary may require.

"(2) LIENS TO UNITED STATES.—An instrument for security under paragraph (1) may constitute a lien running to the United States notwithstanding the fact that the note for the security may be held by a lender other than the United States.

"(3) MULTIPLE LOANS.—A borrower may use the same collateral to secure 2 or more loans made

or guaranteed under this subtitle, except that the outstanding amount of the loans may not exceed the total value of the collateral.

"(e) LEGAL COUNSEL FOR SMALL LOANS.—In the case of a loan of less than $500,000 made or guaranteed under section 3501 that is evidenced by a note or mortgage (as distinguished from a bond issue), the borrower shall not be required to appoint bond counsel to review the legal validity of the loan if the Secretary has available legal counsel to perform the review.

**"SEC. 3702. STRATEGIC ECONOMIC AND COMMUNITY DEVELOPMENT.**

"(a) PRIORITY.—In the case of any rural development program authorized by this subtitle, the Secretary may give priority to applications that are otherwise eligible and support strategic community and economic development plans on a multijurisdictional basis, as approved by the Secretary.

"(b) EVALUATION.—In evaluating strategic applications, the Secretary shall give a higher priority to strategic applications for a plan described in subsection (a) that demonstrate—

"(1) the plan was developed through the collaboration of multiple stakeholders in the service area of the plan, including the participation of com-

binations of stakeholders such as State, local, and tribal governments, nonprofit institutions, institutions of higher education, and private entities;

''(2) an understanding of the applicable regional resources that could support the plan, including natural resources, human resources, infrastructure, and financial resources;

''(3) investment from other Federal agencies;

''(4) investment from philanthropic organizations; and

''(5) clear objectives for the plan and the ability to establish measurable performance measures and to track progress toward meeting the objectives.

**''SEC. 3703. GUARANTEED RURAL DEVELOPMENT LOANS.**

''(a) IN GENERAL.—The Secretary may provide financial assistance to a borrower for a purpose provided in this subtitle by guaranteeing a loan made by any Federal or State chartered bank, savings and loan association, cooperative lending agency, or other legally organized lending agency.

''(b) INTEREST RATE.—The interest rate payable by a borrower on the portion of a guaranteed loan that is sold by a lender to the secondary market under this subtitle may be lower than the interest rate charged on the portion retained by the lender.

"(c) MAXIMUM GUARANTEE OF 90 PERCENT.—Except as provided in subsections (d) and (e), a loan guarantee under this subtitle shall be for not more than 90 percent of the principal and interest due on the loan.

"(d) REFINANCED LOANS GUARANTEED AT 95 PERCENT.—The Secretary shall guarantee 95 percent of—

"(1) in the case of a loan that solely refinances a direct loan made under this subtitle, the principal and interest due on the loan on the date of the refinancing; or

"(2) in the case of a loan that is used for multiple purposes, the portion of the loan that refinances the principal and interest due on a direct loan made under this subtitle that is outstanding on the date on which the loan is guaranteed.

"(e) RISK OF LOSS.—

"(1) IN GENERAL.—Subject to subsection (b), the Secretary may not make a loan under section 3501 or 3601 unless the Secretary determines that no other lender is willing to make the loan and assume 10 percent of the potential loss to be sustained from the loan.

"(2) EXCEPTION FOR NONPROFIT GROUPS.—Paragraph (1) shall not apply to a public body or nonprofit association, including an Indian tribe.

**"SEC. 3704. RURAL DEVELOPMENT INSURANCE FUND.**

"(a) DEFINITION OF RURAL DEVELOPMENT LOAN.—In this section, the term 'rural development loan' means a loan provided for by section 3501 or 3601.

"(b) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be known as the 'Rural Development Insurance Fund' that shall be used by the Secretary to discharge the obligations of the Secretary under contracts making or guaranteeing rural development loans.

**"SEC. 3705. RURAL ECONOMIC AREA PARTNERSHIP ZONES.**

"(a) IN GENERAL.—The Secretary may designate additional areas as rural economic area partnership zones to be assisted under this chapter—

"(1) through an open, competitive process; and

"(2) with priority given to rural areas—

"(A) with excessive unemployment or underemployment, a high percentage of low-income residents, or high rates of outmigration, as determined by the Secretary; and

"(B) that the Secretary determines have a substantial need for assistance.

"(b) REQUIREMENTS.—The Secretary shall carry out those rural economic area partnership zones administratively in effect on the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012 in accordance with

the terms and conditions contained in the memoranda of agreement entered into by the Secretary for the rural economic area partnership zones.

**"SEC. 3706. STREAMLINING APPLICATIONS AND IMPROVING ACCESSIBILITY OF RURAL DEVELOPMENT PROGRAMS.**

''The Secretary shall expedite the process of creating user-friendly and accessible application forms and procedures prioritizing programs and applications at the individual level with an emphasis on utilizing current technology including online applications and submission processes.

## "CHAPTER 4—DELTA REGIONAL AUTHORITY

**"SEC. 3801. DEFINITIONS.**

''In this chapter:

''(1) AUTHORITY.—The term 'Authority' means the Delta Regional Authority established by section 3802.

''(2) FEDERAL GRANT PROGRAM.—The term 'Federal grant program' means a Federal grant program to provide assistance in—

''(A) acquiring or developing land;

''(B) constructing or equipping a highway, road, bridge, or facility; or

"(C) carrying out other economic development activities.

"(3) REGION.—The term 'region' means the Lower Mississippi (as defined in section 4 of the Delta Development Act (42 U.S.C. 3121 note; Public Law 100–460)).

**"SEC. 3802. DELTA REGIONAL AUTHORITY.**

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—There is established the Delta Regional Authority.

"(2) COMPOSITION.—The Authority shall be composed of—

"(A) a Federal member, to be appointed by the President, with the advice and consent of the Senate; and

"(B) the Governor (or a designee of the Governor) of each State in the region that elects to participate in the Authority.

"(3) COCHAIRPERSONS.—The Authority shall be headed by—

"(A) the Federal member, who shall serve as—

"(i) the Federal cochairperson; and

"(ii) a liaison between the Federal Government and the Authority; and

"(B) a State cochairperson, who shall be—

"(i) a Governor of a participating State in the region; and

"(ii) elected by the State members for a term of not less than 1 year.

"(4) ALABAMA.—Notwithstanding any other provision of law, the State of Alabama shall be a full member of the Authority and shall be entitled to all rights and privileges that the membership affords to all other participating States in the Authority.

"(b) ALTERNATE MEMBERS.—

"(1) STATE ALTERNATES.—The State member of a participating State may have a single alternate, who shall be—

"(A) a resident of that State; and

"(B) appointed by the Governor of the State.

"(2) ALTERNATE FEDERAL COCHAIRPERSON.—The President shall appoint an alternate Federal cochairperson.

"(3) QUORUM.—A State alternate shall not be counted toward the establishment of a quorum of the Authority in any instance in which a quorum of the State members is required to be present.

"(4) DELEGATION OF POWER.—No power or responsibility of the Authority specified in paragraphs (2) and (3) of subsection (c), and no voting right of any Authority member, shall be delegated to any person—

"(A) who is not an Authority member; or

"(B) who is not entitled to vote in Authority meetings.

"(c) VOTING.—

"(1) IN GENERAL.—A decision by the Authority shall require a majority vote of the Authority (not including any member representing a State that is delinquent under subsection (g)(2)(C)) to be effective.

"(2) QUORUM.—A quorum of State members shall be required to be present for the Authority to make any policy decision, including—

"(A) a modification or revision of an Authority policy decision;

"(B) approval of a State or regional development plan; and

"(C) any allocation of funds among the States.

"(3) PROJECT AND GRANT PROPOSALS.—The approval of project and grant proposals shall be—

"(A) a responsibility of the Authority; and

"(B) conducted in accordance with section 3809.

"(4) VOTING BY ALTERNATE MEMBERS.—An alternate member shall vote in the case of the absence, death, disability, removal, or resignation of the Federal or State representative for which the alternate member is an alternate.

"(d) DUTIES.—The Authority shall—

"(1) develop, on a continuing basis, comprehensive and coordinated plans and programs to establish priorities and approve grants for the economic development of the region, giving due consideration to other Federal, State, and local planning and development activities in the region;

"(2) review, and where appropriate amend, priorities in a development plan for the region (including 5-year regional outcome targets);

"(3) assess the needs and assets of the region based on available research, demonstrations, investigations, assessments, and evaluations of the region prepared by Federal, State, and local agencies, universities, local development districts, and other nonprofit groups;

"(4) formulate and recommend to the Governors and legislatures of States that participate in the Authority forms of interstate cooperation;

"(5) work with State and local agencies in developing appropriate model legislation;

"(6)(A) enhance the capacity of, and provide support for, local development districts in the region; or

"(B) if no local development district exists in an area in a participating State in the region, foster the creation of a local development district;

"(7) encourage private investment in industrial, commercial, and other economic development projects in the region; and

"(8) cooperate with and assist State governments with economic development programs of participating States.

"(e) ADMINISTRATION.—In carrying out subsection (d), the Authority may—

"(1) hold such hearings, sit and act at such times and places, take such testimony, receive such evidence, and print or otherwise reproduce and distribute a description of the proceedings and reports on actions by the Authority as the Authority considers appropriate;

"(2) authorize, through the Federal or State co-chairperson or any other member of the Authority designated by the Authority, the administration of oaths if the Authority determines that testimony should be taken or evidence received under oath;

"(3) request from any Federal, State, or local department or agency such information as may be available to or procurable by the department or agency that may be of use to the Authority in carrying out duties of the Authority;

"(4) adopt, amend, and repeal bylaws, rules, and regulations governing the conduct of Authority business and the performance of Authority duties;

"(5) request the head of any Federal department or agency to detail to the Authority such personnel as the Authority requires to carry out duties of the Authority, each such detail to be without loss of seniority, pay, or other employee status;

"(6) request the head of any State department or agency or local government to detail to the Authority such personnel as the Authority requires to carry out duties of the Authority, each such detail to be without loss of seniority, pay, or other employee status;

"(7) provide for coverage of Authority employees in a suitable retirement and employee benefit system by—

"(A) making arrangements or entering into contracts with any participating State government; or

"(B) otherwise providing retirement and other employee benefit coverage;

"(8) accept, use, and dispose of gifts or donations of services or real, personal, tangible, or intangible property;

"(9) enter into and perform such contracts, leases, cooperative agreements, or other transactions as are necessary to carry out Authority duties, including any contracts, leases, or cooperative agreements with—

"(A) any department, agency, or instrumentality of the United States;

"(B) any State (including a political subdivision, agency, or instrumentality of the State); or

"(C) any person, firm, association, or corporation; and

"(10) establish and maintain a central office and field offices at such locations as the Authority may select.

"(f) FEDERAL AGENCY COOPERATION.—A Federal agency shall—

"(1) cooperate with the Authority; and

"(2) provide, on request of the Federal cochairperson, appropriate assistance in carrying out this chapter, in accordance with applicable Federal laws (including regulations).

"(g) ADMINISTRATIVE EXPENSES.—

"(1) IN GENERAL.—Administrative expenses of the Authority (except for the expenses of the Federal cochairperson, including expenses of the alternate and staff of the Federal cochairperson, which shall be paid solely by the Federal Government) shall be paid—

"(A) by the Federal Government, in an amount equal to 50 percent of the administrative expenses; and

"(B) by the States in the region participating in the Authority, in an amount equal to 50 percent of the administrative expenses.

"(2) STATE SHARE.—

"(A) IN GENERAL.—The share of administrative expenses of the Authority to be paid by each State shall be determined by the Authority.

"(B) NO FEDERAL PARTICIPATION.—The Federal cochairperson shall not participate or vote in any decision under subparagraph (A).

"(C) DELINQUENT STATES.—If a State is delinquent in payment of the State's share of administrative expenses of the Authority under this subsection—

"(i) no assistance under this chapter shall be furnished to the State (including assistance to a political subdivision or a resident of the State); and

"(ii) no member of the Authority from the State shall participate or vote in any action by the Authority.

"(h) COMPENSATION.—

"(1) FEDERAL COCHAIRPERSON.—The Federal cochairperson shall be compensated by the Federal Government at level III of the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code.

"(2) ALTERNATE FEDERAL COCHAIRPERSON.—The alternate Federal cochairperson—

"(A) shall be compensated by the Federal Government at level V of the Executive Schedule described in paragraph (1); and

"(B) when not actively serving as an alternate for the Federal cochairperson, shall perform such functions and duties as are delegated by the Federal cochairperson.

"(3) STATE MEMBERS AND ALTERNATES.—

"(A) IN GENERAL.—A State shall compensate each member and alternate representing the State on the Authority at the rate established by law of the State.

"(B) NO ADDITIONAL COMPENSATION.—No State member or alternate member shall receive any salary, or any contribution to or supplementation of salary from any source other than the State for services provided by the member or alternate to the Authority.

"(4) DETAILED EMPLOYEES.—

"(A) IN GENERAL.—No person detailed to serve the Authority under subsection (e)(6) shall receive any salary or any contribution to

or supplementation of salary for services provided to the Authority from—

"(i) any source other than the State, local, or intergovernmental department or agency from which the person was detailed; or

"(ii) the Authority.

"(B) VIOLATION.—Any person that violates this paragraph shall be fined not more than $5,000, imprisoned not more than 1 year, or both.

"(C) APPLICABLE LAW.—The Federal cochairperson, the alternate Federal cochairperson, and any Federal officer or employee detailed to duty on the Authority under subsection (e)(5) shall not be subject to subparagraph (A), but shall remain subject to sections 202 through 209 of title 18, United States Code.

"(5) ADDITIONAL PERSONNEL.—

"(A) COMPENSATION.—

"(i) IN GENERAL.—The Authority may appoint and fix the compensation of an executive director and such other personnel as are necessary to enable the Au-

thority to carry out the duties of the Authority.

"(ii) EXCEPTION.—Compensation under clause (i) shall not exceed the maximum rate for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of that title.

"(B) EXECUTIVE DIRECTOR.—The executive director shall be responsible for—

"(i) the carrying out of the administrative duties of the Authority;

"(ii) direction of the Authority staff; and

"(iii) such other duties as the Authority may assign.

"(C) NO FEDERAL EMPLOYEE STATUS.—No member, alternate, officer, or employee of the Authority (except the Federal cochairperson of the Authority, the alternate and staff for the Federal cochairperson, and any Federal employee 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-

ployee is negotiating or has any arrangement concerning prospective employment.

"(2) DISCLOSURE.—Paragraph (1) shall not apply if the State member, alternate, officer, or employee—

"(A) immediately advises the Authority of the nature and circumstances of the proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other particular matter presenting a potential conflict of interest;

"(B) makes full disclosure of the financial interest; and

"(C) before the proceeding concerning the matter presenting the conflict of interest, receives a written determination by the Authority that the interest is not so substantial as to be likely to affect the integrity of the services that the Authority may expect from the State member, alternate, officer, or employee.

"(3) VIOLATION.—Any person that violates this subsection shall be fined not more than $10,000, imprisoned not more than 2 years, or both.

"(j) VALIDITY OF CONTRACTS, LOANS, AND GRANTS.—The Authority may declare void any contract,

loan, or grant of or by the Authority in relation to which the Authority determines that there has been a violation of any provision under subsection (h)(4), subsection (i), or sections 202 through 209 of title 18, United States Code.

**"SEC. 3803. ECONOMIC AND COMMUNITY DEVELOPMENT GRANTS.**

"(a) IN GENERAL.—The Authority may approve grants to States and public and nonprofit entities for projects, approved in accordance with section 3809—

"(1) to develop the transportation infrastructure of the region for the purpose of facilitating economic development in the region (except that grants for this purpose may only be made to a State or local government);

"(2) to assist the region in obtaining the job training, employment-related education, and business development (with an emphasis on entrepreneurship) that are needed to build and maintain strong local economies;

"(3) to provide assistance to severely distressed and underdeveloped areas that lack financial resources for improving basic public services;

"(4) to provide assistance to severely distressed and underdeveloped areas that lack financial re-

sources for equipping industrial parks and related facilities; and

"(5) to otherwise achieve the purposes of this chapter.

"(b) FUNDING.—

"(1) IN GENERAL.—Funds for grants under subsection (a) may be provided—

"(A) entirely from appropriations to carry out this section;

"(B) in combination with funds available under another Federal or Federal grant program; or

"(C) from any other source.

"(2) PRIORITY OF FUNDING.—To best build the foundations for long-term economic development and to complement other Federal and State resources in the region, Federal funds available under this chapter shall be focused on the activities in the following order or priority:

"(A) Basic public infrastructure in distressed counties and isolated areas of distress.

"(B) Transportation infrastructure for the purpose of facilitating economic development in the region.

"(C) Business development, with emphasis on entrepreneurship.

"(D) Job training or employment-related education, with emphasis on use of existing public educational institutions located in the region.

**"SEC. 3804. SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.**

"(a) FINDING.—Congress finds that certain States and local communities of the region, including local development districts, may be unable to take maximum advantage of Federal grant programs for which the States and communities are eligible because—

"(1) the States or communities lack the economic resources to provide the required matching share; or

"(2) there are insufficient funds available under the applicable Federal law authorizing the Federal grant program to meet pressing needs of the region.

"(b) FEDERAL GRANT PROGRAM FUNDING.—Notwithstanding any provision of law limiting the Federal share, the areas eligible for assistance, or the authorizations of appropriations of any Federal grant program, and in accordance with subsection (c), the Authority, with the

approval of the Federal cochairperson and with respect to a project to be carried out in the region—

"(1) may increase the Federal share of the costs of a project under the Federal grant program to not more than 90 percent (except as provided in section 3806(b)); and

"(2) shall use amounts made available to carry out this chapter to pay the increased Federal share.

"(c) CERTIFICATIONS.—

"(1) IN GENERAL.—In the case of any project for which all or any portion of the basic Federal share of the costs of the project is proposed to be paid under this section, no Federal contribution shall be made until the Federal official administering the Federal law that authorizes the Federal grant program certifies that the project—

"(A) meets (except as provided in subsection (b)) the applicable requirements of the applicable Federal grant program; and

"(B) could be approved for Federal contribution under the Federal grant program if funds were available under the law for the project.

"(2) CERTIFICATION BY AUTHORITY.—

"(A) IN GENERAL.—The certifications and determinations required to be made by the Authority for approval of projects under this Act in accordance with section 3809 shall be—

"(i) controlling; and

"(ii) accepted by the Federal agencies.

"(B) ACCEPTANCE BY FEDERAL COCHAIRPERSON.—In the case of any project described in paragraph (1), any finding, report, certification, or documentation required to be submitted with respect to the project to the head of the department, agency, or instrumentality of the Federal Government responsible for the administration of the Federal grant program under which the project is carried out shall be accepted by the Federal cochairperson.

**"SEC. 3805. LOCAL DEVELOPMENT DISTRICTS; CERTIFICATION AND ADMINISTRATIVE EXPENSES.**

"(a) DEFINITION OF LOCAL DEVELOPMENT DISTRICT.—In this section, the term 'local development district' means an entity that—

"(1) is—

"(A) a planning district in existence on the date of enactment of the Agriculture Reform,

Food, and Jobs Act of 2012 that is recognized by the Secretary; or

"(B) if an entity described in subparagraph (A) does not exist—

"(i) organized and operated in a manner that ensures broad-based community participation and an effective opportunity for other nonprofit groups to contribute to the development and implementation of programs in the region;

"(ii) governed by a policy board with at least a simple majority of members consisting of elected officials or employees of a general purpose unit of local government who have been appointed to represent the government;

"(iii) certified to the Authority as having a charter or authority that includes the economic development of counties or parts of counties or other political subdivisions within the region—

"(I) by the Governor of each State in which the entity is located; or

"(II) by the State officer designated by the appropriate State law to make the certification; and

"(iv)(I) a nonprofit incorporated body organized or chartered under the law of the State in which the entity is located;

"(II) a nonprofit agency or instrumentality of a State or local government;

"(III) a public organization established before December 21, 2000, under State law for creation of multi-jurisdictional, area-wide planning organizations; or

"(IV) a nonprofit association or combination of bodies, agencies, and instrumentalities described in subclauses (I) through (III); and

"(2) has not, as certified by the Federal co-chairperson—

"(A) inappropriately used Federal grant funds from any Federal source; or

"(B) appointed an officer who, during the period in which another entity inappropriately used Federal grant funds from any Federal source, was an officer of the other entity.

"(b) GRANTS TO LOCAL DEVELOPMENT DISTRICTS.—

"(1) IN GENERAL.—The Authority shall make grants for administrative expenses under this section.

"(2) CONDITIONS FOR GRANTS.—

"(A) MAXIMUM AMOUNT.—The amount of any grant awarded under paragraph (1) shall not exceed 80 percent of the administrative expenses of the local development district receiving the grant.

"(B) MAXIMUM PERIOD.—No grant described in paragraph (1) shall be awarded to a State agency certified as a local development district for a period greater than 3 years.

"(C) LOCAL SHARE.—The contributions of a local development district for administrative expenses may be in cash or in kind, fairly evaluated, including space, equipment, and services.

"(c) DUTIES OF LOCAL DEVELOPMENT DISTRICTS.—A local development district shall—

"(1) operate as a lead organization serving multicounty areas in the region at the local level; and

"(2) serve as a liaison between State and local governments, nonprofit organizations (including community-based groups and educational institutions), the business community, and citizens that—

"(A) are involved in multijurisdictional planning;

"(B) provide technical assistance to local jurisdictions and potential grantees; and

"(C) provide leadership and civic development assistance.

**"SEC. 3806. DISTRESSED COUNTIES AND AREAS AND NONDISTRESSED COUNTIES.**

"(a) DESIGNATIONS.—Each year, the Authority, in accordance with such criteria as the Authority may establish, shall designate—

"(1) as distressed counties, counties in the region that are the most severely and persistently distressed and underdeveloped and have high rates of poverty or unemployment;

"(2) as nondistressed counties, counties in the region that are not designated as distressed counties under paragraph (1); and

"(3) as isolated areas of distress, areas located in nondistressed counties (as designated under para-

graph (2)) that have high rates of poverty or unemployment.

"(b) DISTRESSED COUNTIES.—

"(1) IN GENERAL.—The Authority shall allocate at least 75 percent of the appropriations made available under section 3813 for programs and projects designed to serve the needs of distressed counties and isolated areas of distress in the region.

"(2) FUNDING LIMITATIONS.—The funding limitations under section 3804(b) shall not apply to a project providing transportation or basic public services to residents of 1 or more distressed counties or isolated areas of distress in the region.

"(c) NONDISTRESSED COUNTIES.—

"(1) IN GENERAL.—Except as provided in this subsection, no funds shall be provided under this chapter for a project located in a county designated as a nondistressed county under subsection (a)(2).

"(2) EXCEPTIONS.—

"(A) IN GENERAL.—The funding prohibition under paragraph (1) shall not apply to grants to fund the administrative expenses of local development districts under section 3805(b).

"(B) MULTICOUNTY PROJECTS.—The Authority may waive the application of the funding prohibition under paragraph (1) to a multicounty project that includes participation by a nondistressed county; or any other type of project if the Authority determines that the project could bring significant benefits to areas of the region outside a nondistressed county.

"(C) ISOLATED AREAS OF DISTRESS.—For a designation of an isolated area of distress for assistance to be effective, the designation shall be supported—

"(i) by the most recent Federal data available; or

"(ii) if no recent Federal data are available, by the most recent data available through the government of the State in which the isolated area of distress is located.

"(d) TRANSPORTATION AND BASIC PUBLIC INFRASTRUCTURE.—The Authority shall allocate at least 50 percent of any funds made available under section 3813 for transportation and basic public infrastructure projects authorized under paragraphs (1) and (3) of section 3803(a).

**"SEC. 3807. DEVELOPMENT PLANNING PROCESS.**

"(a) STATE DEVELOPMENT PLAN.—In accordance with policies established by the Authority, each State member shall submit a development plan for the area of the region represented by the State member.

"(b) CONTENT OF PLAN.—A State development plan submitted under subsection (a) shall reflect the goals, objectives, and priorities identified in the regional development plan developed under section 3802(d)(2).

"(c) CONSULTATION WITH INTERESTED LOCAL PARTIES.—In carrying out the development planning process (including the selection of programs and projects for assistance), a State may—

"(1) consult with—

"(A) local development districts; and

"(B) local units of government; and

"(2) take into consideration the goals, objectives, priorities, and recommendations of the entities described in paragraph (1).

"(d) PUBLIC PARTICIPATION.—

"(1) IN GENERAL.—The Authority and applicable State and local development districts shall encourage and assist, to the maximum extent practicable, public participation in the development, revision, and implementation of all plans and programs under this chapter.

"(2) REGULATIONS.—The Authority shall develop guidelines for providing public participation described in paragraph (1), including public hearings.

**"SEC. 3808. PROGRAM DEVELOPMENT CRITERIA.**

"(a) IN GENERAL.—In considering programs and projects to be provided assistance under this chapter and in establishing a priority ranking of the requests for assistance provided by the Authority, the Authority shall follow procedures that ensure, to the maximum extent practicable, consideration of—

"(1) the relationship of the project or class of projects to overall regional development;

"(2) the per capita income and poverty and unemployment rates in an area;

"(3) the financial resources available to the applicants for assistance seeking to carry out the project, with emphasis on ensuring that projects are adequately financed to maximize the probability of successful economic development;

"(4) the importance of the project or class of projects in relation to other projects or classes of projects that may be in competition for the same funds;

"(5) the prospects that the project for which assistance is sought will improve, on a continuing rather than a temporary basis, the opportunities for employment, the average level of income, or the economic development of the area served by the project; and

"(6) the extent to which the project design provides for detailed outcome measurements by which grant expenditures and the results of the expenditures may be evaluated.

"(b) NO RELOCATION ASSISTANCE.—

"(1) IN GENERAL.—Except as provided in paragraph (2), no financial assistance authorized by this chapter shall be used to assist a person or entity in relocating from 1 area to another.

"(2) OUTSIDE BUSINESSES.—Financial assistance under this chapter may be used as otherwise authorized by this title to attract businesses from outside the region to the region.

"(c) REDUCTION OF FUNDS.—Funds may be provided for a program or project in a State under this chapter only if the Authority determines that the level of Federal or State financial assistance provided under a law other than this chapter, for the same type of program or project in the same area of the State within the region,

will not be reduced as a result of funds made available by this chapter.

**"SEC. 3809. APPROVAL OF DEVELOPMENT PLANS AND PROJECTS.**

"(a) IN GENERAL.—A State or regional development plan or any multistate subregional plan that is proposed for development under this chapter shall be reviewed and approved by the Authority.

"(b) EVALUATION BY STATE MEMBER.—An application for a grant or any other assistance for a project under this chapter shall be made through and evaluated for approval by the State member of the Authority representing the applicant.

"(c) CERTIFICATION.—An application for a grant or other assistance for a project shall be approved only on certification by the State member that the application for the project—

"(1) describes ways in which the project complies with any applicable State development plan;

"(2) meets applicable criteria under section 3808;

"(3) provides adequate assurance that the proposed project will be properly administered, operated, and maintained; and

"(4) otherwise meets the requirements of this chapter.

"(d) APPROVAL OF GRANT APPLICATIONS.—On certification by a State member of the Authority of an application for a grant or other assistance for a specific project under this section, an affirmative vote of the Authority under section 3802(c) shall be required for approval of the application.

**"SEC. 3810. CONSENT OF STATES.**

"Nothing in this chapter requires any State to engage in or accept any program under this chapter without the consent of the State.

**"SEC. 3811. RECORDS.**

"(a) RECORDS OF THE AUTHORITY.—

"(1) IN GENERAL.—The Authority shall maintain accurate and complete records of all transactions and activities of the Authority.

"(2) AVAILABILITY.—All records of the Authority shall be available for audit and examination by the Comptroller General of the United States and the Inspector General of the Department of Agriculture (including authorized representatives of the Comptroller General and the Inspector General of the Department of Agriculture).

"(b) RECORDS OF RECIPIENTS OF FEDERAL ASSISTANCE.—

"(1) IN GENERAL.—A recipient of Federal funds under this chapter shall, as required by the Authority, maintain accurate and complete records of transactions and activities financed with Federal funds and report on the transactions and activities to the Authority.

"(2) AVAILABILITY.—All records required under paragraph (1) shall be available for audit by the Comptroller General of the United States, the Inspector General of the Department of Agriculture, and the Authority (including authorized representatives of the Comptroller General, the Inspector General of the Department of Agriculture, and the Authority).

**"SEC. 3812. ANNUAL REPORT.**

"Not later than 180 days after the end of each fiscal year, the Authority shall submit to the President and to Congress a report describing the activities carried out under this chapter.

**"SEC. 3813. AUTHORIZATION OF APPROPRIATIONS.**

"(a) IN GENERAL.—There is authorized to be appropriated to the Authority to carry out this chapter

$30,000,000 for each of fiscal years 2012 through 2017, to remain available until expended.

''(b) ADMINISTRATIVE EXPENSES.—Not more than 5 percent of the amount appropriated under subsection (a) for a fiscal year shall be used for administrative expenses of the Authority.

**''SEC. 3814. TERMINATION OF AUTHORITY.**

''This chapter and the authority provided under this chapter expire on October 1, 2017.

## ''CHAPTER 5—NORTHERN GREAT PLAINS REGIONAL AUTHORITY

**''SEC. 3821. DEFINITIONS.**

''In this chapter:

''(1) AUTHORITY.—The term 'Authority' means the Northern Great Plains Regional Authority established by section 3822.

''(2) FEDERAL GRANT PROGRAM.—The term 'Federal grant program' means a Federal grant program to provide assistance in—

''(A) implementing the recommendations of the Northern Great Plains Rural Development Commission established by the Northern Great Plains Rural Development Act (7 U.S.C. 2661 note; Public Law 103–318);

''(B) acquiring or developing land;

"(C) constructing or equipping a highway, road, bridge, or facility;

"(D) carrying out other economic development activities; or

"(E) conducting research activities related to the activities described in subparagraphs (A) through (D).

"(3) REGION.—The term 'region' means the States of Iowa, Minnesota, Missouri (other than counties included in the Delta Regional Authority), Nebraska, North Dakota, and South Dakota.

**"SEC. 3822. NORTHERN GREAT PLAINS REGIONAL AUTHORITY.**

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—There is established the Northern Great Plains Regional Authority.

"(2) COMPOSITION.—The Authority shall be composed of—

"(A) a Federal member, to be appointed by the President, by and with the advice and consent of the Senate;

"(B) the Governor (or a designee of the Governor) of each State in the region that elects to participate in the Authority; and

"(C) a member of an Indian tribe, who shall be a chairperson of an Indian tribe in the region or a designee of such a chairperson, to be appointed by the President, by and with the advice and consent of the Senate.

"(3) COCHAIRPERSONS.—The Authority shall be headed by—

"(A) the Federal member, who shall serve as—

"(i) the Federal cochairperson; and

"(ii) a liaison between the Federal Government and the Authority;

"(B) a State cochairperson, who shall be—

"(i) a Governor of a participating State in the region; and

"(ii) elected by the State members for a term of not less than 1 year; and

"(C) the member of an Indian tribe, who shall serve as—

"(i) the tribal cochairperson; and

"(ii) a liaison between the governments of Indian tribes in the region and the Authority.

"(4) FAILURE TO CONFIRM.—

"(A) FEDERAL MEMBER.—Notwithstanding any other provision of this section, if a Federal member described in paragraph (2)(A) has not been confirmed by the Senate by not later than 180 days after the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012, the Authority may organize and operate without the Federal member.

"(B) TRIBAL COCHAIRPERSON.—In the case of the tribal cochairperson, if no tribal cochairperson is confirmed by the Senate, the regional authority shall consult and coordinate with the leaders of Indian tribes in the region concerning the activities of the Authority, as appropriate.

"(b) ALTERNATE MEMBERS.—

"(1) ALTERNATE FEDERAL COCHAIRPERSON.—The President shall appoint an alternate Federal cochairperson.

"(2) STATE ALTERNATES.—

"(A) IN GENERAL.—The State member of a participating State may have a single alternate, who shall be—

"(i) a resident of that State; and

"(ii) appointed by the Governor of the State.

"(B) QUORUM.—A State alternate member shall not be counted toward the establishment of a quorum of the members of the Authority in any case in which a quorum of the State members is required to be present.

"(3) ALTERNATE TRIBAL COCHAIRPERSON.—The President shall appoint an alternate tribal co-chairperson, by and with the advice and consent of the Senate.

"(4) DELEGATION OF POWER.—No power or responsibility of the Authority specified in paragraphs (2) and (3) of subsection (c), and no voting right of any member of the Authority, shall be delegated to any person who is not—

"(A) a member of the Authority; or

"(B) entitled to vote in Authority meetings.

"(c) VOTING.—

"(1) IN GENERAL.—A decision by the Authority shall require a majority vote of the Authority (not including any member representing a State that is delinquent under subsection (g)(2)(D)) to be effective.

"(2) QUORUM.—A quorum of State members shall be required to be present for the Authority to make any policy decision, including—

"(A) a modification or revision of an Authority policy decision;

"(B) approval of a State or regional development plan; and

"(C) any allocation of funds among the States.

"(3) PROJECT AND GRANT PROPOSALS.—The approval of project and grant proposals shall be—

"(A) a responsibility of the Authority; and

"(B) conducted in accordance with section 3830.

"(4) VOTING BY ALTERNATE MEMBERS.—An alternate member shall vote in the case of the absence, death, disability, removal, or resignation of the Federal, State, or Indian tribe member for whom the alternate member is an alternate.

"(d) DUTIES.—The Authority shall—

"(1) develop, on a continuing basis, comprehensive and coordinated plans and programs for multistate cooperation to advance the economic and social well-being of the region and to approve grants for the economic development of the region, giving

due consideration to other Federal, State, tribal, and local planning and development activities in the region;

''(2) review, and when appropriate amend, priorities in a development plan for the region (including 5-year regional outcome targets);

''(3) assess the needs and assets of the region based on available research, demonstrations, investigations, assessments, and evaluations of the region prepared by Federal, State, tribal, and local agencies, universities, regional and local development districts or organizations, and other nonprofit groups;

''(4) formulate and recommend to the Governors and legislatures of States that participate in the Authority forms of interstate cooperation for—

''(A) renewable energy development and transmission;

''(B) transportation planning and economic development;

''(C) information technology;

''(D) movement of freight and individuals within the region;

''(E) federally-funded research at institutions of higher education; and

''(F) conservation land management;

"(5) work with State, tribal, and local agencies in developing appropriate model legislation;

"(6) enhance the capacity of, and provide support for, multistate development and research organizations, local development organizations and districts, and resource conservation districts in the region;

"(7) encourage private investment in industrial, commercial, renewable energy, and other economic development projects in the region; and

"(8) cooperate with and assist State governments with economic development programs of participating States.

"(e) ADMINISTRATION.—In carrying out subsection (d), the Authority may—

"(1) hold such hearings, sit and act at such times and places, take such testimony, receive such evidence, and print or otherwise reproduce and distribute a description of the proceedings and reports on actions by the Authority as the Authority considers appropriate;

"(2) authorize, through the Federal, State, or tribal cochairperson or any other member of the Authority designated by the Authority, the administration of oaths if the Authority determines that testi-

mony should be taken or evidence received under oath;

''(3) request from any Federal, State, tribal, or local agency such information as may be available to or procurable by the agency that may be of use to the Authority in carrying out the duties of the Authority;

''(4) adopt, amend, and repeal bylaws and rules governing the conduct of business and the performance of duties of the Authority;

''(5) request the head of any Federal agency to detail to the Authority such personnel as the Authority requires to carry out duties of the Authority, each such detail to be without loss of seniority, pay, or other employee status;

''(6) request the head of any State agency, tribal government, or local government to detail to the Authority such personnel as the Authority requires to carry out duties of the Authority, each such detail to be without loss of seniority, pay, or other employee status;

''(7) provide for coverage of Authority employees in a suitable retirement and employee benefit system by—

"(A) making arrangements or entering into contracts with any participating State government or tribal government; or

"(B) otherwise providing retirement and other employee benefit coverage;

"(8) accept, use, and dispose of gifts or donations of services or real, personal, tangible, or intangible property;

"(9) enter into and perform such contracts, leases, cooperative agreements, or other transactions as are necessary to carry out Authority duties, including any contracts, leases, or cooperative agreements with—

"(A) any department, agency, or instrumentality of the United States;

"(B) any State (including a political subdivision, agency, or instrumentality of the State);

"(C) any Indian tribe in the region; or

"(D) any person, firm, association, or corporation; and

"(10) establish and maintain a central office and field offices at such locations as the Authority 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.

"(C) NO FEDERAL PARTICIPATION.—The Federal cochairperson shall not participate or vote in any decision under subparagraph (B).

"(D) DELINQUENT STATES.—If a State is delinquent in payment of the State's share of administrative expenses of the Authority under this subsection—

"(i) no assistance under this chapter shall be provided to the State (including assistance to a political subdivision or a resident of the State); and

"(ii) no member of the Authority from the State shall participate or vote in any action by the Authority.

"(h) COMPENSATION.—

"(1) FEDERAL AND TRIBAL COCHAIRPERSONS.—The Federal cochairperson and the tribal cochairperson shall be compensated by the Federal Government at the annual rate of basic pay prescribed for level III of the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code.

"(2) ALTERNATE FEDERAL AND TRIBAL COCHAIRPERSONS.—The alternate Federal cochairperson and the alternate tribal cochairperson—

"(A) shall be compensated by the Federal Government at the annual rate of basic pay prescribed for level V of the Executive Schedule described in paragraph (1); and

"(B) when not actively serving as an alternate, shall perform such functions and duties as are delegated by the Federal cochairperson or the tribal cochairperson, respectively.

"(3) STATE MEMBERS AND ALTERNATES.—

"(A) IN GENERAL.—A State shall compensate each member and alternate representing the State on the Authority at the rate established by State law.

"(B) NO ADDITIONAL COMPENSATION.—No State member or alternate member shall receive any salary, or any contribution to or supplementation of salary from any source other than the State for services provided by the member or alternate member to the Authority.

"(4) DETAILED EMPLOYEES.—

"(A) IN GENERAL.—No person detailed to serve the Authority under subsection (e)(6) shall receive any salary or any contribution to or supplementation of salary for services provided to the Authority from—

"(i) any source other than the State, tribal, local, or intergovernmental agency from which the person was detailed; or

"(ii) the Authority.

"(B) VIOLATION.—Any person that violates this paragraph shall be fined not more than $5,000, imprisoned not more than 1 year, or both.

"(C) APPLICABLE LAW.—The Federal cochairperson, the alternate Federal cochairperson, and any Federal officer or employee detailed to duty on the Authority under subsection (e)(5) shall not be subject to subparagraph (A), but shall remain subject to sections 202 through 209 of title 18, United States Code.

"(5) ADDITIONAL PERSONNEL.—

"(A) COMPENSATION.—

"(i) IN GENERAL.—The Authority may appoint and fix the compensation of an executive director and such other personnel as are necessary to enable the Authority to carry out the duties of the Authority.

"(ii) EXCEPTION.—Compensation under clause (i) shall not exceed the maximum rate for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of that title.

"(B) EXECUTIVE DIRECTOR.—The executive director shall be responsible for—

"(i) the carrying out of the administrative duties of the Authority;

"(ii) direction of the Authority staff; and

"(iii) such other duties as the Authority may assign.

"(C) NO FEDERAL EMPLOYEE STATUS.—No member, alternate, officer, or employee of the Authority (except the Federal cochairperson of the Authority, the alternate and staff for the Federal cochairperson, and any Federal employee detailed to the Authority under subsection (e)(5)) shall be considered to be a Federal employee for any purpose.

"(i) CONFLICTS OF INTEREST.—

"(1) IN GENERAL.—Except as provided under paragraph (2), no State member, Indian tribe member, State alternate, officer, or employee of the Authority shall participate personally and substantially as a member, alternate, officer, or employee of the Authority, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, in any proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other matter in which, to knowledge of the member, alternate, officer, or employee, there is a financial interest of—

"(A) the member, alternate, officer, or employee;

"(B) the spouse, minor child, partner, or organization (other than a State or political subdivision of the State or the Indian tribe) of the member, alternate, officer, or employee, in which the member, alternate, officer, or employee is serving as officer, director, trustee, partner, or employee; or

"(C) any person or organization with whom the member, alternate, officer, or employee is negotiating or has any arrangement concerning prospective employment.

"(2) DISCLOSURE.—Paragraph (1) shall not apply if the State member, Indian tribe member, alternate, officer, or employee—

"(A) immediately advises the Authority of the nature and circumstances of the proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other particular matter presenting a potential conflict of interest;

"(B) makes full disclosure of the financial interest; and

"(C) before the proceeding concerning the matter presenting the conflict of interest, receives a written determination by the Authority that the interest is not so substantial as to be likely to affect the integrity of the services that the Authority may expect from the State member, Indian tribe member, alternate, officer, or employee.

"(3) VIOLATION.—Any person that violates this subsection shall be fined not more than $10,000, imprisoned not more than 2 years, or both.

"(j) VALIDITY OF CONTRACTS, LOANS, AND GRANTS.—The Authority may declare void any contract, loan, or grant of or by the Authority in relation to which

the Authority determines that there has been a violation of any provision under subsection (h)(4) or subsection (i) of this chapter, or sections 202 through 209 of title 18, United States Code.

**"SEC. 3823. INTERSTATE COOPERATION FOR ECONOMIC OPPORTUNITY AND EFFICIENCY.**

"(a) IN GENERAL.—The Authority shall provide assistance to States in developing regional plans to address multistate economic issues, including plans—

"(1) to develop a regional transmission system for movement of renewable energy to markets outside the region;

"(2) to address regional transportation concerns, including the establishment of a Northern Great Plains Regional Transportation Working Group;

"(3) to encourage and support interstate collaboration on federally-funded research that is in the national interest; and

"(4) to establish a Regional Working Group on Agriculture Development and Transportation.

"(b) ECONOMIC ISSUES.—The multistate economic issues referred to in subsection (a) shall include—

"(1) renewable energy development and transmission;

"(2) transportation planning and economic development;

"(3) information technology;

"(4) movement of freight and individuals within the region;

"(5) federally-funded research at institutions of higher education; and

"(6) conservation land management.

**"SEC. 3824. ECONOMIC AND COMMUNITY DEVELOPMENT GRANTS.**

"(a) IN GENERAL.—The Authority may approve grants to States, Indian tribes, local governments, and public and nonprofit organizations for projects, approved in accordance with section 3830—

"(1) to assist the region in obtaining the job training, employment-related education, and business development (with an emphasis on entrepreneurship) that are needed to build and maintain strong local economies;

"(2) to develop the transportation, renewable energy transmission, and telecommunication infrastructure of the region for the purpose of facilitating economic development in the region (except that grants for this purpose may be made only to States,

Indian tribes, local governments, and nonprofit organizations);

"(3) to provide assistance to severely distressed and underdeveloped areas that lack financial resources for improving basic public services;

"(4) to provide assistance to severely distressed and underdeveloped areas that lack financial resources for equipping industrial parks and related facilities; and

"(5) to otherwise achieve the purposes of this chapter.

"(b) FUNDING.—

"(1) IN GENERAL.—Funds for grants under subsection (a) may be provided—

"(A) entirely from appropriations to carry out this section;

"(B) in combination with funds available under another Federal grant program; or

"(C) from any other source.

"(2) PRIORITY OF FUNDING.—To best build the foundations for long-term economic development and to complement other Federal, State, and tribal resources in the region, Federal funds available under this chapter shall be focused on the following activities:

"(A) Basic public infrastructure in distressed counties and isolated areas of distress.

"(B) Transportation and telecommunication infrastructure for the purpose of facilitating economic development in the region.

"(C) Business development, with emphasis on entrepreneurship.

"(D) Job training or employment-related education, with emphasis on use of existing public educational institutions located in the region.

**"SEC. 3825. SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.**

"(a) FINDING.—Congress finds that certain States and local communities of the region may be unable to take maximum advantage of Federal grant programs for which the States and communities are eligible because—

"(1) the States and communities lack the economic resources to provide the required matching share; or

"(2) there are insufficient funds available under the applicable Federal law authorizing the Federal grant program to meet pressing needs of the region.

"(b) FEDERAL GRANT PROGRAM FUNDING.—Notwithstanding any provision of law limiting the Federal

share, the areas eligible for assistance, or the authorizations of appropriations, under any Federal grant program, and in accordance with subsection (c), the Authority, with the approval of the Federal cochairperson and with respect to a project to be carried out in the region—

"(1) may increase the Federal share of the costs of a project under any Federal grant program to not more than 90 percent (except as provided in section 3827(b)); and

"(2) shall use amounts made available to carry out this chapter to pay the increased Federal share.

"(c) CERTIFICATIONS.—

"(1) IN GENERAL.—In the case of any project for which all or any portion of the basic Federal share of the costs of the project is proposed to be paid under this section, no Federal contribution shall be made until the Federal official administering the Federal law that authorizes the Federal grant program certifies that the project—

"(A) meets (except as provided in subsection (b)) the applicable requirements of the applicable Federal grant program; and

"(B) could be approved for Federal contribution under the Federal grant program if

funds were available under the law for the project.

"(2) CERTIFICATION BY AUTHORITY.—

"(A) IN GENERAL.—The certifications and determinations required to be made by the Authority for approval of projects under this Act in accordance with section 3830 shall be—

"(i) controlling; and

"(ii) accepted by the Federal agencies.

"(B) ACCEPTANCE BY FEDERAL COCHAIRPERSON.—In the case of any project described in paragraph (1), any finding, report, certification, or documentation required to be submitted with respect to the project to the head of the department, agency, or instrumentality of the Federal Government responsible for the administration of the Federal grant program under which the project is carried out shall be accepted by the Federal cochairperson.

**"SEC. 3826. MULTISTATE AND LOCAL DEVELOPMENT DISTRICTS AND ORGANIZATIONS AND NORTHERN GREAT PLAINS INC.**

"(a) DEFINITION OF MULTISTATE AND LOCAL DEVELOPMENT DISTRICT OR ORGANIZATION.—In this sec-

tion, the term 'multistate and local development district or organization' means an entity—

"(1) that—

"(A) is a planning district that is recognized by the Economic Development Administration of the Department of Commerce; or

"(B) is—

"(i) organized and operated in a manner that ensures broad-based community participation and an effective opportunity for other nonprofit groups to contribute to the development and implementation of programs in the region;

"(ii) a nonprofit incorporated body organized or chartered under the law of the State in which the entity is located;

"(iii) a nonprofit agency or instrumentality of a State or local government;

"(iv) a public organization established before the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012 under State law for creation of multijurisdictional, area-wide planning organizations;

"(v) a nonprofit agency or instrumentality of a State that was established for the purpose of assisting with multistate cooperation; or

"(vi) a nonprofit association or combination of bodies, agencies, and instrumentalities described in clauses (ii) through (v); and

"(2) that has not, as certified by the Authority (in consultation with the Federal cochairperson or Secretary, as appropriate)—

"(A) inappropriately used Federal grant funds from any Federal source; or

"(B) appointed an officer who, during the period in which another entity inappropriately used Federal grant funds from any Federal source, was an officer of the other entity.

"(b) GRANTS TO MULTISTATE, LOCAL, OR REGIONAL DEVELOPMENT DISTRICTS AND ORGANIZATIONS.—

"(1) IN GENERAL.—The Authority may make grants for administrative expenses under this section to multistate, local, and regional development districts and organizations.

"(2) CONDITIONS FOR GRANTS.—

"(A) MAXIMUM AMOUNT.—The amount of any grant awarded under paragraph (1) shall not exceed 80 percent of the administrative expenses of the multistate, local, or regional development district or organization receiving the grant.

"(B) MAXIMUM PERIOD.—No grant described in paragraph (1) shall be awarded for a period of greater than 3 years.

"(3) LOCAL SHARE.—The contributions of a multistate, local, or regional development district or organization for administrative expenses may be in cash or in kind, fairly evaluated, including space, equipment, and services.

"(c) DUTIES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), a local development district shall operate as a lead organization serving multicounty areas in the region at the local level.

"(2) DESIGNATION.—The Federal cochairperson may designate an Indian tribe or multijurisdictional organization to serve as a lead organization in such cases as the Federal cochairperson or Secretary, as appropriate, determines appropriate.

"(d) NORTHERN GREAT PLAINS INC.—Northern Great Plains Inc., a nonprofit corporation incorporated in the State of Minnesota to implement the recommendations of the Northern Great Plains Rural Development Commission established by the Northern Great Plains Rural Development Act (7 U.S.C. 2661 note; Public Law 103–318)—

"(1) shall serve as an independent, primary resource for the Authority on issues of concern to the region;

"(2) shall advise the Authority on development of international trade;

"(3) may provide research, education, training, and other support to the Authority; and

"(4) may carry out other activities on its own behalf or on behalf of other entities.

**"SEC. 3827. DISTRESSED COUNTIES AND AREAS AND NON-DISTRESSED COUNTIES.**

"(a) DESIGNATIONS.—Each year, the Authority, in accordance with such criteria as the Authority may establish, shall designate—

"(1) as distressed counties, counties in the region that are the most severely and persistently distressed and underdeveloped and have high rates of poverty, unemployment, or outmigration;

"(2) as nondistressed counties, counties in the region that are not designated as distressed counties under paragraph (1); and

"(3) as isolated areas of distress, areas located in nondistressed counties (as designated under paragraph (2)) that have high rates of poverty, unemployment, or outmigration.

"(b) DISTRESSED COUNTIES.—

"(1) IN GENERAL.—The Authority shall allocate at least 50 percent of the appropriations made available under section 3834 for programs and projects designed to serve the needs of distressed counties and isolated areas of distress in the region.

"(2) FUNDING LIMITATIONS.—The funding limitations under section 3825(b) shall not apply to a project to provide transportation or telecommunication or basic public services to residents of 1 or more distressed counties or isolated areas of distress in the region.

"(c) TRANSPORTATION, TELECOMMUNICATION, RENEWABLE ENERGY, AND BASIC PUBLIC INFRASTRUCTURE.—The Authority shall allocate at least 50 percent of any funds made available under section 3834 for transportation, telecommunication, renewable energy, and basic

public infrastructure projects authorized under paragraphs (1) and (3) of section 3824(a).

**"SEC. 3828. DEVELOPMENT PLANNING PROCESS.**

"(a) STATE DEVELOPMENT PLAN.—In accordance with policies established by the Authority, each State member shall submit a development plan for the area of the region represented by the State member.

"(b) CONTENT OF PLAN.—A State development plan submitted under subsection (a) shall reflect the goals, objectives, and priorities identified in the regional development plan developed under section 3823(d)(2).

"(c) CONSULTATION WITH INTERESTED LOCAL PARTIES.—In carrying out the development planning process (including the selection of programs and projects for assistance), a State may—

"(1) consult with—

"(A) multistate, regional, and local development districts and organizations; and

"(B) local units of government; and

"(2) take into consideration the goals, objectives, priorities, and recommendations of the entities described in paragraph (1).

"(d) PUBLIC PARTICIPATION.—

"(1) IN GENERAL.—The Authority and applicable multistate, regional, and local development dis-

tricts and organizations shall encourage and assist, to the maximum extent practicable, public participation in the development, revision, and implementation of all plans and programs under this chapter.

"(2) REGULATIONS.—The Authority shall develop guidelines for providing public participation described in paragraph (1), including public hearings.

**"SEC. 3829. PROGRAM DEVELOPMENT CRITERIA.**

"(a) IN GENERAL.—In considering programs and projects to be provided assistance under this chapter, and in establishing a priority ranking of the requests for assistance provided to the Authority, the Authority shall follow procedures that ensure, to the maximum extent practicable, consideration of—

"(1) the relationship of the project or class of projects to overall multistate or regional development;

"(2) the per capita income and poverty and unemployment and outmigration rates in an area;

"(3) the financial resources available to the applicants for assistance seeking to carry out the project, with emphasis on ensuring that projects are adequately financed to maximize the probability of successful economic development;

"(4) the importance of the project or class of projects in relation to other projects or classes of projects that may be in competition for the same funds;

"(5) the prospects that the project for which assistance is sought will improve, on a continuing rather than a temporary basis, the opportunities for employment, the average level of income, or the economic development of the area to be served by the project; and

"(6) the extent to which the project design provides for detailed outcome measurements by which grant expenditures and the results of the expenditures may be evaluated.

"(b) NO RELOCATION ASSISTANCE.—

"(1) IN GENERAL.—Except as provided in paragraph (2), no financial assistance authorized by this chapter shall be used to assist a person or entity in relocating from 1 area to another.

"(2) OUTSIDE BUSINESSES.—Financial assistance under this chapter may be used as otherwise authorized by this title to attract businesses from outside the region to the region.

"(c) MAINTENANCE OF EFFORT.—Funds may be provided for a program or project in a State under this

chapter only if the Authority determines that the level of Federal or State financial assistance provided under a law other than this chapter, for the same type of program or project in the same area of the State within the region, will not be reduced as a result of funds made available by this chapter.

**"SEC. 3830. APPROVAL OF DEVELOPMENT PLANS AND PROJECTS.**

"(a) IN GENERAL.—A State or regional development plan or any multistate subregional plan that is proposed for development under this chapter shall be reviewed by the Authority.

"(b) EVALUATION BY STATE MEMBER.—An application for a grant or any other assistance for a project under this chapter shall be made through and evaluated for approval by the State member of the Authority representing the applicant.

"(c) CERTIFICATION.—An application for a grant or other assistance for a project shall be approved only on certification by the State member that the application for the project—

"(1) describes ways in which the project complies with any applicable State development plan;

"(2) meets applicable criteria under section 3829;

"(3) provides adequate assurance that the proposed project will be properly administered, operated, and maintained; and

"(4) otherwise meets the requirements of this chapter.

"(d) VOTES FOR DECISIONS.—On certification by a State member of the Authority of an application for a grant or other assistance for a specific project under this section, an affirmative vote of the Authority under section 3822(c) shall be required for approval of the application.

**"SEC. 3831. CONSENT OF STATES.**

" "Nothing in this chapter requires any State to engage in or accept any program under this chapter without the consent of the State.

**"SEC. 3832. RECORDS.**

"(a) RECORDS OF THE AUTHORITY.—

"(1) IN GENERAL.—The Authority shall maintain accurate and complete records of all transactions and activities of the Authority.

"(2) AVAILABILITY.—All records of the Authority shall be available for audit and examination by the Comptroller General of the United States and the Inspector General of the Department of Agriculture (including authorized representatives of the

Comptroller General and the Inspector General of the Department of Agriculture).

"(b) RECORDS OF RECIPIENTS OF FEDERAL ASSISTANCE.—

"(1) IN GENERAL.—A recipient of Federal funds under this chapter shall, as required by the Authority, maintain accurate and complete records of transactions and activities financed with Federal funds and report to the Authority on the transactions and activities to the Authority.

"(2) AVAILABILITY.—All records required under paragraph (1) shall be available for audit by the Comptroller General of the United States, the Inspector General of the Department of Agriculture, and the Authority (including authorized representatives of the Comptroller General, the Inspector General of the Department of Agriculture, and the Authority).

"(c) ANNUAL AUDIT.—The Inspector General of the Department of Agriculture shall audit the activities, transactions, and records of the Authority on an annual basis.

**"SEC. 3833. ANNUAL REPORT.**

"Not later than 180 days after the end of each fiscal year, the Authority shall submit to the President and to

Congress a report describing the activities carried out under this chapter.

**"SEC. 3834. AUTHORIZATION OF APPROPRIATIONS.**

"(a) IN GENERAL.—There is authorized to be appropriated to the Authority to carry out this chapter $30,000,000 for each of fiscal years 2012 through 2017, to remain available until expended.

"(b) ADMINISTRATIVE EXPENSES.—Not more than 5 percent of the amount appropriated under subsection (a) for a fiscal year shall be used for administrative expenses of the Authority.

"(c) MINIMUM STATE SHARE OF GRANTS.—Notwithstanding any other provision of this chapter, for any fiscal year, the aggregate amount of grants received by a State and all persons or entities in the State under this chapter shall be not less than ⅓ of the product obtained by multiplying—

"(1) the aggregate amount of grants under this chapter for the fiscal year; and

"(2) the ratio that—

"(A) the population of the State (as determined by the Secretary of Commerce based on the most recent decennial census for which data are available); bears to

"(B) the population of the region (as so determined).

**"SEC. 3835. TERMINATION OF AUTHORITY.**

"The authority provided by this chapter terminates effective October 1, 2017.

# "Subtitle C—General Provisions

**"SEC. 3901. FULL FAITH AND CREDIT.**

"(a) IN GENERAL.—A contract of insurance or guarantee executed by the Secretary under this title shall be an obligation supported by the full faith and credit of the United States.

"(b) CONTESTABILITY.—A contract of insurance or guarantee executed by the Secretary under this title shall be incontestable except for fraud or misrepresentation that the lender or any holder—

"(1) has actual knowledge of at the time the contract of insurance or guarantee is executed; or

"(2) participates in or condones.

**"SEC. 3902. PURCHASE AND SALE OF GUARANTEED PORTIONS OF LOANS.**

"(a) IN GENERAL.—Subject to subsections (b) and (c), the Secretary may purchase, on such terms and conditions as the Secretary considers appropriate, the guaranteed portion of a loan guaranteed under this title, if the

Secretary determines that an adequate secondary market is not available in the private sector.

"(b) MAXIMUM PAYMENT.—The Secretary may not pay for any guaranteed portion of a loan under subsection (a) in excess of an amount equal to the unpaid principal balance and accrued interest on the guaranteed portion of the loan.

"(c) SOURCES OF FUNDING.—The Secretary may use for the purchases—

"(1) funds from the Rural Development Insurance Fund with respect to rural development loans (as defined in section 3704(a)); and

"(2) funds from the Agricultural Credit Insurance Fund with respect to all other loans under this title.

"(d) SALE OF GUARANTEED LOANS.—

"(1) SALES.—

"(A) REGULATION.—

"(i) IN GENERAL.—The guaranteed portion of any loan made under this title may be sold by the lender, and by any subsequent holder, in accordance with such regulations governing the sales as the Secretary shall establish, subject to clauses (ii) and (iii).

"(ii) FEES TO BE PAID IN FULL.—All fees due the Secretary with respect to a guaranteed loan shall be paid in full before any sale.

"(iii) LOAN TO BE FULLY DISBURSED.—The loan shall be fully disbursed to the borrower before the sale.

"(B) POST-SALE.—After a loan is sold in the secondary market, the lender shall—

"(i) remain obligated under the guarantee agreement of the lender with the Secretary; and

"(ii) continue to service the loan in accordance with the terms and conditions of that agreement.

"(C) PROCEDURES.—The Secretary shall develop such procedures as are necessary for—

"(i) the facilitation, administration, and promotion of secondary market operations; and

"(ii) determining the increase of access of farmers to capital at reasonable rates and terms as a result of secondary market operations.

"(D) RIGHTS TO PREPAY.—This subsection does not impede or extinguish—

"(i) the right of the borrower or the successor in interest to the borrower to prepay (in whole or in part) any loan made under this title; or

"(ii) the rights of any party under any provision of this title.

"(2) ISSUE POOL CERTIFICATES.—

"(A) IN GENERAL.—The Secretary may, directly or through a market maker approved by the Secretary, issue pool certificates representing ownership of part or all of the guaranteed portion of any loan guaranteed by the Secretary under this title.

"(B) APPROVAL.—Certificates under subparagraph (A) shall be based on and backed by a pool established or approved by the Secretary and composed solely of the entire guaranteed portion of the loans.

"(C) GUARANTEE OF POOL.—On such terms and conditions as the Secretary considers appropriate, the Secretary may guarantee the timely payment of the principal and interest on pool certificates issued on behalf of the Sec-

retary by approved market makers for purposes of this subsection.

"(D) LIMITATIONS.—A guarantee under subparagraph (C) shall be limited to the extent of principal and interest on the guaranteed portions of loans that compose the pool.

"(E) PREPAYMENT.—If a loan in a pool is prepaid, either voluntarily or by reason of default, the guarantee of timely payment of principal and interest on the pool certificates shall be reduced in proportion to the amount of principal and interest that the prepaid loan represents in the pool.

"(F) INTEREST ACCRUAL.—Interest on prepaid or defaulted loans shall accrue and be guaranteed by the Secretary only through the date of payment on the guarantee.

"(G) REDEMPTION.—During the term of the pool certificate, the certificate may be called for redemption due to prepayment or default of all loans constituting the pool.

"(H) FULL FAITH AND CREDIT.—The full faith and credit of the United States is pledged to the payment of all amounts that may be required to be paid under any guarantee of the

pool certificates issued by approved market makers under this subsection.

"(I) FEES.—

"(i) IN GENERAL.—The Secretary shall not collect any fee for any guarantee under this subsection.

"(ii) SECRETARIAL FUNCTIONS.—Clause (i) does not preclude the Secretary from collecting a fee for the functions described in paragraph (3).

"(J) DEFAULT.—Not later than 30 days after a borrower of a guaranteed loan is in default of any principal or interest payment due for 60 days or more, the Secretary shall—

"(i) purchase the pool certificates representing ownership of the guaranteed portion of the loan; and

"(ii) pay the registered holder of the certificates an amount equal to the guaranteed portion of the loan represented by the certificate.

"(K) PAYMENT OF CLAIMS.—If the Secretary pays a claim under a guarantee issued under this subsection, the claim shall be sub-

rogated fully to the rights satisfied by the payment, as may be provided by the Secretary.

"(L) APPLICATION OF LAWS.—No State or local law, and no Federal law, shall preclude or limit the exercise by the Secretary of the ownership rights of the Secretary in the portions of loans constituting the pool against which the certificates are issued.

"(3) DUTIES OF THE SECRETARY.—

"(A) IN GENERAL.—On the adoption of final rules and regulations, the Secretary shall—

"(i) provide for the central collection of registration information from all participating market makers for all loans and pool certificates sold under paragraphs (1) and (2), including, with respect to each original sale and any subsequent sale—

"(I) identification of the interest rate paid by the borrower to the lender;

"(II) the servicing fee of the lender;

"(III) disclosure of whether interest on the loan is at a fixed or variable rate;

"(IV) identification of each purchaser of a pool certificate;

"(V) the interest rate paid on the certificate; and

"(VI) such other information as the Secretary considers appropriate.

"(ii) before any sale, require the seller (as defined in subparagraph (B) to disclose to each prospective purchaser of the portion of a loan guaranteed under this title and to each prospective purchaser of a pool certificate issued under paragraph (2) information on the terms, conditions, and yield of such instrument;

"(iii) provide for adequate custody of any pooled guaranteed loans;

"(iv) take such actions as are necessary, in restructuring pools of the guaranteed portion of loans, to minimize the estimated costs of paying claims under guarantees issued under this subsection;

"(v) require each market maker—

"(I) to service all pools formed, and participations sold, by the market maker; and

"(II) to provide the Secretary with information relating to the collection and disbursement of all periodic payments, prepayments, and default funds from lenders, to or from the reserve fund that the Secretary shall establish to enable the timely payment guarantee to be self-funding, and from all beneficial holders; and

"(vi) regulate market makers in pool certificates sold under this subsection.

"(B) DEFINITION OF SELLER.—For purposes of subparagraph (A)(ii), if the instrument being sold is a loan, the term 'seller' does not include—

"(i) the person who made the loan; or

"(ii) any person who sells 3 or fewer guaranteed loans per year.

"(4) CONTRACT FOR SERVICES.—The Secretary may contract for goods and services to be used for the purposes of this subsection without regard to ti-

tles 5, 40, and 41, United States Code (including any regulations issued under those titles).

**"SEC. 3903. ADMINISTRATION.**

"(a) POWERS OF SECRETARY.—The Secretary may—

"(1)(A) administer the powers and duties of the Secretary through such national, area, State, or local offices and employees in the United States as the Secretary determines to be necessary; and

"(B) authorize an office to serve an area composed of 2 or more States if the Secretary determines that the volume of business in the area is not sufficient to justify separate State offices;

"(2)(A) accept and use voluntary and uncompensated services; and

"(B) with the consent of the agency concerned, use the officers, employees, equipment, and information of any agency of the Federal Government, or of any State, territory, or political subdivision;

"(3) subject to appropriations, make necessary expenditures for the purchase or hire of passenger vehicles, and such other facilities and services as the Secretary may from time to time find necessary for the proper administration of this title;

"(4) subject to subsection (b), compromise, adjust, reduce, or charge-off debts or claims (including debts and claims arising from loan guarantees), and adjust, modify, subordinate, or release the terms of security instruments, leases, contracts, and agreements entered into or administered by the Farm Service Agency, the Rural Utilities Service, the Rural Housing Service, the Rural Business-Cooperative Service, or successor agencies under this title, except for activities conducted under the Housing Act of 1949 (42 U.S.C. 1441 et seq.);

"(5) release mortgage and other contract liens if it appears that the mortgage and liens have no present or prospective value or that the enforcement of the mortgage and liens likely would be ineffectual or uneconomical;

"(6) obtain fidelity bonds protecting the Federal Government against fraud and dishonesty of officers and employees of the Farm Service Agency, the Rural Utilities Service, the Rural Housing Service, or the Rural Business-Cooperative Service in lieu of faithful performance of duties bonds under section 14 of title 6, United States Code, but otherwise in accordance with the section;

"(7) consent to—

"(A) long-term leases of facilities financed under this title notwithstanding the failure of the lessee to meet any of the requirements of this title if the long-term leases are necessary to ensure the continuation of services for which financing was extended to the lessor; and

"(B) the transfer of property securing any loan or financed by any loan or grant made or guaranteed by the Farm Service Agency, the Rural Utilities Service, the Rural Housing Service, or the Rural Business-Cooperative Service under this title, or any other law administered by the Secretary, on such terms as the Secretary considers necessary to carry out the purpose of the loan or grant or to protect the financial interest of the Federal Government, provided that the Secretary shall document the consent of the Secretary for the transfer of the property of a borrower in the file of the borrower; and

"(8) notwithstanding that an area ceases, or has ceased, to be rural, in a rural area, or an eligible area, make loans and grants, and approve transfers and assumptions, under this title on the same basis as though the area still was rural in connection with

property securing any loan made or guaranteed by the Secretary under this title or in connection with any property held by the Secretary under this title.

"(b) LOAN ADJUSTMENTS.—

"(1) NO LIQUIDATION OF PROPERTY.—The Secretary may not require liquidation of property securing any farmer program loan or acceleration of any payment required under any farmer program loan as a prerequisite to initiating an action authorized under subsection (a).

"(2) RELEASE OF PERSONAL LIABILITY.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary may release a borrower or other person obligated on a debt (other than debt incurred under the Housing Act of 1949 (42 U.S.C. 1441 et seq.)) from personal liability with or without payment of any consideration at the time of the compromise, adjustment, reduction, or charge-off of any claim.

"(B) EXCEPTION.—No compromise, adjustment, reduction, or charge-off of any claim may be made or carried out after the claim has been referred to the Attorney General, unless the Attorney General approves.

"(3) RURAL ELECTRIFICATION SECURITY INSTRUMENTS.—In the case of a security instrument entered into under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.), the Secretary shall notify the Attorney General of the intent of the Secretary to exercise the authority of the Secretary under paragraph (2).

"(c) SIMPLIFIED APPLICATION FORMS FOR LOAN GUARANTEES.—

"(1) IN GENERAL.—The Secretary shall provide to lenders a short, simplified application form for guarantees under this title of—

"(A) farmer program loans the principal amount of which is $125,000 or less; and

"(B) business and industry guaranteed loans under section 3601(a)(2)(A) the principal amount of which is—

"(i) in the case of a loan guarantee made during fiscal year 2002 or 2003, $400,000 or less; and

"(ii) in the case of a loan guarantee made during any subsequent fiscal year—

"(I) $400,000 or less; or

"(II) if the Secretary determines that there is not a significant in-

creased risk of a default on the loan, $600,000 or less.

"(2) WATER AND WASTE DISPOSAL GRANTS AND LOANS.—The Secretary shall develop an application process that accelerates, to the maximum extent practicable, the processing of applications for water and waste disposal grants or direct or guaranteed loans under section 3501(a)(1) the grant award amount or principal loan amount, respectively, of which is $300,000 or less.

"(3) ADMINISTRATION.—In developing an application under this subsection, the Secretary shall—

"(A) consult with commercial and cooperative lenders; and

"(B) ensure that—

"(i) the form can be completed manually or electronically, at the option of the lender;

"(ii) the form minimizes the documentation required to accompany the form;

"(iii) the cost of completing and processing the form is minimal; and

"(iv) the form can be completed and processed in an expeditious manner.

"(d) USE OF ATTORNEYS FOR PROSECUTION OR DEFENSE OF CLAIMS.—The Secretary may use for the prosecution or defense of any claim or obligation described in subsection (a)(5) the Attorney General, the General Counsel of the Department, or a private attorney who has entered into a contract with the Secretary.

"(e) PRIVATE COLLECTION AGENCY.—The Secretary may use a private collection agency to collect a claim or obligation described in subsection (a)(5).

"(f) SECURITY SERVICING.—

"(1) IN GENERAL.—The Secretary may—

"(A) make advances, without regard to any loan or total indebtedness limitation, to preserve and protect the security for, or the lien or priority of the lien securing any loan or other indebtedness owing to or acquired by the Secretary under this title or under any other program administered by the Farm Service Agency, the Rural Utilities Service, the Rural Housing Service, or the Rural Business-Cooperative Service applicable program, as determined by the Secretary; and

"(B)(i) bid for and purchase at any execution, foreclosure, or other sale or otherwise acquire property on which the United States has

a lien by reason of a judgment or execution arising from, or that is pledged, mortgaged, conveyed, attached, or levied on to secure the payment of, the indebtedness regardless of whether the property is subject to other liens;

"(ii) accept title to any property so purchased or acquired; and

"(iii) sell, manage, or otherwise dispose of the property in accordance with this subsection.

"(2) OPERATION OR LEASE OF REALTY.—Except as provided in subsections (c) and (e), real property administered under this title may be operated or leased by the Secretary for such period as the Secretary may consider necessary to protect the investment of the Federal Government in the property.

"(g) PAYMENTS TO LENDERS.—

"(1) REQUIREMENT.—Not later than 90 days after a court of competent jurisdiction confirms a plan of reorganization under chapter 12 of title 11, United States Code, for any borrower to whom a lender has made a loan guaranteed under this title, the Secretary shall pay the lender an amount estimated by the Secretary to be equal to the loss incurred by the lender for purposes of the guarantee.

"(2) PAYMENT TOWARD LOAN GUARANTEE.—Any amount paid to a lender under this subsection with respect to a loan guaranteed under this title shall be treated as payment towards satisfaction of the loan guarantee.

**"SEC. 3904. LOAN MORATORIUM AND POLICY ON FORECLOSURES.**

"(a) IN GENERAL.—In addition to any other authority that the Secretary may have to defer principal and interest and forgo foreclosure, the Secretary may permit, at the request of the borrower, the deferral of principal and interest on any outstanding loan made or guaranteed by the Secretary under this title, or under any other law administered by the Farm Service Agency, the Rural Utilities Service, the Rural Housing Service, or the Rural Business-Cooperative Service, and may forgo foreclosure of the loan, for such period as the Secretary considers necessary on a showing by the borrower that, due to circumstances beyond the control of the borrower, the borrower is temporarily unable to continue making payments of the principal and interest when due without unduly impairing the standard of living of the borrower.

"(b) INTEREST.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary may permit any loan de-

ferred under this section to bear no interest during or after the deferral period.

"(2) EXCEPTION.—If the security instrument securing the loan is foreclosed, such interest as is included in the purchase price at the foreclosure shall become part of the principal and draw interest from the date of foreclosure at the rate prescribed by law.

"(c) MORATORIUM REGARDING CIVIL RIGHTS CLAIMS.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, effective beginning on May 22, 2008, there shall be in effect a moratorium, with respect to farmer program loans made under subtitle A, on all acceleration and foreclosure proceedings instituted by the Department against any farmer who—

"(A) has pending against the Department a claim of program discrimination that is accepted by the Department as valid; or

"(B) files a claim of program discrimination that is accepted by the Department as valid.

"(2) WAIVER OF INTEREST AND OFFSETS.—During the period of the moratorium, the Secretary shall waive the accrual of interest and offsets on all

farmer program loans made under subtitle A, B, or C for which loan acceleration or foreclosure proceedings have been suspended under paragraph (1).

"(3) TERMINATION OF MORATORIUM.—The moratorium shall terminate with respect to a claim of discrimination by a farmer on the earlier of—

"(A) the date the Secretary resolves the claim; or

"(B) if the farmer appeals the decision of the Secretary on the claim to a court of competent jurisdiction, the date that the court renders a final decision on the claim.

"(4) FAILURE TO PREVAIL.—If a farmer does not prevail on a claim of discrimination described in paragraph (1), the farmer shall be liable for any interest and offsets that accrued during the period that loan acceleration or foreclosure proceedings have been suspended under paragraph (1).

**"SEC. 3905. OIL AND GAS ROYALTY PAYMENTS ON LOANS.**

"(a) IN GENERAL.—The Secretary shall permit a borrower of a loan made or guaranteed under this title to make a prospective payment on the loan with proceeds from—

"(1) the leasing of oil, gas, or other mineral rights to real property used to secure the loan; or

"(2) the sale of oil, gas, or other minerals removed from real property used to secure the loan, if the value of the rights to the oil, gas, or other minerals has not been used to secure the loan.

"(b) APPLICABILITY.—Subsection (a) shall not apply to a borrower of a loan made or guaranteed under this title with respect to which a liquidation or foreclosure proceeding was pending on December 23, 1985.

**"SEC. 3906. TAXATION.**

"(a) IN GENERAL.—Except as provided in subsection (b), all property subject to a lien held by the United States or the title to which is acquired or held by the Secretary under this title (other than property used for administrative purposes) shall be subject to taxation by State, territory, district, and local political subdivisions in the same manner and to the same extent as other property is taxed.

"(b) EXCEPTIONS.—No tax shall be imposed or collected as described in subsection (a) if the tax (whether as a tax on the instrument or in connection with conveying, transferring, or recording the instrument) is based on—

"(1) the value of any notes or mortgages or other lien instruments held by or transferred to the Secretary;

"(2) any notes or lien instruments administered under this title that are made, assigned, or held by a person otherwise liable for the tax; or

"(3) the value of any property conveyed or transferred to the Secretary.

"(c) FAILURE TO PAY OR COLLECT TAX.—The failure to pay or collect a tax under subsection (a) shall not—

"(1) be a ground for—

"(A) refusal to record or file an instrument; or

"(B) failure to provide notice; or

"(2) prevent the enforcement of the instrument in any Federal or State court.

**"SEC. 3907. CONFLICTS OF INTEREST.**

"(a) ACCEPTANCE OF CONSIDERATION PROHIBITED.—No officer, attorney, or other employee of the Department shall, directly or indirectly, be the beneficiary of or receive any fee, commission, gift, or other consideration for or in connection with any transaction or business under this title other than such salary, fee, or other compensation as the officer, attorney, or employee may receive as the officer, attorney, or employee.

"(b) ACQUISITION OF INTEREST IN LAND PROHIBITED.—

"(1) IN GENERAL.—Except as provided in paragraph (2), no officer or employee of the Department who acts on or reviews an application made by any person under this title for a loan to purchase land may acquire, directly or indirectly, any interest in the land for a period of 3 years after the date on which the action is taken or the review is made.

"(2) FORMER COUNTY COMMITTEE MEMBERS.—Paragraph (1) shall not apply to a former member of a county committee on a determination by the Secretary, prior to the acquisition of the interest, that the former member acted in good faith when acting on or reviewing the application.

"(c) CERTIFICATIONS ON LOANS TO FAMILY MEMBERS PROHIBITED.—No member of a county committee shall knowingly make or join in making any certification with respect to—

"(1) a loan to purchase any land in which the member, or any person related to the member within the second degree of consanguinity or affinity, has or may acquire any interest; or

"(2) any applicant related to the member within the second degree of consanguinity or affinity.

"(d) PENALTIES.—Any person violating this section shall, on conviction of the violation, be punished by a fine

of not more than $2,000 or imprisonment for not more than 2 years, or both.

**"SEC. 3908. LOAN SUMMARY STATEMENTS.**

"(a) DEFINITION OF SUMMARY PERIOD.—In this section, the term 'summary period' means the period beginning on the date of issuance of the preceding loan summary statement and ending on the date of issuance of the current loan summary statement.

"(b) ISSUANCE OF STATEMENTS.—On the request of a borrower of a loan made (but not guaranteed) under this title, the Secretary shall issue to the borrower a loan summary statement that reflects the account activity during the summary period for each loan made under this title to the borrower, including—

"(1) the outstanding amount of principal due on each loan at the beginning of the summary period;

"(2) the interest rate charged on each loan;

"(3) the amount of payments made on, and the application of the payments to, each loan during the summary period and an explanation of the basis for the application of the payments;

"(4) the amount of principal and interest due on each loan at the end of the summary period;

"(5) the total amount of unpaid principal and interest on all loans at the end of the summary period;

"(6) any delinquency in the repayment of any loan;

"(7) a schedule of the amount and date of payments due on each loan; and

"(8) the procedure the borrower may use to obtain more information concerning the status of the loans.

**"SEC. 3909. CERTIFIED LENDERS PROGRAM.**

"(a) CERTIFIED LENDERS PROGRAM.—

"(1) IN GENERAL.—The Secretary shall establish a program under which the Secretary shall guarantee loans under this title that are made by lending institutions certified by the Secretary.

"(2) CERTIFICATION REQUIREMENTS.—The Secretary shall certify a lending institution that meets such criteria as the Secretary may prescribe in regulations, including the ability of the institution to properly make, service, and liquidate the loans of the institution.

"(3) CONDITION OF CERTIFICATION.—

"(A) IN GENERAL.—As a condition of the 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

Secretary shall permit certified lending institutions to make appropriate certifications (as provided by regulations issued by the Secretary)—

"(i) relating to issues such as creditworthiness, repayment ability, adequacy of collateral, and feasibility of farm operation; and

"(ii) that the borrower is in compliance with all requirements of law, including regulations issued by the Secretary.

"(C) APPROVAL PROCESS.—

"(i) IN GENERAL.—The Secretary shall approve or disapprove a guarantee not later than 14 days after the date that the lending institution applies to the Secretary for the guarantee.

"(ii) DISAPPROVAL.—If the Secretary disapproves the loan application during the 14-day period, the Secretary shall state, in writing, all of the reasons the application was disapproved.

"(5) RELATIONSHIP TO OTHER REQUIREMENTS.—Nothing in this section affects the responsibility 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.

"(B) EFFECT.—A suspension or revocation under subparagraph (A) shall not affect any outstanding guarantee.

"(3) CONDITION OF CERTIFICATION.—As a condition of preferred certification, the Secretary shall require the institution to undertake to service the loans guaranteed by the Secretary under this subsection using generally accepted banking standards concerning loan servicing employed by prudent commercial or cooperative lenders.

"(4) MONITORING.—The Secretary shall, at least annually, monitor the performance of each Preferred Certified Lender to ensure that the conditions of certification are being met.

"(5) EFFECT OF PREFERRED LENDER CERTIFICATION.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, the Secretary shall—

"(i) guarantee 80 percent of an approved loan made by a certified lending institution as described in this subsection, subject to a determination that the borrower meets the eligibility requirements or such other criteria as may be applicable to

loans guaranteed by the Secretary under other provisions of this title;

"(ii) permit certified lending institutions—

"(I) to make all decisions, with respect to loans to be guaranteed by the Secretary under this subsection relating to credit worthiness, the closing, monitoring, collection and liquidation of loans; and

"(II) to accept appropriate certifications, as provided by regulations issued by the Secretary, that the borrower is in compliance with all requirements of law or regulations promulgated by the Secretary; and

"(iii) be considered to have guaranteed 80 percent of a loan made by a preferred certified lending institution as described in paragraph (1), if the Secretary fails to approve or reject the application of such institution within 14 calendar days after the date that the lending institution presented the application to the Secretary.

"(B) REQUIREMENT.—If the Secretary rejects an application under subparagraph (A)(iii) during the 14-day period, the Secretary shall state, in writing, the reasons the application was rejected.

"(c) ADMINISTRATION OF CERTIFIED LENDERS AND PREFERRED CERTIFIED LENDERS PROGRAMS.—The Secretary may administer the loan guarantee programs under subsections (a) and (b) through central offices established in States or in multi-State areas

**"SEC. 3910. LOANS TO RESIDENT ALIENS.**

"(a) IN GENERAL.—Notwithstanding the provisions of this title limiting the making of a loan to a citizen of the United States, the Secretary may make a loan under this title to an alien lawfully admitted to the United States for permanent residence under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.).

"(b) REGULATIONS.—

"(1) IN GENERAL.—No loan may be made under this title to an alien referred to in subsection (a) until the Secretary issues regulations establishing the terms and conditions under which the alien may receive the loan.

"(2) REQUIREMENT.—The Secretary shall submit the regulations to the Committee on Agriculture

of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate at least 30 days prior to the date on which the regulations are published in the Federal Register.

**"SEC. 3911. EXPEDITED CLEARING OF TITLE TO INVENTORY PROPERTY.**

"(a) IN GENERAL.—The Secretary may employ local attorneys, on a case-by-case basis, to process all legal procedures necessary to clear the title to foreclosed properties in the inventory of the Department.

"(b) COMPENSATION.—Attorneys shall be compensated at not more than the usual and customary charges of the attorneys for the work.

**"SEC. 3912. PROHIBITION ON USE OF LOANS FOR CERTAIN PURPOSES.**

"(a) IN GENERAL.—Except as provided in subsections (b) and (c), the Secretary may not approve a loan under this title to drain, dredge, fill, level, or otherwise manipulate a wetland (as defined in section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a))), or to engage in any activity that results in impairing or reducing the flow, circulation, or reach of water.

"(b) PRIOR ACTIVITY.—Subsection (a) does not apply in the case of—

"(1) an activity related to the maintenance of a previously converted wetland; or

"(2) in the case of an activity that had already commenced before November 28, 1990.

"(c) EXCEPTION.—This section shall not apply to a loan made or guaranteed under this title for a utility line.

**"SEC. 3913. TRANSFER OF LAND TO SECRETARY.**

"The President may at any time, in the discretion of the President, transfer to the Secretary any right, interest, or title held by the United States in any land acquired in the program of national defense and no longer needed for that purpose that the President finds suitable for the purposes of this title, and the Secretary shall dispose of the transferred land in the manner and subject to the terms and conditions of this title.

**"SEC. 3914. COMPETITIVE SOURCING LIMITATIONS.**

"The Secretary may not complete a study of, or enter into a contract with a private party to carry out, without specific authorization in a subsequent Act of Congress, a competitive sourcing activity of the Secretary, including support personnel of the Department, relating to rural development or farmer program loans.

**"SEC. 3915. REGULATIONS.**

"The Secretary may issue such regulations, prescribe such terms and conditions for making or guaranteeing

loans, security instruments, and agreements, except as otherwise specified in this title, and make such delegations of authority as the Secretary considers necessary to carry out this title.''.

**SEC. 6002. CONFORMING AMENDMENTS.**

(a) Section 17(c) of the Rural Electrification Act of 1936 (7 U.S.C. 917(c)) is amended by striking paragraph (1) and inserting the following:

''(1) Subtitle B of the Consolidated Farm and Rural Development Act.''.

(b) Section 305(c)(2)(B)(i)(I) of the Rural Electrification Act of 1936 (7 U.S.C. 935(c)(2)(B)(i)(I)) is amended by striking ''section 307(a)(3)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)(A))'' and inserting ''section 3701(b)(2) of the Consolidated Farm and Rural Development Act''.

(c) Section 306F(a)(1) of the Rural Electrification Act of 1936 (7 U.S.C. 936f(a)(1)) is amended by striking subparagraph (B) and inserting the following:

''(B) chapter 1 of subtitle B of the Consolidated Farm and Rural Development Act.''.

(d) Section 2333(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa–2(d)) is amended—

(1) in paragraph (11), by adding ''and'' at the end;

(2) by striking paragraph (12); and

(3) by redesignating paragraph (13) as paragraph (12).

(e) Section 601(b) of the Rural Electrification Act of 1936 (7 U.S.C. 950bb(b)) is amended by striking paragraph (3).

(f) Section 602(5) of the Emergency Livestock Feed Assistance Act of 1988 (7 U.S.C. 1471(5)) is amended by striking ''section 355(e)(1)(D)(ii) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(e)(1)(D)(ii))'' and inserting ''section 3409(c)(1)(A) of the Consolidated Farm and Rural Development Act)''.

(g) Section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) is amended—

(1) in subsection (b)(7)(A), by striking ''section 371 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008f)'' and inserting ''section 3424 of the Consolidated Farm and Rural Development Act''; and

(2) in subsection (n)(2), by striking ''subtitle C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961 et seq.)'' and inserting ''chapter

3 of subtitle A of the Consolidated Farm and Rural Development Act''.

(h) Section 231(a) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1632a(a)) is amended—

(1) in paragraph (1), by striking ''section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a))'' and inserting ''section 3002 of the Consolidated Farm and Rural Development Act''; and

(2) in paragraph (4), by striking ''section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e))'' and inserting ''section 3002 of the Consolidated Farm and Rural Development Act''.

(i) Section 14204(a) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 2008q–1(a)) is amended by striking ''an entity described in section 379C(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008q(a))'' and inserting ''an entity determined by the Secretary''.

(j) Section 607(c)(6) of the Rural Development Policy Act of 1972 (7 U.S.C. 2204b(c)(6)) is amended in the last sentence—

(1) by striking '', and'' and inserting ''and any''; and

(2) by striking ''required under section 306(a)(12) of the Consolidated Farm and Rural Development Act''.

(k) Section 901(b) of the Agricultural Act of 1970 (7 U.S.C. 2204b–1(b)) is amended by striking ''rural areas as defined in the private business enterprise exception in section 306(a)(7) of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926)'' and inserting ''rural areas, as defined in section 3002 of the Consolidated Farm and Rural Development Act''.

(l) Section 14220 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 2206b) is amended by striking ''section 343(a)(13)(A) of the Consolidated Farm and Rural Development Act)'' and inserting ''section 3002 of the Consolidated Farm and Rural Development Act)''.

(m) Section 2501(c)(2)(D) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(c)(2)(D)) is amended by striking ''sections 355(a)(1) and 355(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(a)(1))'' and inserting ''paragraphs (1) and (3) of section 3416(a) of the Consolidated Farm and Rural Development Act''.

(n) Section 2501A(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279–1(b))

is amended by striking ''section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e))'' and inserting ''section 3002 of the Consolidated Farm and Rural Development Act''.

(o) Section 7405(c)(8)(B) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3319f(c)(8)(B)) is amended by striking ''section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e))'' and inserting ''section 3002 of the Consolidated Farm and Rural Development Act)''.

(p) Section 1101(d)(2)(A) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8711(d)(2)(A)) is amended by striking ''section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e))'' and inserting ''section 3002 of the Consolidated Farm and Rural Development Act)''.

(q) Section 1302(d)(2)(A) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8752(d)(2)(A)) is amended by striking ''section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e))'' and inserting ''section 3002 of the Consolidated Farm and Rural Development Act)''.

(r) Section 2375(g) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6613(g)) is amended by striking ''section 304(b), 306(a), or 310B(e)

of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924(b), 1926(a), and 1932(e))'' and inserting ''subtitle B of the Consolidated Farm and Rural Development Act''.

(s) Section 226B(a)(1) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6934(a)(1)) is amended by striking ''section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a))'' and inserting ''section 3002 of the Consolidated Farm and Rural Development Act''.

(t) Section 196(i)(3)(B) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(i)(3)(B)) is amended by striking ''subtitle C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961 et seq.)'' and inserting ''chapter 3 of subtitle A of the Consolidated Farm and Rural Development Act''.

(u) Section 9009(a)(1) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8109(a)(1)) is amended by striking ''section 343(a)(13)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(13)(A)))'' and inserting ''section 3002 of the Consolidated Farm and Rural Development Act''.

(v) Section 9011(c)(2)(B)(v) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C.

8111(c)(2)(B)(v)) is amended by striking subclause (I)and inserting the following:

"(I) beginning farmers (as defined in accordance with section 3002 of the Consolidated Farm and Rural Development Act); or".

(w) Section 7(b)(2)(B) of the Small Business Act (15 U.S.C. 636(b)(2)(B)) is amended by striking "section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961)" and inserting "section 3301 of the Consolidated Farm and Rural Development Act".

(x) Section 8(b)(5)(B)(iii)(III)(bb) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5)(B)(iii)(III)(bb)) is amended by striking "section 355(e)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C.A. § 2003(e)(1))" and inserting "section 3002 of the Consolidated Farm and Rural Development Act)".

(y) Section 10(b)(3) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2106(b)(3)) is amended in the last sentence by striking "set out in the first clause of section 306(a)(7) of the Consolidated Farm and Rural Development Act" and inserting "given the term in section 3002 of the Consolidated Farm and Rural Development Act".

(z) Section 1201(a)(2) of the Food Security Act of 1985 (16 U.S.C. 3801(a)(2)) is amended by striking ''section 343(a)(8) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(8))'' and inserting ''section 3002 of the Consolidated Farm and Rural Development Act''.

(aa) Section 1238(2) of the Food Security Act of 1985 (16 U.S.C. 3838(2)) is amended by striking ''section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a))'' and inserting ''section 3002 of the Consolidated Farm and Rural Development Act''.

(bb) The first section of Public Law 91–229 (25 U.S.C. 488) is amended in subsection (a) by striking ''make loans from the Farmers Home Administration Direct Loan Account created by section 338(c), and to make and insure loans as provided in sections 308 and 309, of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1988(c), 1928, 1929),'' and inserting ''make loans under chapter 1 of subtitle A of the Consolidated Farm and Rural Development Act''.

(cc) Section 5 of Public Law 91–229 (25 U.S.C. 492) is amended by striking ''section 307(a)(3)(B) of the Consolidated Farmers Home Administration Act of 1961, as amended, and to the provisions of subtitle D of that Act except sections 340, 341, 342, and 343'' and inserting

"3105(b)(2) of the Consolidated Farm and Rural Development Act".

(dd) Section 6(c) of Public Law 91–229 (25 U.S.C. 493(c)) is amended by striking "section 333B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983b)" and inserting "subtitle H of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6991 et seq.)".

(ee) Section 181(a)(2)(B)(ii) of the Internal Revenue Code of 1986 is amended by striking "section 2009aa–1 of title 7, United States Code" and inserting "section 3801 of the Consolidated Farm and Rural Development Act".

(ff) Section 515(b)(3) of the Housing Act of 1949 (42 U.S.C. 1485(b)(3)) is amended by striking "all the provisions of section 309 and the second and third sentences of section 308 of the Consolidated Farmers Home Administration Act of 1961, including the authority in section 309(f)(1) of that Act" and inserting "section 3401 of the Consolidated Farm and Rural Development Act".

(gg) Section 517(b) of the Housing Act of 1949 (42 U.S.C. 1487(b)) is amended in the third sentence by striking "(7 U.S.C. 1929)" and inserting "under section 3401 of the Consolidated Farm and Rural Development Act".

(hh) Section 3(8) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3122(8)) is amended—

(1) by striking subparagraph (B) and inserting the following:

"(B) the Delta Regional Authority established under chapter 4 of subtitle B of the Consolidated Farm and Rural Development Act;"; and

(2) by striking subparagraph (D) and inserting the following:

"(D) the Northern Great Plains Regional Authority established under chapter 5 of subtitle B of the Consolidated Farm and Rural Development Act.".

(ii) Section 310(a) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5153(a)) is amended by striking paragraph (4) and inserting the following:

"(4) Chapter 1 of subtitle B of the Consolidated Farm and Rural Development Act.".

(jj) Section 582(d)(1) of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 5154a(d)(1)) is amended by striking "section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a))"

and inserting ''section 3301(b) of the Consolidated Farm and Rural Development Act''.

(kk) Section 213(c)(1) of the Biomass Energy and Alcohol Fuels Act of 1980 (42 U.S.C. 8813(c)(1)) is amended in the first sentence by striking ''section 309 of the Consolidated Farm and Rural Development Act or the Rural Development Insurance Fund in section 309A of such Act'' and inserting ''under section 3401 of the Consolidated Farm and Rural Development Act or the Rural Development Insurance Fund under section 3704 of that Act''.

(ll) Section 1323(b)(2) of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1932 note) is amended—

(1) in subparagraph (A), by inserting ''and'' at the end;

(2) in subparagraph (B), by striking ''; and'' at the end and inserting a period; and

(3) by striking subparagraph (C).

# Subtitle B—Rural Electrification

**SEC. 6101. DEFINITION OF RURAL AREA.**

Section 13(3) of the Rural Electrification Act of 1936 (7 U.S.C. 913(A)) is amended by striking subparagraph (A) and inserting the following:

"(A) any area described in section 3002(28)(A)(i) of the Consolidated Farm and Rural Development Act; and".

**SEC. 6102. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.**

Section 313A(f) of the Rural Electrification Act of 1936 (7 U.S.C. 940c–1(f)) is amended by striking "2012" and inserting "2017".

**SEC. 6103. EXPANSION OF 911 ACCESS.**

Section 315(d) of the Rural Electrification Act of 1936 (7 U.S.C. 940e(d)) is amended by striking "2012" and inserting "2017".

**SEC. 6104. ACCESS TO BROADBAND TELECOMMUNICATIONS SERVICES IN RURAL AREAS.**

Section 601 of the Rural Electrification Act of 1936 (7 U.S.C. 950bb) is amended—

(1) in subsection (a), by striking "loans and" and inserting "grants, loans, and";

(2) in subsection (b), by striking paragraph (3) and inserting the following:

"(3) RURAL AREA.—The term 'rural area' means any area described in section 3002 of the Consolidated Farm and Rural Development Act.";

(3) in subsection (c)—

(A) in the subsection heading, by striking "LOANS AND" and inserting "GRANTS, LOANS, AND";

(B) in paragraph (1), by inserting "make grants and" after "Secretary shall";

(C) by striking paragraph (2) and inserting the following:

"(2) PRIORITY.—

"(A) IN GENERAL.—In making grants or guaranteeing loans under paragraph (1), the Secretary shall give the highest priority to applicants that offer to provide broadband service to the greatest proportion of households that, prior to the provision of the broadband service, had no incumbent service provider.

"(B) OTHER.—After giving priority to the applicants described in subparagraph (A), the Secretary shall then give priority to projects that serve rural communities—

"(i) with a population of less than 20,000 permanent residents;

"(ii) experiencing outmigration;

"(iii) with a high percentage of low-income residents; and

"(iv) that are isolated from other significant population centers."; and

(D) by adding at the end the following:

"(3) GRANT AMOUNTS.—

"(A) ELIGIBILITY.—To be eligible for a grant under this section, the project that is the subject of the grant shall be carried out in a rural area.

"(B) MAXIMUM.—Except as provided in subparagraph (D), the amount of any grant made under this section shall not exceed 50 percent of the development costs of the project for which the grant is provided.

"(C) GRANT RATE.—The Secretary shall establish the grant rate for each project in accordance with regulations issued by the Secretary that shall provide for a graduated scale of grant rates that establish higher rates for projects in communities that have—

"(i) remote locations;

"(ii) low community populations;

"(iii) low income levels; and

"(iv) developed the applications of the communities with the participation of combinations of stakeholders, including—

"(I) State, local, and tribal governments;

"(II) nonprofit institutions;

"(III) institutions of higher education;

"(IV) private entities; and

"(V) philanthropic organizations.

"(D) SECRETARIAL AUTHORITY TO ADJUST.—The Secretary may make grants of up to 75 percent of the development costs of the project for which the grant is provided to an eligible entity if the Secretary determines that the project serves a remote or low income area that does not have access to broadband service from any provider of broadband service (including the applicant).";

(4) in subsection (d)—

(A) in paragraph (1)(A)—

(i) in the matter preceding clause (i), by striking "loan or" and inserting "grant, loan, or";

(ii) in clause (ii), by striking "a loan application" and inserting "an application"; and

(iii) in clause (iii)—

(I) by striking ''the loan application'' and inserting ''the application''; and

(II) by striking ''proceeds from the loan made or guaranteed under this section are'' and inserting ''assistance under this section is'';

(B) in paragraph (2)(A), in the matter preceding clause (i)—

(i) by striking ''the proceeds of a loan made or guaranteed'' and inserting ''assistance''; and

(ii) by striking ''for the loan or loan guarantee'' and inserting ''of the eligible entity'';

(C) by striking ''loan or'' each place it appears in paragraphs (2)(B), (3)(A), (4), (5), and (6) and inserting ''grant, loan, or'';

(D) in paragraph (7), by striking ''a loan application'' and inserting ''an application''; and

(E) by adding at the end the following:

''(8) TRANSPARENCY AND REPORTING.—The Secretary—

"(A) shall require any entity receiving assistance under this section to submit quarterly, in a format specified by the Secretary, a report that describes—

"(i) the use by the entity of the assistance; and

"(ii) the progress towards fulfilling the objectives for which the assistance was granted;

"(B) shall maintain a fully searchable database, accessible on the Internet at no cost to the public, that contains, at a minimum—

"(i) a list of each entity that has applied for assistance under this section;

"(ii) a description of each application, including the status of each application;

"(iii) for each entity receiving assistance under this section—

"(I) the name of the entity;

"(II) the type of assistance being received;

"(III) the purpose for which the entity is receiving the assistance; and

"(IV) each quarterly report submitted under subparagraph (A); and

"(iv) such other information as is sufficient to allow the public to understand and monitor assistance provided under this section;

"(C) may, in addition to other authority under applicable law, deobligate awards to grantees that demonstrate an insufficient level of performance, or wasteful or fraudulent spending, as defined in advance by the Secretary, and award those funds competitively to new or existing applicants consistent with this section; and

"(D) may establish additional reporting and information requirements for any recipient of any assistance under this section so as to ensure compliance with this section.";

(5) in subsection (f), by striking "make a loan or loan guarantee" and inserting "provide assistance";

(6) in subsection (j)—

(A) in the matter preceding paragraph (1), by striking "loan and loan guarantee";

(B) in paragraph (1), by inserting "grants and" after "number of";

(C) in paragraph (2)—

(i) in subparagraph (A), by striking "loan"; and

(ii) in subparagraph (B), by striking "loans and" and inserting "grants, loans, and"; and

(D) in paragraph (3), by striking "loan";

(7) in subsection (k)(1)—

(A) by striking "$25,000,000" and inserting "$50,000,000"; and

(B) by striking "2012" and inserting "2017"; and

(8) in subsection (*l*)—

(A) by striking "loan or" and inserting "grant, loan, or"; and

(B) by striking "2012" and inserting "2017".

# Subtitle C—Miscellaneous

**SEC. 6201. DISTANCE LEARNING AND TELEMEDICINE.**

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 2335A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa-5) is amended by striking "2012" and inserting "2017".

(b) CONFORMING AMENDMENT.—Section 1(b) of Public Law 102–551 (7 U.S.C. 950aaa note) is amended by striking "2012" and inserting "2017".

**SEC. 6202. RURAL ENERGY SAVINGS PROGRAM.**

Subtitle E of title VI of the Farm Security and Rural Investment Act of 2002 (Public Law 107–171; 116 Stat. 424) is amended by adding at the end the following:

**"SEC. 6407. RURAL ENERGY SAVINGS PROGRAM.**

"(a) PURPOSE.—The purpose of this section is to create jobs, promote rural development, and help rural families and small businesses achieve cost savings by providing loans to qualified consumers to implement durable cost-effective energy efficiency measures.

"(b) DEFINITIONS.—In this section:

"(1) ELIGIBLE ENTITY.—The term 'eligible entity' means—

"(A) any public power district, public utility district, or similar entity, or any electric cooperative described in section 501(c)(12) or 1381(a)(2) of the Internal Revenue Code of 1986, that borrowed and repaid, prepaid, or is paying an electric loan made or guaranteed by the Rural Utilities Service (or any predecessor agency);

"(B) any entity primarily owned or controlled by 1 or more entities described in subparagraph (A); or

"(C) any other entity that is an eligible borrower of the Rural Utility Service, as deter-

mined under section 1710.101 of title 7, Code of Federal Regulations (or a successor regulation).

"(2) ENERGY EFFICIENCY MEASURES.—The term 'energy efficiency measures' means, for or at property served by an eligible entity, structural improvements and investments in cost-effective, commercial technologies to increase energy efficiency.

"(3) QUALIFIED CONSUMER.—The term 'qualified consumer' means a consumer served by an eligible entity that has the ability to repay a loan made under subsection (d), as determined by the eligible entity.

"(4) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Administrator of the Rural Utilities Service.

"(c) LOANS TO ELIGIBLE ENTITIES.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall make loans to eligible entities that agree to use the loan funds to make loans to qualified consumers for the purpose of implementing energy efficiency measures.

"(2) REQUIREMENTS.—

"(A) IN GENERAL.—As a condition of receiving a loan under this subsection, an eligible entity shall—

"(i) establish a list of energy efficiency measures that is expected to decrease energy use or costs of qualified consumers;

"(ii) prepare an implementation plan for use of the loan funds, including use of any interest to be received pursuant to subsection (d)(1)(A);

"(iii) provide for appropriate measurement and verification to ensure—

"(I) the effectiveness of the energy efficiency loans made by the eligible entity; and

"(II) that there is no conflict of interest in carrying out this section; and

"(iv) demonstrate expertise in effective use of energy efficiency measures at an appropriate scale.

"(B) REVISION OF LIST OF ENERGY EFFICIENCY MEASURES.—Subject to the approval of the Secretary, an eligible entity may update the

list required under subparagraph (A)(i) to account for newly available efficiency technologies.

"(C) EXISTING ENERGY EFFICIENCY PROGRAMS.—An eligible entity that, at any time before the date that is 60 days after the date of enactment of this section, has established an energy efficiency program for qualified consumers may use an existing list of energy efficiency measures, implementation plan, or measurement and verification system of that program to satisfy the requirements of subparagraph (A) if the Secretary determines the list, plan, or systems are consistent with the purposes of this section.

"(3) NO INTEREST.—A loan under this subsection shall bear no interest.

"(4) REPAYMENT.—With respect to a loan under paragraph (1)—

"(A) the term shall not exceed 20 years from the date on which the loan is closed; and

"(B) except as provided in paragraph (6), the repayment of each advance shall be amortized for a period not to exceed 10 years.

"(5) AMOUNT OF ADVANCES.—Any advance of loan funds to an eligible entity in any single year

shall not exceed 50 percent of the approved loan amount.

"(6) SPECIAL ADVANCE FOR START-UP ACTIVITIES.—

"(A) IN GENERAL.—In order to assist an eligible entity in defraying the appropriate start-up costs (as determined by the Secretary) of establishing new programs or modifying existing programs to carry out subsection (d), the Secretary shall allow an eligible entity to request a special advance.

"(B) AMOUNT.—No eligible entity may receive a special advance under this paragraph for an amount that is greater than 4 percent of the loan amount received by the eligible entity under paragraph (1).

"(C) REPAYMENT.—Repayment of the special advance—

"(i) shall be required during the 10-year period beginning on the date on which the special advance is made; and

"(ii) at the election of the eligible entity, may be deferred to the end of the 10-year period.

"(7) LIMITATION.—All special advances shall be made under a loan described in paragraph (1) during the first 10 years of the term of the loan.

"(d) LOANS TO QUALIFIED CONSUMERS.—

"(1) TERMS OF LOANS.—Loans made by an eligible entity to qualified consumers using loan funds provided by the Secretary under subsection (c)—

"(A) may bear interest, not to exceed 3 percent, to be used for purposes that include—

"(i) to establish a loan loss reserve; and

"(ii) to offset personnel and program costs of eligible entities to provide the loans;

"(B) shall finance energy efficiency measures for the purpose of decreasing energy usage or costs of the qualified consumer by an amount that ensures, to the maximum extent practicable, that a loan term of not more than 10 years will not pose an undue financial burden on the qualified consumer, as determined by the eligible entity;

"(C) shall not be used to fund purchases of, or modifications to, personal property unless the personal property is or becomes attached to

real property (including a manufactured home) as a fixture;

"(D) shall be repaid through charges added to the electric bill for the property for, or at which, energy efficiency measures are or will be implemented, on the condition that this requirement does not prohibit—

"(i) the voluntary prepayment of a loan by the owner of the property; or

"(ii) the use of any additional repayment mechanisms that are—

"(I) demonstrated to have appropriate risk mitigation features, as determined by the eligible entity; or

"(II) required if the qualified consumer is no longer a customer of the eligible entity; and

"(E) shall require an energy audit by an eligible entity to determine the impact of proposed energy efficiency measures on the energy costs and consumption of the qualified consumer.

"(2) CONTRACTORS.—In addition to any other qualified general contractor, eligible entities may serve as general contractors.

"(e) CONTRACT FOR MEASUREMENT AND VERIFICATION, TRAINING, AND TECHNICAL ASSISTANCE.—

"(1) IN GENERAL.—Not later than 90 days after the date of enactment of this section, the Secretary—

"(A) shall establish a plan for measurement and verification, training, and technical assistance of the program; and

"(B) may enter into 1 or more contracts with a qualified entity for the purposes of—

"(i) providing measurement and verification activities; and

"(ii) developing a program to provide technical assistance and training to the employees of eligible entities to carry out this section.

"(2) USE OF SUBCONTRACTORS AUTHORIZED.—A qualified entity that enters into a contract under paragraph (1) may use subcontractors to assist the qualified entity in carrying out the contract.

"(f) FAST START DEMONSTRATION PROJECTS.—

"(1) IN GENERAL.—The Secretary shall offer to enter into agreements with eligible entities (or groups of eligible entities) that have energy effi-

ciency programs described in subsection (c)(2)(C) to establish an energy efficiency loan demonstration projects consistent with the purposes of this section.

"(2) EVALUATION CRITERIA.—In determining which eligible entities to award loans under this section, the Secretary shall take into consideration eligible entities that—

"(A) implement approaches to energy audits and investments in energy efficiency measures that yield measurable and predictable savings;

"(B) use measurement and verification processes to determine the effectiveness of energy efficiency loans made by eligible entities;

"(C) include training for employees of eligible entities, including any contractors of such entities, to implement or oversee the activities described in subparagraphs (A) and (B);

"(D) provide for the participation of a majority of eligible entities in a State;

"(E) reduce the need for generating capacity;

"(F) provide efficiency loans to—

"(i) in the case of a single eligible entity, not fewer than 20,000 consumers; or

"(ii) in the case of a group of eligible entities, not fewer than 80,000 consumers; and

"(G) serve areas in which, as determined by the Secretary, a large percentage of consumers reside—

"(i) in manufactured homes; or

"(ii) in housing units that are more than 50 years old.

"(3) DEADLINE FOR IMPLEMENTATION.—To the maximum extent practicable, the Secretary shall enter into agreements described in paragraph (1) by not later than 90 days after the date of enactment of this section.

"(4) EFFECT ON AVAILABILITY OF LOANS NATIONALLY.—Nothing in this subsection shall delay the availability of loans to eligible entities on a national basis beginning not later than 180 days after the date of enactment of this section.

"(5) ADDITIONAL DEMONSTRATION PROJECT AUTHORITY.—

"(A) IN GENERAL.—The Secretary may conduct demonstration projects in addition to the project required by paragraph (1).

"(B) INAPPLICABILITY OF CERTAIN CRITERIA.—The additional demonstration projects may be carried out without regard to subparagraphs (D), (F), or (G) of paragraph (2).

"(g) ADDITIONAL AUTHORITY.—The authority provided in this section is in addition to any other authority of the Secretary to offer loans under any other law.

"(h) EFFECTIVE PERIOD.—Subject to the availability of funds and except as otherwise provided in this section, the loans and other expenditures required to be made under this section shall be available until expended, with the Secretary authorized to make new loans as loans are repaid.

"(i) REGULATIONS.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, not later than 180 days after the date of enactment of this section, the Secretary shall promulgate such regulations as are necessary to implement this section.

"(2) PROCEDURE.—The promulgation of the regulations and administration of this section shall be made without regard to—

"(A) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of

proposed rulemaking and public participation in rulemaking; and

"(B) chapter 35 of title 44, United States Code (commonly known as the 'Paperwork Reduction Act').

"(3) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this section, the Secretary shall use the authority provided under section 808 of title 5, United States Code.

"(4) INTERIM REGULATIONS.—Notwithstanding paragraphs (1) and (2), to the extent regulations are necessary to carry out any provision of this section, the Secretary shall implement such regulations through the promulgation of an interim rule.".

# 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.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 1408(h) of the National Agricultural Research, Extension,

and Teaching Policy Act of 1977 (7 U.S.C. 3123(h)) is amended by striking ''2012'' and inserting ''2017''.

(b) DUTIES OF NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.—Section 1408(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(c)) is amended—

(1) in paragraph (3), by striking ''and'' at the end;

(2) in paragraph (4)(C), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(5) consult with industry groups on agricultural research, extension, education, and economics, and make recommendations to the Secretary based on that consultation.''.

**SEC. 7102. SPECIALTY CROP COMMITTEE.**

Section 1408A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123a) is amended—

(1) in subsection (b)—

(A) by striking ''Individuals'' and inserting the following:

''(1) ELIGIBILITY.—Individuals'';

(B) by striking ''Members'' and inserting the following:

''(2) SERVICE.—Members''; and

(C) by adding at the end the following:

''(3) DIVERSITY.—Membership of the specialty crops committee shall reflect diversity in the specialty crops represented.'';

(2) in subsection (c), by adding at the end the following:

''(6) Analysis of alignment of specialty crop committee recommendations with specialty crop research initiative grants awarded under section 412(d) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7632).'';

(3) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively;

(4) by inserting after subsection (c) the following:

''(d) CONSULTATION WITH SPECIALTY CROP INDUSTRY.—In studying the scope and effectiveness of programs under subsection (a), the specialty crops committee shall consult on an ongoing basis with diverse sectors of the specialty crop industry.''; and

(5) in subsection (f) (as redesignated by paragraph (3)), by striking ''subsection (d)'' and inserting ''subsection (e)''.

**SEC. 7103. VETERINARY SERVICES GRANT PROGRAM.**

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1415A (7 U.S.C. 3151a) the following:

**''SEC. 1415B. VETERINARY SERVICES GRANT PROGRAM.**

''(a) DEFINITIONS.—In this section:

''(1) QUALIFIED ENTITY.—The term 'qualified entity' means—

''(A) a for-profit or nonprofit entity located in the United States that operates a veterinary clinic providing veterinary services—

''(i) in a rural area, as defined in section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)); and

''(ii) in response to a veterinarian shortage situation;

''(B) a State, national, allied, or regional veterinary organization or specialty board recognized by the American Veterinary Medical Association;

"(C) a college or school of veterinary medicine accredited by the American Veterinary Medical Association;

"(D) a university research foundation or veterinary medical foundation;

"(E) a department of veterinary science or department of comparative medicine accredited by the Department of Education;

"(F) a State agricultural experiment station; and

"(G) a State, local, or tribal government agency.

"(2) VETERINARIAN SHORTAGE SITUATION.—The term 'veterinarian shortage situation' means a veterinarian shortage situation determined by the Secretary under section 1415A(b).

"(b) ESTABLISHMENT OF PROGRAM.—

"(1) COMPETITIVE GRANTS.—The Secretary shall carry out a program to make competitive grants to qualified entities that carry out programs or activities described in paragraph (2) for the purpose of developing, implementing, and sustaining veterinary services.

"(2) ELIGIBILITY REQUIREMENTS.—To be eligible to receive a grant described in paragraph (1), a

qualified entity shall carry out programs or activities that the Secretary determines will—

"(A) substantially relieve veterinarian shortage situations;

"(B) support or facilitate private veterinary practices engaged in public health activities; or

"(C) support or facilitate the practices of veterinarians who are participating in or have successfully completed a service requirement under section 1415A(a)(2).

"(c) AWARD PROCESSES AND PREFERENCES.—

"(1) APPLICATION, EVALUATION, AND INPUT PROCESSES.—In administering the grant program under this section, the Secretary shall—

"(A) use an appropriate application and evaluation process, as determined by the Secretary; and

"(B) seek the input of interested persons.

"(2) GRANT PREFERENCES.—In selecting recipients of grants to be used for any of the purposes described in paragraphs (2) through (6) of subsection (d), the Secretary shall give a preference to qualified entities that provide documentation of co-

ordination with other qualified entities, with respect to any such purpose.

"(3) ADDITIONAL PREFERENCES.—In awarding grants under this section, the Secretary may develop additional preferences by taking into account the amount of funds available for grants and the purposes for which the grant funds will be used.

"(4) APPLICABILITY OF OTHER PROVISIONS.—Sections 1413B, 1462(a), 1469(a)(3), 1469(c), and 1470 apply to the administration of the grant program under this section.

"(d) USE OF GRANTS TO RELIEVE VETERINARIAN SHORTAGE SITUATIONS AND SUPPORT VETERINARY SERVICES.—A qualified entity may use funds provided by grants under this section to relieve veterinarian shortage situations and support veterinary services for the following purposes:

"(1) To assist veterinarians with establishing or expanding practices for the purpose of—

"(A) equipping veterinary offices;

"(B) sharing in the reasonable overhead costs of the practices, as determined by the Secretary; or

"(C) establishing mobile veterinary facilities in which a portion of the facilities will address education or extension needs.

"(2) To promote recruitment (including for programs in secondary schools), placement, and retention of veterinarians, veterinary technicians, students of veterinary medicine, and students of veterinary technology.

"(3) To allow veterinary students, veterinary interns, externs, fellows, and residents, and veterinary technician students to cover expenses (other than the types of expenses described in 1415A(c)(5)) to attend training programs in food safety or food animal medicine.

"(4) To establish or expand accredited veterinary education programs (including faculty recruitment and retention), veterinary residency and fellowship programs, or veterinary internship and externship programs carried out in coordination with accredited colleges of veterinary medicine.

"(5) To assess veterinarian shortage situations and the preparation of applications submitted to the Secretary for designation as a veterinarian shortage situation under section 1415A(b).

"(6) To provide continuing education and extension, including veterinary telemedicine and other distance-based education, for veterinarians, veterinary technicians, and other health professionals needed to strengthen veterinary programs and enhance food safety.

"(e) SPECIAL REQUIREMENTS FOR CERTAIN GRANTS.—

"(1) TERMS OF SERVICE REQUIREMENTS.—

"(A) IN GENERAL.—Grants provided under this section for the purpose specified in subsection (d)(1) shall be subject to an agreement between the Secretary and the grant recipient that includes a required term of service for the recipient, as established by the Secretary.

"(B) CONSIDERATIONS.—In establishing a term of service under subparagraph (A), the Secretary shall consider only—

"(i) the amount of the grant awarded; and

"(ii) the specific purpose of the grant.

"(2) BREACH REMEDIES.—

"(A) IN GENERAL.—An agreement under paragraph (1) shall provide remedies for any

breach of the agreement by the grant recipient, including repayment or partial repayment of the grant funds, with interest.

"(B) WAIVER.—The Secretary may grant a wavier of the repayment obligation for breach of contract if the Secretary determines that the grant recipient demonstrates extreme hardship or extreme need.

"(C) TREATMENT OF AMOUNTS RECOVERED.—Funds recovered under this paragraph shall—

"(i) be credited to the account available to carry out this section; and

"(ii) remain available until expended.

"(f) COST-SHARING REQUIREMENTS.—

"(1) RECIPIENT SHARE.—Subject to paragraph (2), to be eligible to receive a grant under this section, a qualified entity shall provide matching non-Federal funds, either in cash or in-kind support, in an amount equal to not less than 25 percent of the Federal funds provided by the grant.

"(2) WAIVER.—The Secretary may establish, by regulation, conditions under which the cost-sharing requirements of paragraph (1) may be reduced or waived.

"(g) PROHIBITION ON USE OF GRANT FUNDS FOR CONSTRUCTION.—Funds made available for grants under this section may not be used—

"(1) to construct a new building or facility; or

"(2) to acquire, expand, remodel, or alter an existing building or facility, including site grading and improvement and architect fees.

"(h) REGULATIONS.—Not later than 1 year after the date of enactment of this section, the Secretary shall promulgate regulations to carry out this section.

"(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section $10,000,000 for fiscal year 2013 and each fiscal year thereafter, to remain available until expended.".

**SEC. 7104. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURE SCIENCES EDUCATION.**

Section 1417(m) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(m)) is amended by striking "section $60,000,000" and all that follows and inserting the following: "section—

"(1) $60,000,000 for each of fiscal years 1990 through 2012; and

"(2) $40,000,000 for each of fiscal years 2013 through 2017.".

**SEC. 7105. AGRICULTURAL AND FOOD POLICY RESEARCH CENTERS.**

Section 1419A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155) is amended—

(1) in the section heading, by inserting "**AGRICULTURAL AND FOOD**" before "**POLICY**";

(2) in subsection (a), in the matter preceding paragraph (1)—

(A) by striking "Secretary may" and inserting "Secretary shall, acting through the Office of the Chief Economist,"; and

(B) by inserting "with a history of providing unbiased, nonpartisan economic analysis to Congress" after "subsection (b)";

(3) in subsection (b), by striking "other research institutions" and all that follows through "shall be eligible" and inserting "other public research institutions and organizations shall be eligible";

(4) in subsection (c)—

(A) in the matter preceding paragraph (1), by inserting ", with preference given to policy

research centers having extensive databases, models, and demonstrated experience in providing Congress with agricultural market projections, rural development analysis, agricultural policy analysis, and baseline projections at the farm, multiregional, national, and international levels,'' after ''with this section''; and

(B) in paragraph (2) by inserting ''applied'' after ''theoretical''; and

(5) by striking subsection (d) and inserting the following: ''

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for fiscal year 2012 and each fiscal year thereafter.''.

**SEC. 7106. EDUCATION GRANTS TO ALASKA NATIVE SERVING INSTITUTIONS AND NATIVE HAWAIIAN SERVING INSTITUTIONS.**

Section 1419B of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3156) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking ''(or grants without regard to any requirement for competition)''; and

(B) in paragraph (3), by striking ''2012'' and inserting ''2017''; and

(2) in subsection (b)(1), by striking ''(or grants without regard to any requirement for competition)''; and

(3) in paragraph (3), by striking ''2012'' and inserting ''2017''.

**SEC. 7107. NUTRITION EDUCATION PROGRAM.**

Section 1425(f) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175(f)) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 7108. CONTINUING ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS.**

Section 1433 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195) is amended by striking the section designation and heading and all that follows through subsection (a) and inserting the following:

**''SEC. 1433. APPROPRIATIONS FOR CONTINUING ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS.**

''(a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated to support continuing animal health

and disease research programs at eligible institutions such sums as are necessary, but not to exceed $25,000,000 for each of fiscal years 1991 through 2017.

"(2) USE OF FUNDS.—Funds made available under this section shall be used—

"(A) to meet the expenses of conducting animal health and disease research, publishing and disseminating the results of such research, and contributing to the retirement of employees subject to the Act of March 4, 1940 (7 U.S.C. 331);

"(B) for administrative planning and direction; and

"(C) to purchase equipment and supplies necessary for conducting research described in subparagraph (A).".

**SEC. 7109. GRANTS TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.**

Section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b(b)) is amended by striking "2012" and inserting "2017".

**SEC. 7110. GRANTS TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AND EQUIPMENT AT INSULAR AREA LAND-GRANT INSTITUTIONS.**

Section 1447B(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b–2(d)) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 7111. HISPANIC-SERVING INSTITUTIONS.**

Section 1455(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241(c)) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 7112. COMPETITIVE GRANTS FOR INTERNATIONAL AGRICULTURAL SCIENCE AND EDUCATION PROGRAMS.**

Section 1459A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292b) is amended by striking subsection (c) and inserting the following: ''

''(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

''(1) such sums as are necessary for each of fiscal years 1999 through 2012; and

"(2) $5,000,000 for each of fiscal years 2013 through 2017.".

**SEC. 7113. UNIVERSITY RESEARCH.**

Section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311) is amended in each of subsections (a) and (b) by striking "2012" each place it appears and inserting "2017".

**SEC. 7114. EXTENSION SERVICE.**

Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking "2012" and inserting "2017".

**SEC. 7115. SUPPLEMENTAL AND ALTERNATIVE CROPS.**

(a) AUTHORIZATION OF APPROPRIATIONS AND TERMINATION.—Section 1473D of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d) is amended—

(1) in subsection (a), by striking "2012" and inserting "2017"; and

(2) by adding at the end the following:

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

"(1) such sums as are necessary for fiscal year 2012; and

"(2) $1,000,000 for each of fiscal years 2013 through 2017.".

(b) COMPETITIVE GRANTS.—Section 1473D(c)(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d(c)(1)) is amended by striking "use such research funding, special or competitive grants, or other means, as the Secretary determines," and inserting "make competitive grants".

**SEC. 7116. CAPACITY BUILDING GRANTS FOR NLGCA INSTITUTIONS.**

Section 1473F(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319i(b)) is amended by striking "2012" and inserting "2017".

**SEC. 7117. AQUACULTURE ASSISTANCE PROGRAMS.**

(a) COMPETITIVE GRANTS.—Section 1475(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322(b)) is amended in the matter preceding paragraph (1) by inserting "competitive" before "grants".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 1477 of the National Agricultural Research, Extension,

and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended to read as follows: ''

**''SEC. 1477. AUTHORIZATION OF APPROPRIATIONS.**

''(a) IN GENERAL.—There are authorized to be appropriated to carry out this subtitle—

''(1) $7,500,000 for each of fiscal years 1991 through 2012; and

''(2) $5,000,000 for each of fiscal years 2013 through 2017.

''(b) PROHIBITION ON USE.—Funds made available under this section may not be used to acquire or construct a building.''.

**SEC. 7118. RANGELAND RESEARCH PROGRAMS.**

Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking ''subtitle'' and all that follows and inserting the following: ''subtitle—

''(1) $10,000,000 for each of fiscal years 1991 through 2012; and

''(2) $2,000,000 for each of fiscal years 2013 through 2017.''.

**SEC. 7119. SPECIAL AUTHORIZATION FOR BIOSECURITY PLANNING AND RESPONSE.**

Section 1484(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7

U.S.C. 3351(a)) is amended by striking ''response such sums as are necessary'' and all that follows and inserting the following: ''response—

''(1) such sums as are necessary for each of fiscal years 2002 through 2012; and

''(2) $20,000,000 for each of fiscal years 2013 through 2017.''.

**SEC. 7120. DISTANCE EDUCATION AND RESIDENT INSTRUCTION GRANTS PROGRAM FOR INSULAR AREA INSTITUTIONS OF HIGHER EDUCATION.**

(a) DISTANCE EDUCATION GRANTS FOR INSULAR AREAS.—

(1) COMPETITIVE GRANTS.—Section 1490(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3362(a)) is amended by striking ''or noncompetitive''.

(2) AUTHORIZATION OF APPROPRIATIONS.—Section 1490(f) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3362(f)) is amended by striking ''section'' and all that follows and inserting the following: ''section—

''(1) such sums as are necessary for each of fiscal years 2002 through 2012; and

"(2) $2,000,000 for each of fiscal years 2013 through 2017.".

(b) RESIDENT INSTRUCTION GRANTS FOR INSULAR AREAS.—Section 1491(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3363(c)) is amended by striking "such sums as are necessary" and all that follows and inserting the following: "to carry out this section—

"(1) such sums as are necessary for each of fiscal years 2002 through 2012; and

"(2) $2,000,000 for each of fiscal years 2013 through 2017.".

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

**SEC. 7201. BEST UTILIZATION OF BIOLOGICAL APPLICATIONS.**

Section 1624 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5814) is amended—

(1) by striking "$40,000,000 for each fiscal year"; and

(2) by inserting "$40,000,000 for each of fiscal years 2012 through 2017" after "chapter".

**SEC. 7202. INTEGRATED MANAGEMENT SYSTEMS.**

Section 1627 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5821) is amended by striking subsection (d) and inserting the following:

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section through the National Institute of Food and Agriculture $20,000,000 for each of fiscal years 2012 through 2017.''.

**SEC. 7203. SUSTAINABLE AGRICULTURE TECHNOLOGY DEVELOPMENT AND TRANSFER PROGRAM.**

Section 1628 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831) is amended by striking subsection (f) and inserting the following:

''(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as are necessary for each of fiscal years 2012 through 2017.''.

**SEC. 7204. NATIONAL TRAINING PROGRAM.**

Section 1629 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5832) is amended by striking subsection (i) and inserting the following:

''(i) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out the National Training Program $20,000,000 for each of fiscal years 2012 through 2017.''.

**SEC. 7205. NATIONAL GENETICS RESOURCES PROGRAM.**

Section 1635(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amended—

(1) by striking ''such funds as may be necessary''; and

(2) by striking ''subtitle'' and all that follows and inserting the following: ''subtitle—

''(1) such sums as are necessary for each of fiscal years 1991 through 2012; and

''(2) $1,000,000 for each of fiscal years 2013 through 2017.''.

**SEC. 7206. NATIONAL AGRICULTURAL WEATHER INFORMATION SYSTEM.**

Section 1641(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5855(c)) is amended by inserting ''and $1,000,000 for each of fiscal years 2013 through 2017'' before the period at the end.

**SEC. 7207. HIGH-PRIORITY RESEARCH AND EXTENSION INITIATIVES.**

Section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is amended—

(1) in the first sentence of subsection (a), by striking ''subsections (e) through (i) of'';

(2) in subsection (b)(2)—

(A) by striking the first sentence and inserting the following:

"(A) IN GENERAL.—To facilitate the making of research and extension grants under subsection (d), the Secretary may appoint a task force to make recommendations to the Secretary."; and

(B) in the second sentence, by striking "The Secretary may not incur costs in excess of $1,000 for any fiscal year in connection with each" and inserting the following:

"(B) COSTS.—The Secretary may not incur costs in excess of $1,000 for any fiscal year in connection with a";

(3) in subsection (e)—

(A) by striking paragraphs (1) through (5), (7), (8), (11) through (39), (41) through (43), (47), (48), (51), and (52); and

(B) by redesignating paragraphs (6), (9), (10), (40), (44), (45), (46), (49), and (50) as paragraphs (1), (2), (3), (4), (5), (6), (7), (8), and (9), respectively;

(4) by striking subsections (f), (g), and (i);

(5) by inserting after subsection (e) the following:

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

cardiovascular disease, type 2 diabetes, and cancer); and

"(iii) identifying the underlying mechanisms of the health benefits of pulse crop consumption (including disease biomarkers, bioactive components, and relevant plant genetic components to enhance the health promoting value of pulse crops);

"(B) research in functionality, such as—

"(i) improving the functional properties of pulse crops and pulse fractions;

"(ii) developing new and innovative technologies to improve pulse crops as an ingredient in food products; and

"(iii) developing nutrient-dense food product solutions to ameliorate chronic disease and enhance food security worldwide;

"(C) research in sustainability to enhance global food security, such as—

"(i) plant breeding, genetics and genomics to improve productivity, nutrient density, and phytonutrient content for a growing world population;

"(ii) pest and disease management, including resistance to pests and diseases

resulting in reduced application management strategies; and

"(iii) improving nitrogen fixation to reduce the carbon and energy footprint of agriculture;

"(D) optimizing pulse cropping systems to reduce water usage; and

"(E) education and technical service, such as—

"(i) providing technical expertise to help food companies include nutrient-dense pulse crops in innovative and healthy foods; and

"(ii) establishing an educational program to encourage the consumption and production of pulse crops in the United States and other countries.

"(3) ELIGIBLE ENTITIES.—The Secretary may carry out the Initiative through—

"(A) Federal agencies, including the Agricultural Research Service and the National Institute of Food and Agriculture;

"(B) National Laboratories;

"(C) institutions of higher education;

"(D) research institutions or organizations;

"(E) private organizations or corporations;

"(F) State agricultural experiment stations;

"(G) individuals; or

"(H) groups consisting of 2 or more entities or individuals described in subparagraphs (A) through (G).

"(4) RESEARCH PROJECT GRANTS.—

"(A) IN GENERAL.—In carrying out this subsection, the Secretary shall award grants on a competitive basis.

"(B) IN GENERAL.—The Secretary shall—

"(i) seek and accept proposals for grants;

"(ii) determine the relevance and merit of proposals through a system of peer review, in consultation with the pulse crop industry; and

"(iii) award grants on the basis of merit, quality, and relevance.

"(C) PRIORITIES.—In making grants under this subsection, the Secretary shall provide a higher priority to projects that—

"(i) are multistate, multiinstitutional, and multidisciplinary; and

"(ii) include explicit mechanisms to communicate results to the pulse crop industry and the public.

"(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $25,000,000 for each of fiscal years 2013 through 2017.

"(g) TRAINING COORDINATION FOR FOOD AND AGRICULTURE PROTECTION.—

"(1) IN GENERAL.—The Secretary shall make grants and enter into contracts or cooperative agreements with eligible entities described in paragraph (2) for the purposes of establishing a Comprehensive Food Safety Training Network.

"(2) ELIGIBILITY.—

"(A) IN GENERAL.—For purposes of this subsection, an eligible entity is a multiinstitutional consortium that includes—

"(i) a nonprofit institution that provides administering food protection training; and

"(ii) 1 or more training centers in institutions of higher education that have demonstrated expertise in developing and

delivering community-based training in food and agricultural safety and defense.

"(B) REQUIREMENTS.—To ensure that coordination and administration is provided across all the disciplines and provide comprehensive food protection training, the Secretary may only consider an entire consortium collectively rather than on an institution-by-institution basis.

"(C) MEMBERSHIP.—An eligible entity may alter the consortium membership to meet specific training expertise needs.

"(3) DUTIES OF ELIGIBLE ENTITY.—As a condition of the receipt of assistance under this subsection, an eligible entity, in cooperation with the Secretary, shall establish and maintain the network for an internationally integrated training system to enhance protection of the United States food supply, including, at a minimum—

"(A) developing curricula and a training network to provide basic, technical, management, and leadership training to regulatory and public health officials, producers, processors, and other agrifood businesses;

"(B) serving as the hub for the administration of an open training network;

"(C) implementing standards to ensure the delivery of quality training through a national curricula;

"(D) building and overseeing a nationally recognized instructor cadre to ensure the availability of highly qualified instructors;

"(E) reviewing training proposed through the National Institute of Food and Agriculture and other relevant Federal agencies that report to the Secretary on the quality and content of proposed and existing courses;

"(F) assisting Federal agencies in the implementation of food protection training requirements including requirements contained in the Agriculture Reform, Food, and Jobs Act of 2012, the FDA Food Safety Modernization Act (Public Law 111–353; 124 Stat. 3885), and amendments made by those Acts; and

"(G) performing evaluation and outcome-based studies to provide to the Secretary feedback on the effectiveness and impact of training and metrics on jurisdictions and sectors within the food safety system.

"(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2013 through 2017, to remain available until expended.";

(6) in subsection (h), by striking "2012" each place it appears and inserting "2017";

(7) by redesignating subsection (j) as subsection (i); and

(8) in subsection (i) (as so redesignated), by striking "2012" and inserting "2017".

**SEC. 7208. ORGANIC AGRICULTURE RESEARCH AND EXTENSION INITIATIVE.**

Section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by inserting ", education," after "support research";

(B) in paragraph (1), by inserting "and improvement" after "development";

(C) in paragraph (2), by striking "to producers and processors who use organic methods" and inserting "of organic agricultural pro-

duction and methods to producers, processors, and rural communities''; (D) in paragraph (5), by inserting ''and researching solutions to'' after ''identifying''; and (E) in paragraph (6), by striking ''and marketing'' and inserting '', marketing, and food safety''; (2) by striking subsection (e); (3) by redesignating subsection (f) as subsection (e); and (4) in subsection (e) (as so redesignated)— (A) in paragraph (1)— (i) in subparagraph (A), by striking ''and'' at the end; (ii) in subparagraph (B), by striking the period at the end and inserting ''; and''; and (iii) by adding at the end the following: ''(C) $16,000,000 for each of fiscal years 2013 through 2017.''; and (B) in paragraph (2), by striking ''2012'' and inserting ''2017''.

**SEC. 7209. FARM BUSINESS MANAGEMENT.**

Section 1672D(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925f(d)) is amended by striking ''such sums as are necessary to carry out this section.'' and inserting the following: ''to carry out this section—

''(1) such sums as are necessary for fiscal year 2012; and

''(2) $5,000,000 for each of fiscal years 2013 through 2017.''.

**SEC. 7210. REGIONAL CENTERS OF EXCELLENCE.**

Subtitle H of the Food, Agriculture, Conservation, and Trade Act of 1990 is amended by inserting after section 1672D (7 U.S.C. 5925) the following:

**''SEC. 1673. REGIONAL CENTERS OF EXCELLENCE.**

''(a) ESTABLISHMENT.—The Secretary may prioritize regional centers of excellence established for specific agricultural commodities for the receipt of funding.

''(b) COMPOSITION.—A regional center of excellence shall be composed of 1 or more colleges and universities (including land-grant institutions, schools of forestry, schools of veterinary medicine, or NLGCA Institutions (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103))) that provide financial support to the regional center of excellence.

"(c) CRITERIA FOR REGIONAL CENTERS OF EXCELLENCE.—The criteria for consideration to be a regional center of excellence shall include efforts—

"(1) to ensure coordination and cost-effectiveness by reducing unnecessarily duplicative efforts regarding research, teaching, and extension;

"(2) to leverage available resources by using public/private partnerships among agricultural industry groups, institutions of higher education, and the Federal Government;

"(3) to implement teaching initiatives to increase awareness and effectively disseminate solutions to target audiences through extension activities;

"(4) to increase the economic returns to rural communities by identifying, attracting, and directing funds to high-priority agricultural issues; and

"(5) to improve teaching capacity and infrastructure at colleges and universities (including land-grant institutions, schools of forestry, and schools of veterinary medicine, and NLGCA Institutions).

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2013 through 2017.".

**SEC. 7211. ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS WITH DISABILITIES.**

Section 1680(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1)) is amended—

(1) by striking ''is'' and inserting ''are''; and

(2) by striking ''section'' and all that follows and inserting the following: ''section—

''(A) $6,000,000 for each of fiscal years 1999 through 2012; and

''(B) $5,000,000 for each of fiscal years 2013 through 2017.''.

**SEC. 7212. NATIONAL RURAL INFORMATION CENTER CLEARINGHOUSE.**

Section 2381(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is amended by striking ''2012'' and inserting ''2017''.

# 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.**

Section 103(a)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7613(a)(2)) is amended—

(1) by striking the paragraph designation and heading and inserting the following:

"(2) RELEVANCE AND MERIT REVIEW OF RESEARCH, EXTENSION, AND EDUCATION GRANTS.—";

(2) in subparagraph (A)—

(A) by inserting "relevance and" before "merit"; and

(B) by striking "extension or education" and inserting, "research, extension, or education"; and

(3) in subparagraph (B) by inserting "on a continuous basis" after "procedures".

**SEC. 7302. INTEGRATED RESEARCH, EDUCATION, AND EXTENSION COMPETITIVE GRANTS PROGRAM.**

Section 406(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626(f)) is amended by striking "2012" and inserting "2017".

**SEC. 7303. SUPPORT FOR RESEARCH REGARDING DISEASES OF WHEAT, TRITICALE, AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM OR BY TILLETIA INDICA.**

Section 408(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(e)) is amended by striking "such sums as may be

necessary for each of fiscal years 1999 through 2012'' and inserting ''$10,000,000 for each of fiscal years 2013 through 2017''.

**SEC. 7304. GRANTS FOR YOUTH ORGANIZATIONS.**

Section 410(d) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7630(d)) is amended by striking ''section such sums as are necessary'' and all that follows and inserting the following: ''section—

''(1) such sums as are necessary for each of fiscal years 2008 through 2012; and

''(2) $3,000,000 for each of fiscal years 2013 through 2017.''.

**SEC. 7305. SPECIALTY CROP RESEARCH INITIATIVE.**

Section 412 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7632) is amended—

(1) in subsection (b)(3), by inserting ''handling and processing,'' after ''production efficiency,'';

(2) in subsection (e)—

(A) in paragraph (1)—

(i) in subparagraph (B), by striking ''and'' at the end;

(ii) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(iii) by inserting after subparagraph (C) the following:

''(D) consult with the specialty crops committee authorized under section 1408A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123a) during the peer and merit review process.''; and

(B) in paragraph (3), by striking ''non-Federal'' and all that follows through the end of the paragraph and inserting ''other sources in an amount that is at least equal to the amount provided by a grant received under this section.''; and

(3) in subsection (h)—

(A) in paragraph (1)—

(i) by striking ''(1) IN GENERAL.—Of the funds'' and inserting the following:

''(1) MANDATORY FUNDING.—

''(A) IN GENERAL.—Of the funds''; and

(ii) by adding at the end the following:

"(B) SUBSEQUENT FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section—

"(i) $25,000,000 for fiscal year 2013;

"(ii) $30,000,000 for each of fiscal years 2014 and 2015;

"(iii) $65,000,000 for fiscal year 2016; and

"(iv) $50,000,000 for fiscal year 2017 and each fiscal year thereafter."; and

(B) in paragraph (2), by striking "2012" and inserting "2017".

**SEC. 7306. FOOD ANIMAL RESIDUE AVOIDANCE DATABASE PROGRAM.**

Section 604(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7642(e)) is amended by striking "2012" and inserting "2017".

**SEC. 7307. OFFICE OF PEST MANAGEMENT POLICY.**

Section 614(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7653(f)) is amended—

(1) by striking "such sums as are necessary"; and

(2) by striking ''section'' and all that follows and inserting the following: ''section—

''(1) such sums as are necessary for each of fiscal years 1999 through 2012; and

''(2) $3,000,000 for each of fiscal years 2013 through 2017.''.

**SEC. 7308. AUTHORIZATION OF REGIONAL INTEGRATED PEST MANAGEMENT CENTERS.**

Subtitle B of title VI of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7651 et seq.) is amended by adding at the end the following:

**''SEC. 621. AUTHORIZATION OF REGIONAL INTEGRATED PEST MANAGEMENT CENTERS.**

''(a) IN GENERAL.—There are established 4 regional integrated pest management centers (referred to in this section as the 'Centers'), which shall be located at such specific locations in the north central, northeastern, southern, and western regions of the United States as the Secretary shall specify.

''(b) PURPOSES.—The purposes of the Centers shall be—

''(1) to strengthen the connection of the Department with production agriculture, research, and

extension programs, and agricultural stakeholders throughout the United States;

"(2) to increase the effectiveness of providing pest management solutions for the private and public sectors;

"(3) to quickly respond to information needs of the public and private sectors; and

"(4) to improve communication among the relevant stakeholders.

"(c) DUTIES.—In meeting the purposes described in subsection (b) and otherwise carrying out this section, the Centers shall—

"(1) develop regional strategies to address pest management needs;

"(2) assist the Department and partner institutions of the Department in identifying, prioritizing, and coordinating a national pest management research, extension, and education program implemented on a regional basis;

"(3) establish a national pest management communication network that includes—

"(A) the agencies of the Department and other government agencies;

"(B) scientists at institutions of higher education; and

"(C) stakeholders focusing on pest management issues;

"(4) serve as regional hubs responsible for ensuring efficient access to pest management expertise and data available through institutions of higher education; and

"(5) on behalf of the Department, manage grants that can be most effectively and efficiently delivered at the regional level, as determined by the Secretary.".

# Subtitle D—Other Laws

**SEC. 7401. CRITICAL AGRICULTURAL MATERIALS ACT.**

Section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) is amended—

(1) by striking "such sums as are necessary"; and

(2) by striking "Act" and all that follows and inserting the following: "Act—

"(1) such sums as are necessary for each of fiscal years 1991 through 2012; and

"(2) $2,000,000 for each of fiscal years 2013 through 2017.".

**SEC. 7402. EQUITY IN EDUCATIONAL LAND-GRANT STATUS ACT OF 1994.**

(a) DEFINITION OF 1994 INSTITUTIONS.—Section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended to read as follows:

**"SEC. 532. DEFINITION OF 1994 INSTITUTIONS.**

''In this part, the term '1994 Institutions' means any 1 of the following:

''(1) Aaniiih Nakoda College.

''(2) Bay Mills Community College.

''(3) Blackfeet Community College.

''(4) Cankdeska Cikana Community College.

''(5) Chief Dull Knife Memorial College.

''(6) College of Menominee Nation.

''(7) College of the Muscogee Nation.

''(8) Comanche Nation College.

''(9) D-Q University.

''(10) Dine College.

''(11) Fond du Lac Tribal and Community College.

''(12) Fort Berthold Community College.

''(13) Fort Peck Community College.

''(14) Haskell Indian Nations University.

''(15) Ilisagvik College.

"(16) Institute of American Indian and Alaska Native Culture and Arts Development.

"(17) Keweenaw Bay Ojibwa Community College.

"(18) Lac Courte Oreilles Ojibwa Community College.

"(19) Leech Lake Tribal College.

"(20) Little Big Horn College.

"(21) Little Priest Tribal College.

"(22) Navajo Technical College.

"(23) Nebraska Indian Community College.

"(24) Northwest Indian College.

"(25) Oglala Lakota College.

"(26) Saginaw Chippewa Tribal College.

"(27) Salish Kootenai College.

"(28) Sinte Gleska University.

"(29) Sisseton Wahpeton College.

"(30) Sitting Bull College.

"(31) Southwestern Indian Polytechnic Institute.

"(32) Stone Child College.

"(33) Tohono O'odham Community College.

"(34) Turtle Mountain Community College.

"(35) United Tribes Technical College.

"(36) White Earth Tribal and Community College.".

(b) ENDOWMENT FOR 1994 INSTITUTIONS.—

(1) IN GENERAL.—Section 533 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended—

(A) in subsection (a)(2)(A)(ii), by striking "of such Act as added by section 534(b)(1) of this part" and inserting "of that Act (7 U.S.C. 343(b)(3)) and for programs for children, youth, and families at risk and for Federally recognized tribes implemented under section 3(d) of that Act (7 U.S.C. 343(d))"; and

(B) in subsection (b), in the first sentence by striking "2012" and inserting "2017".

(2) CONFORMING AMENDMENT.—Section 3(d) of the Smith-Lever Act (7 U.S.C. 343(d)) is amended in the second sentence by inserting "and, in the case of programs for children, youth, and families at risk and for Federally recognized tribes, the 1994 Institutions (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)),'' before "may compete for".

(c) INSTITUTIONAL CAPACITY BUILDING GRANTS.—Section 535 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''2012'' each place it appears in subsections (b)(1) and (c) and inserting ''2017''.

(d) RESEARCH GRANTS.——

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 536(c) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended in the first sentence by striking ''2012'' and inserting ''2017''.

(2) RESEARCH GRANT REQUIREMENTS.—Section 536(b) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking ''with at least 1 other land-grant college or university'' and all that follows and inserting the following: ''with—''

''(1) the Agricultural Research Service of the Department of Agriculture; or

''(2) at least 1—

''(A) other land-grant college or university (exclusive of another 1994 Institution);

''(B) non-land-grant college of agriculture (as defined in section 1404 of the National Ag-

ricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)); or

"(C) cooperating forestry school (as defined in that section).".

(e) EFFECTIVE DATE.—The amendments made by subsections (a), (b), and (d)(2) take effect on October 1, 2012.

**SEC. 7403. RESEARCH FACILITIES ACT.**

Section 6(a) of the Research Facilities Act (7 U.S.C. 390d(a)) is amended by striking "2012" and inserting "2017".

**SEC. 7404. COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANT ACT.**

Section 2 of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i) is amended—

(1) in subsection (b)(11)(A), in the matter preceding clause (i), by striking "2012" and inserting "2017"; and

(2) by adding at the end the following:

"(l) STREAMLINING GRANT APPLICATION PROCESS.—Not later than 1 year after the date of enactment of this subsection, the Secretary shall submit to Congress a report that includes—

"(1) an analysis of barriers that exist in the competitive grants process administered by the Na-

tional Institute of Food and Agriculture that prevent eligible institutions and organizations with limited institutional capacity from successfully applying and competing for competitive grants; and

"(2) specific recommendations for future steps that the Department can take to streamline the competitive grants application process so as to remove the barriers and increase the success rates of applicants described in paragraph (1).".

**SEC. 7405. ENHANCED USE LEASE AUTHORITY PILOT PROGRAM UNDER DEPARTMENT OF AGRICULTURE REORGANIZATION ACT OF 1994.**

Section 308(b)(6) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 3125a note; Public Law 103–354) is amended by striking subparagraph (A) and inserting the following:

"(A) on September 30, 2017; or".

**SEC. 7406. RENEWABLE RESOURCES EXTENSION ACT OF 1978.**

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 6 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1675) is amended in the first sentence by striking "2012" and inserting "2017".

(b) TERMINATION DATE.—Section 8 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1671

note; Public Law 95–306) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 7407. NATIONAL AQUACULTURE ACT OF 1980.**

Section 10 of the National Aquaculture Act of 1980 (16 U.S.C. 2809) is amended by striking ''2012'' each place it appears and inserting ''2017''.

**SEC. 7408. BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM UNDER FARM SECURITY AND RURAL INVESTMENT ACT OF 2002.**

Section 7405 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3319f) is amended—

(1) in subsection (c)(8)—

(A) in subparagraph (B), by striking ''and'' at the end;

(B) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(D) beginning farmers and ranchers who are veterans (as defined in section 101 of title 38, United States Code).''; and

(2) in subsection (h)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking ''and'' at the end;

(ii) in subparagraph (B), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(C) $50,000,000 for fiscal year 2013, to remain available until expended."; and

(B) in paragraph (2), by striking "2012" and inserting "2017".

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

## PART I—AGRICULTURAL SECURITY

### SEC. 7501. AGRICULTURAL BIOSECURITY COMMUNICATION CENTER.

Section 14112 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8912) is amended by striking subsection (c) and inserting the following:

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

"(1) such sums as are necessary for each of fiscal years 2008 through 2012; and

"(2) $2,000,000 for each of fiscal years 2013 through 2017.".

**SEC. 7502. ASSISTANCE TO BUILD LOCAL CAPACITY IN AGRICULTURAL BIOSECURITY PLANNING, PREPARATION, AND RESPONSE.**

Section 14113 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8913) is amended—

(1) in subsection (a)(2)—

(A) by striking ''such sums as may be necessary''; and

(B) by striking ''subsection'' and all that follows and inserting the following: ''subsection—

''(1) such sums as are necessary for each of fiscal years 2008 through 2012; and

''(2) $15,000,000 for each of fiscal years 2013 through 2017.''; and

(2) in subsection (b)(2), by striking ''is authorized to be appropriated to carry out this subsection'' and all that follows and inserting the following: ''are authorized to be appropriated to carry out this subsection—

''(1) $25,000,000 for each of fiscal years 2008 through 2012; and

''(2) $15,000,000 for each of fiscal years 2013 through 2017.''.

**SEC. 7503. RESEARCH AND DEVELOPMENT OF AGRICULTURAL COUNTERMEASURES.**

Section 14121(b) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8921(b)) is amended by striking ''is authorized to be appropriated to carry out this section'' and all that follows and inserting the following: ''are authorized to be appropriated to carry out this section—

''(1) $50,000,000 for each of fiscal years 2008 through 2012; and

''(2) $15,000,000 for each of fiscal years 2013 through 2017.''.

**SEC. 7504. AGRICULTURAL BIOSECURITY GRANT PROGRAM.**

Section 14122(e) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8922(e)) is amended—

(1) by striking ''such sums as are necessary''; and

(2) by striking ''section'' and all that follows and inserting the following: ''section—

''(1) such sums as are necessary for each of fiscal years 2008 through 2012, to remain available until expended; and

''(2) $5,000,000 for each of fiscal years 2013 through 2017, to remain available until expended.''.

## PART II—MISCELLANEOUS

**SEC. 7511. GRAZINGLANDS RESEARCH LABORATORY.**

Section 7502 of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246; 112 Stat. 2019) is amended by striking ''for the 5-year period beginning on the date of enactment of this Act'' and inserting ''until September 30, 2017''.

**SEC. 7512. BUDGET SUBMISSION AND FUNDING.**

Section 7506 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 7614c) is amended—

(1) in subsection (a)—

(A) by striking ''(a) DEFINITION OF COMPETITIVE PROGRAMS.—In this section, the term''; and inserting the following:

''(a) DEFINITIONS.—In this section:

''(1) COMPETITIVE PROGRAMS.—The term''; and

(B) by adding at the end the following:

''(2) COVERED PROGRAM.—The term 'covered program' means—

''(A) each research program carried out by the Agricultural Research Service or the Economic Research Service for which annual appropriations are requested in the annual budget submission of the President; and

"(B) each competitive program (as defined in section 251(f)(1) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6971(f)(1))) carried out by the National Institute of Food and Agriculture for which annual appropriations are requested in the annual budget submission of the President.

"(3) REQUEST FOR AWARDS.—The term 'request for awards' means a funding announcement published by the National Institute of Food and Agriculture that provides detailed information on funding opportunities at the Institute, including the purpose, eligibility, restriction, focus areas, evaluation criteria, regulatory information, and instructions on how to apply for such opportunities."; and

(2) by adding at the end the following:

"(e) ADDITIONAL PRESIDENTIAL BUDGET SUBMISSION REQUIREMENT.—

"(1) IN GENERAL.—Each year, the President shall submit to Congress, together with the annual budget submission of the President, the information described in paragraph (2) for each funding request for a covered program.

"(2) INFORMATION DESCRIBED.—The information described in this paragraph includes—

"(A) baseline information, including with respect to each covered program—

"(i) the funding level for the program for the fiscal year preceding the year the annual budget submission of the President is submitted;

"(ii) the funding level requested in the annual budget submission of the President, including any increase or decrease in the funding level; and

"(iii) an explanation justifying any change from the funding level specified in clause (i) to the level specified in clause (ii);

"(B) with respect to each covered program that is carried out by the Economic Research Service or the Agricultural Research Service, the location and staff years of the program;

"(C) the proposed funding levels to be allocated to, and the expected publication date, scope, and allocation level for, each request for awards to be published under—

"(i) each priority area specified in section 2(b)(2) of the Competitive, Special,

and Facilities Research Grant Act (7 U.S.C. 450i(b)(2));

"(ii) each research and extension project carried out under section 1621(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5811(a));

"(iii) each grant awarded under section 1672B(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b(a));

"(iv) each grant awarded under section 412(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7632(b)); and

"(v) each grant awarded under 7405(c)(1) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3319f(c)(1)); or

"(D) any other information the Secretary determines will increase congressional oversight with respect to covered programs.

"(3) PROHIBITION.—Unless the President submits the information described in paragraph (2)(C) for a fiscal year, the President may not carry out

any program during the fiscal year that is authorized under—

"(A) section 2(b) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b));

"(B) section 1621 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5811);

"(C) section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b);

"(D) section 411 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7631); or

"(E) section 7405 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3319f).

"(f) REPORT OF THE SECRETARY OF AGRICULTURE.—Each year on a date that is not later than the date on which the President submits the annual budget submission, the Secretary shall submit to Congress a report containing a description of the agricultural research, extension, and education activities carried out by the Federal Government during the fiscal year that imme-

diately precedes the year for which the report is submitted, including—

"(1) a review of the extent to which those activities—

"(A) are duplicative or overlap within the Department of Agriculture; or

"(B) are similar to activities carried out by—

"(i) other Federal agencies;

"(ii) the States (including the District of Columbia, the Commonwealth of Puerto Rico and other territories or possessions of the United States);

"(iii) institutions of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)); or

"(iv) the private sector; and

"(2) for each report submitted under this section on or after January 1, 2013, a 5-year projection of national priorities with respect to agricultural research, extension, and education, taking into account both domestic and international needs.".

**SEC. 7513. NATURAL PRODUCTS RESEARCH PROGRAM.**

Section 7525 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 5937) is amended by striking subsection (e) and inserting the following:

''(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $7,000,000 for each of fiscal years 2013 through 2017.''.

**SEC. 7514. SUN GRANT PROGRAM.**

(a) IN GENERAL.—Section 7526 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8114) is amended—

(1) in subsection (a)(4)(B), by striking ''the Department of Energy'' and inserting ''other appropriate Federal agencies (as determined by the Secretary)'';

(2) in subsection (b)(1)—

(A) in subparagraph (A), by striking ''at South Dakota State University'';

(B) in subparagraph (B), by striking ''at the University of Tennessee at Knoxville'';

(C) in subparagraph (C), by striking ''at Oklahoma State University'';

(D) in subparagraph (D), by striking ''at Oregon State University'';

(E) in subparagraph (E), by striking ''at Cornell University''; and

(F) in subparagraph (F), by striking ''at the University of Hawaii'';

(3) in subsection (c)(1)—

(A) in subparagraph (B), by striking ''multistate'' and all that follows through ''technology implementation'' and inserting ''integrated, multistate research, extension, and education programs on technology development and technology implementation'';

(B) by striking subparagraph (C); and

(C) by redesignating subparagraph (D) as subparagraph (C);

(4) in subsection (d)—

(A) in paragraph (1)—

(i) by striking ''gasification'' and inserting ''bioproducts''; and

(ii) by striking ''the Department of Energy'' and inserting ''other appropriate Federal agencies'';

(B) by striking paragraph (2);

(C) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively; and

(D) in paragraph (1), by striking ''in accordance with paragraph (2)''; and

(5) in subsection (g), by striking ''2012'' and inserting ''2017''.

(b) CONFORMING AMENDMENTS.—Section 7526(f) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8114(f)) is amended—

(1) in paragraph (1), by striking ''subsection (c)(1)(D)(i)'' and inserting ''subsection (c)(1)(C)(i)''; and

(2) in paragraph (2), by striking ''subsection (d)(1)'' and inserting ''subsection (d)''.

# Subtitle F—Miscellaneous

## SEC. 7601. FOUNDATION FOR FOOD AND AGRICULTURE RESEARCH.

(a) DEFINITIONS.—In this section:

(1) BOARD.—The term ''Board'' means the Board of Directors described in subsection (e).

(2) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

(3) FOUNDATION.—The term ''Foundation'' means the Foundation for Food and Agriculture Research established under subsection (b).

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(b) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary shall establish a nonprofit corporation to be known as the ''Foundation for Food and Agriculture Research''.

(2) STATUS.—

(A) TAX-EXEMPT STATUS.—The Foundation shall be considered to be an entity described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code.

(B) LIMITATION.—The Foundation shall not be an agency or instrumentality of the United States Government.

(c) PURPOSES.—The purposes of the Foundation shall be—

(1) to advance the research mission of the Department by supporting agricultural research activities focused on addressing key problems of national and international significance including—

(A) plant health, production, and plant products;

(B) animal health, production, and products;

(C) food safety, nutrition, and health;

(D) renewable energy, natural resources, and the environment;

(E) agricultural and food security;

(F) agriculture systems and technology; and

(G) agriculture economics and rural communities; and

(2) to foster collaboration with agricultural researchers from the Federal Government, institutions of higher education, industry, and nonprofit organizations.

(d) DUTIES.—

(1) IN GENERAL.—The Foundation shall—

(A) award grants to, or enter into contracts, memoranda of understanding, or cooperative agreements with, scientists and entities, which may include agricultural research agencies in the Department, university consortia, public-private partnerships, institutions of higher education, nonprofit organizations, and industry, to efficiently and effectively advance the goals and priorities of the Foundation;

(B) in consultation with the Secretary—

(i) identify existing and proposed Federal intramural and extramural research and development programs relating to the

purposes of the Foundation described in subsection (c); and

(ii) coordinate Foundation activities with those programs so as to minimize duplication of existing efforts;

(C) identify unmet and emerging agricultural research needs after reviewing the Roadmap for Agricultural Research, Education and Extension as required by section 7504 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 7614a);

(D) facilitate technology transfer and release of information and data gathered from the activities of the Foundation to the agricultural research community;

(E) promote and encourage the development of the next generation of agricultural research scientists; and

(F) carry out such other activities as the Board determines to be consistent with the purposes of the Foundation.

(2) AUTHORITY.—The Foundation shall be the sole entity responsible for carrying out the activities described in this subsection.

(3) RELATIONSHIP TO OTHER ACTIVITIES.—The activities described in paragraph (1) shall be supplemental to any other activities at the Department and shall not preempt any authority or responsibility of the Department under another provision of law.

(e) BOARD OF DIRECTORS.—

(1) ESTABLISHMENT.—The Foundation shall be governed by a Board of Directors.

(2) COMPOSITION.—

(A) IN GENERAL.—The Board shall be composed of appointed and ex-officio, nonvoting members.

(B) EX-OFFICIO MEMBERS.—The ex-officio members of the Board shall be the following individuals or designees:

(i) The Secretary.

(ii) The Under Secretary of Agriculture for Research, Education, and Economics.

(iii) The Administrator of the Agricultural Research Service.

(iv) The Director of the National Institute of Food and Agriculture.

(v) The Director of the National Science Foundation.

(C) APPOINTED MEMBERS.—

(i) IN GENERAL.—The ex-officio members of the Board under subparagraph (B) shall, by majority vote, appoint to the Board 15 individuals, of whom—

(I) 8 shall be selected from a list of candidates to be provided by the National Academy of Sciences; and

(II) 7 shall be selected from lists of candidates provided by industry.

(ii) REQUIREMENTS.—

(I) EXPERTISE.—The ex-officio members shall ensure that a majority of the members of the Board have actual experience in agricultural research and, to the extent practicable, represent diverse sectors of agriculture.

(II) LIMITATION.—No employee of the Federal Government may serve as an appointed member of the Board under this subparagraph.

(III) NOT FEDERAL EMPLOYMENT.—Appointment to the Board under this subparagraph shall not constitute Federal employment.

(iii) AUTHORITY.—All appointed members of the Board shall be voting members.

(D) CHAIR.—The Board shall, from among the members of the Board, designate an individual to serve as Chair of the Board.

(3) INITIAL MEETING.—Not later than 60 days after the date of enactment of this Act, the Secretary shall convene a meeting of the ex-officio members of the Board—

(A) to incorporate the Foundation; and

(B) to appoint the members of the Board in accordance with paragraph (2)(C)(i).

(4) DUTIES.—

(A) IN GENERAL.—The Board shall—

(i) establish bylaws for the Foundation that, at a minimum, include—

(I) policies for the selection of future Board members, officers, employees, agents, and contractors of the Foundation;

(II) policies, including ethical standards, for—

(aa) the acceptance, solicitation, and disposition of donations and grants to the Foundation; and

(bb) the disposition of assets of the Foundation, including appropriate limits on the ability of donors to designate, by stipulation or restriction, the use or recipient of donated funds;

(III) policies that would subject all employees, fellows, trainees, and other agents of the Foundation (including members of the Board) to the conflict of interest standards under section 208 of title 18, United States Code;

(IV) policies for writing, editing, printing, publishing, and vending of books and other materials;

(V) policies for the conduct of the general operations of the Foundation, including a cap on administrative

expenses for recipients of a grant, contract, or cooperative agreement from the Foundation; and

(VI) specific duties for the Executive Director;

(ii) prioritize and provide overall direction for the activities of the Foundation;

(iii) evaluate the performance of the Executive Director; and

(iv) carry out any other necessary activities regarding the Foundation.

(B) ESTABLISHMENT OF BYLAWS.—In establishing bylaws under subparagraph (A)(i), the Board shall ensure that the bylaws do not—

(i) reflect unfavorably on the ability of the Foundation to carry out the duties of the Foundation in a fair and objective manner; or

(ii) compromise, or appear to compromise, the integrity of any governmental agency or program, or any officer or employee employed by or involved in a governmental agency or program.

(5) TERMS AND VACANCIES.—

(A) TERMS.—

(i) IN GENERAL.—The term of each member of the Board appointed under paragraph (2)(C) shall be 5 years.

(ii) PARTIAL TERMS.—If a member of the Board does not serve the full term applicable under clause (i), the individual appointed to fill the resulting vacancy shall be appointed for the remainder of the term of the predecessor of the individual.

(iii) TRANSITION.—A member of the Board may continue to serve after the expiration of the term of the member until a successor is appointed.

(B) VACANCIES.—Any vacancy in the membership of the Board shall be filled in the manner in which the original position was made and shall not affect the power of the remaining members to execute the duties of the Board.

(6) COMPENSATION.—Members of the Board may not receive compensation for service on the Board but may be reimbursed for travel, subsistence, and other necessary expenses incurred in carrying out the duties of the Board.

(7) MEETINGS AND QUORUM.—A majority of the members of the Board shall constitute a quorum for purposes of conducting business of the Board.

(f) ADMINISTRATION.—

(1) EXECUTIVE DIRECTOR.—

(A) IN GENERAL.—The Board shall hire an Executive Director who shall carry out such duties and responsibilities as the Board may prescribe.

(B) SERVICE.—The Executive Director shall serve at the pleasure of the Board.

(2) ADMINISTRATIVE POWERS.—

(A) IN GENERAL.—In carrying out this section, the Board, acting through the Executive Director, may—

(i) adopt, alter, and use a corporate seal, which shall be judicially noticed;

(ii) hire, promote, compensate, and discharge 1 or more officers, employees, and agents, as may be necessary, and define the duties of the officers, employees, and agents;

(iii) solicit and accept any funds, gifts, grants, devises, or bequests of real or personal property made to the Foundation,

including such support from private entities;

(iv) prescribe the manner in which—

(I) real or personal property of the Foundation is acquired, held, and transferred;

(II) general operations of the Foundation are to be conducted; and

(III) the privileges granted to the Board by law are exercised and enjoyed;

(v) with the consent of the applicable executive department or independent agency, use the information, services, and facilities of the department or agency in carrying out this section;

(vi) enter into contracts with public and private organizations for the writing, editing, printing, and publishing of books and other material;

(vii) hold, administer, invest, and spend any gift, devise, or bequest of real or personal property made to the Foundation;

(viii) enter into such contracts, leases, cooperative agreements, and other trans-

actions as the Board considers appropriate to conduct the activities of the Foundation;

(ix) modify or consent to the modification of any contract or agreement to which the Foundation is a party or in which the Foundation has an interest;

(x) take such action as may be necessary to obtain patents and licenses for devices and procedures developed by the Foundation and employees of the Foundation;

(xi) sue and be sued in the corporate name of the Foundation, and complain and defend in courts of competent jurisdiction;

(xii) appoint other groups of advisors as may be determined necessary to carry out the functions of the Foundation; and

(xiii) exercise such other incidental powers as are necessary to carry out the duties and functions of the Foundation in accordance with this section

(B) LIMITATION.—No appointed member of the Board or officer or employee of the Foundation or of any program established by the Foundation (other than ex-officio members

of the Board) shall exercise administrative control over any Federal employee

(3) RECORDS.—

(A) AUDITS.—The Foundation shall—

(i) provide for annual audits of the financial condition of the Foundation; and

(ii) make the audits, and all other records, documents, and other papers of the Foundation, available to the Secretary and the Comptroller General of the United States for examination or audit.

(B) REPORTS.—

(i) ANNUAL REPORT ON FOUNDATION.—

(I) IN GENERAL.—Not later than 5 months following the end of each fiscal year, the Foundation shall publish a report for the preceding fiscal year that includes—

(aa) a description of Foundation activities, including accomplishments; and

(bb) a comprehensive statement of the operations and financial condition of the Foundation.

(II) FINANCIAL CONDITION.—Each report under subclause (I) shall include a description of all gifts or grants to the Foundation of real or personal property or money, which shall include—

(aa) the source of the gifts or grants; and

(bb) any restrictions on the purposes for which the gift or grant may be used.

(III) AVAILABILITY.—The Foundation shall—

(aa) make copies of each report submitted under subclause (I) available for public inspection; and

(bb) on request, provide a copy of the report to any individual.

(IV) PUBLIC MEETING.—The Board shall hold an annual public meeting to summarize the activities of the Foundation.

(ii) GRANT REPORTING.—Any recipient of a grant under subsection (d)(1)(A) shall provide the Foundation with a report at the conclusion of any research or studies conducted the describes the results of the research or studies, including any data generated.

(4) INTEGRITY.—

(A) IN GENERAL.—To ensure integrity in the operations of the Foundation, the Board shall develop and enforce procedures relating to standards of conduct, financial disclosure statements, conflict of interest (including recusal and waiver rules), audits, and any other matters determined appropriate by the Board.

(B) FINANCIAL CONFLICTS OF INTEREST.—Any individual who is an officer, employee, or member of the Board is prohibited from any participation in deliberations by the Foundation of a matter that would directly or predictably affect any financial interest of—

(i) the individual;

(ii) a relative (as defined in section 109 of the Ethics in Government Act of

1978 (5 U.S.C. App.)) of that individual; or

(iii) a business organization or other entity in which the individual has an interest, including an organization or other entity with which the individual is negotiating employment.

(5) INTELLECTUAL PROPERTY.—The Board shall adopt written standards to govern ownership of any intellectual property rights derived from the collaborative efforts of the Foundation.

(6) LIABILITY.—The United States shall not be liable for any debts, defaults, acts, or omissions of the Foundation nor shall the full faith and credit of the United States extend to any obligations of the Foundation.

(g) FUNDS.—

(1) MANDATORY FUNDING.—

(A) IN GENERAL.—On October 1, 2012, of the funds of the Commodity Credit Corporation, the Secretary shall transfer to the Foundation to carry out this section $100,000,000, to remain available until expended under the conditions described in subparagraph (B).

(B) CONDITIONS ON EXPENDITURE.—The Foundation may use the funds made available under subparagraph (A) to carry out the purposes of the Foundation only to the extent that the Foundation secures an equal amount of non-Federal matching funds for each expenditure.

(C) PROHIBITION ON CONSTRUCTION.—None of the funds made available under subparagraph (A) may be used for construction.

(2) SEPARATION OF FUNDS.—The Executive Director shall ensure that any funds received under paragraph (1) or (2) are held in separate accounts from funds received from nongovernmental entities as described in subsection (f)(2)(A)(iii).

# TITLE VIII—FORESTRY

## Subtitle A—Repeal of Certain Forestry Programs

**SEC. 8001. FOREST LAND ENHANCEMENT PROGRAM.**

(a) REPEAL.—Section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103) is repealed.

(b) CONFORMING AMENDMENT.—Section 8002 of the Farm Security and Rural Investment Act of 2002 (Public Law 107–171; 16 U.S.C. 2103 note) is amended by striking subsection (a).

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2012.

**SEC. 8002. WATERSHED FORESTRY ASSISTANCE PROGRAM.**

(a) REPEAL.—Section 6 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103b) is repealed.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 8003. EXPIRED COOPERATIVE NATIONAL FOREST PRODUCTS MARKETING PROGRAM.**

Section 18 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2112) is repealed.

**SEC. 8004. HISPANIC-SERVING INSTITUTION AGRICULTURAL LAND NATIONAL RESOURCES LEADERSHIP PROGRAM.**

(a) REPEAL.—Section 8402 of the Food, Conservation, and Energy Act of 2008 (16 U.S.C. 1649a) is repealed.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 8005. TRIBAL WATERSHED FORESTRY ASSISTANCE PROGRAM.**

(a) REPEAL.—Section 303 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6542) is repealed.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2012.

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

**SEC. 8101. STATE-WIDE ASSESSMENT AND STRATEGIES FOR FOREST RESOURCES.**

Section 2A(f)(1) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101a(f)(1)) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 8102. FOREST STEWARDSHIP PROGRAM.**

Section 5(h) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103a(h)) is amended by striking ''such sums as may be necessary thereafter'' and inserting ''$50,000,000 for each of fiscal years 2013 through 2017''.

**SEC. 8103. FOREST LEGACY PROGRAM.**

Section 7 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103c) is amended by striking subsection (m) and inserting the following:

''(m) FUNDING.—

''(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $200,000,000 for each of fiscal years 2013 through 2017.

''(2) ADDITIONAL FUNDING SOURCES.—In addition to any funds appropriated for each fiscal year

to carry out this section, the Secretary may use any other Federal funds available to the Secretary.''.

**SEC. 8104. COMMUNITY FOREST AND OPEN SPACE CONSERVATION PROGRAM.**

Section 7A of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103d) is amended by striking subsection (g) and inserting the following:

''(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $50,000,000 for each of fiscal years 2013 through 2017.''.

**SEC. 8105. URBAN AND COMMUNITY FORESTRY ASSISTANCE.**

Section 9(i) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2105(i)) is amended by striking ''such sums as may be necessary for each fiscal year thereafter'' and inserting ''$50,000,000 for each of fiscal years 2013 through 2017''.

# Subtitle C—Reauthorization of Other Forestry-related Laws

**SEC. 8201. RURAL REVITALIZATION TECHNOLOGIES.**

Section 2371(d)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6601(d)(2)) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 8202. OFFICE OF INTERNATIONAL FORESTRY.**

Section 2405 of the Global Climate Change Prevention Act of 1990 (7 U.S.C. 6704) is amended by striking subsection (d) and inserting the following:

"(d) AUTHORIZATION OF APPROPRIATIONS.—To carry out this section, there are authorized to be appropriated—

"(1) such sums as are necessary for each of fiscal years 1996 through 2012; and

"(2) $10,000,000 for each of fiscal years 2013 through 2017.".

**SEC. 8203. INSECT INFESTATIONS AND RELATED DISEASES.**

(a) FINDINGS AND PURPOSES.—Section 401 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6551) is amended—

(1) in subsection (a)—

(A) by redesignating paragraphs (3) through (12) as paragraphs (4) through (13), respectively; and

(B) by inserting after paragraph (2) the following:

"(3) the mountain pine beetle is—

"(A) threatening and ravaging forests throughout the Western region of the United States, including Arizona, California, Colorado,

Idaho, Montana, Nevada, New Mexico, Oregon, and South Dakota;

"(B) reaching epidemic populations and severely impacting over 41,000,000 acres in western forests; and

"(C) deteriorating forest health in national forests and, when combined with drought, disease, and storm damage, is resulting in extreme fire hazards in national forests across the Western United States and endangering the economic stability of surrounding adjacent communities, ranches, and parks;"; and

(2) in subsection (b)—

(A) in paragraph (2), by striking "and" at the end;

(B) in paragraph (3), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(4) to provide for designation of treatment areas pursuant to section 405.".

(b) DESIGNATION OF TREATMENT AREAS.—Title IV of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6551 et seq.) is amended—

(1) by redesignating sections 405 and 406 (16 U.S.C. 6555, 6556) as sections 406 and 407, respectively; and

(2) by inserting after section 404 (16 U.S.C. 6554) the following:

**"SEC. 405. DESIGNATION OF TREATMENT AREAS.**

"(a) DESIGNATION OF TREATMENT AREAS.—Not later than 60 days after the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012, the Secretary shall designate treatment areas on at least 1 national forest in each State, if requested by the Governor of the State, that the Secretary determines, based on annual forest health surveys, are experiencing declining forest health due to insect or disease infestation.

"(b) TREATMENT OF AREAS.—The Secretary may carry out treatments to address the insect or disease infestation in the areas designated under subsection (a) in accordance with sections 104, 105, 106, and 401.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $100,000,000 for each of fiscal years 2013 through 2017.".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 407 of the Healthy Forests Restoration Act of 2003 (as

redesignated by subsection (b)(1)) is amended by striking "2008" and inserting "2017".

**SEC. 8204. STEWARDSHIP END RESULT CONTRACTING PROJECTS.**

(a) IN GENERAL.—Title VI of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6591) is amended by adding at the end the following:

**"SEC. 602. STEWARDSHIP END RESULT CONTRACTING PROJECTS.**

"(a) DEFINITIONS.—In this section:

"(1) CHIEF.—The term 'Chief' means the Chief of the Forest Service.

"(2) DIRECTOR.—The term 'Director' means the Director of the Bureau of Land Management.

"(b) PROJECTS.—The Chief and the Director, via agreement or contract as appropriate, may enter into stewardship contracting projects with private persons or other public or private entities to perform services to achieve land management goals for the national forests and the public lands that meet local and rural community needs.

"(c) LAND MANAGEMENT GOALS.—The land management goals of a project under subsection (b) may include—

"(1) road and trail maintenance or obliteration to restore or maintain water quality;

"(2) soil productivity, habitat for wildlife and fisheries, or other resource values;

"(3) setting of prescribed fires to improve the composition, structure, condition, and health of stands or to improve wildlife habitat;

"(4) removing vegetation or other activities to promote healthy forest stands, reduce fire hazards, or achieve other land management objectives;

"(5) watershed restoration and maintenance;

"(6) restoration and maintenance of wildlife and fish; or

"(7) control of noxious and exotic weeds and re-establishing.

"(d) AGREEMENTS OR CONTRACTS.—

"(1) PROCUREMENT PROCEDURE.—A source for performance of an agreement or contract under subsection (b) shall be selected on a best-value basis, including consideration of source under other public and private agreements or contracts.

"(2) CONTRACT FOR SALE OF PROPERTY.—A contract entered into under this section may, at the discretion of the Secretary of Agriculture, be considered a contract for the sale of property under such

terms as the Secretary may prescribe without regard to any other provision of law.

"(3) TERM.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Chief and the Director may enter into a contract under subsection (b) in accordance with section 3903 of title 41, United States Code.

"(B) MAXIMUM.—The period of the contract under subsection (b) may exceed 5 years but may not exceed 10 years.

"(4) OFFSETS.—

"(A) IN GENERAL.—The Chief and the Director may apply the value of timber or other forest products removed as an offset against the cost of services received under the agreement or contract described in subsection (b).

"(B) METHODS OF APPRAISAL.—The value of timber or other forest products used as an offset under subparagraph (A)—

"(i) shall be determined using appropriate methods of appraisal commensurate with the quantity of products to be removed; and

"(ii) may—

"(I) be determined using a unit of measure appropriate to the contracts; and

"(II) may include valuing products on a per-acre basis.

"(5) RELATION TO OTHER LAWS.—Notwithstanding subsections (d) and (g) of section 14 of the National Forest Management Act of 1976 (16 U.S.C. 472a), the Chief may enter into an agreement or contract under subsection (b).

"(6) CONTRACTING OFFICER.—Notwithstanding any other provision of law, the Secretary or the Secretary of the Interior may determine the appropriate contracting officer to enter into and administer an agreement or contract under subsection (b).

"(e) RECEIPTS.—

"(1) IN GENERAL.—The Chief and the Director may collect monies from an agreement or contract under subsection (b) if the collection is a secondary objective of negotiating the contract that will best achieve the purposes of this section.

"(2) USE.—Monies from an agreement or contract under subsection (b)—

"(A) may be retained by the Chief and the Director; and

"(B) shall be available for expenditure without further appropriation at the project site from which the monies are collected or at another project site.

"(3) RELATION TO OTHER LAWS.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, the value of services received by the Chief or the Director under a stewardship contract project conducted under this section, and any payments made or resources provided by the contractor, Chief, or Director shall not be considered monies received from the National Forest System or the public lands.

"(B) KNUTSON-VANDERBERG ACT.—The Act of June 9, 1930 (commonly known as the 'Knutson-Vanderberg Act') (16 U.S.C. 576 et seq.) shall not apply to any agreement or contract under subsection (b).

"(f) COSTS OF REMOVAL.—Notwithstanding the fact that a contractor did not harvest the timber, the Chief may collect deposits from a contractor covering the costs of removal of timber or other forest products under—

"(1) the Act of August 11, 1916 (16 U.S.C. 490); and

"(2) and the Act of June 30, 1914 (16 U.S.C. 498).

"(g) PERFORMANCE AND PAYMENT GUARANTEES.—

"(1) IN GENERAL.—The Chief and the Director may require performance and payment bonds under sections 28.103–2 and 28.103–3 of the Federal Acquisition Regulation, in an amount that the contracting officer considers sufficient to protect the investment in receipts by the Federal Government generated by the contractor from the estimated value of the forest products to be removed under a contract under subsection (b).

"(2) EXCESS OFFSET VALUE.—If the offset value of the forest products exceeds the value of the resource improvement treatments, the Chief and the Director may—

"(A) collect any residual receipts under the Act of June 9, 1930 (commonly known as the 'Knutson-Vanderberg Act') (16 U.S.C. 576 et seq.); and

"(B) apply the excess to other authorized stewardship projects.

"(h) MONITORING AND EVALUATION.—

"(1) IN GENERAL.—The Chief and the Director shall establish a multiparty monitoring and evalua-

tion process that accesses the stewardship contracting projects conducted under this section.

"(2) PARTICIPANTS.—Other than the Chief and Director, participants in the process described in paragraph (1) may include—

"(A) any cooperating governmental agencies, including tribal governments; and

"(B) any other interested groups or individuals.

"(i) REPORTING.—Not later than 1 year after the date of enactment of this section, and annually thereafter, the Chief and the Director shall report to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives on—

"(1) the status of development, execution, and administration of agreements or contracts under subsection (b);

"(2) the specific accomplishments that have resulted; and

"(3) the role of local communities in the development of agreements or contract plans.".

(b) CONFORMING AMENDMENT.—Section 347 of the Department of the Interior and Related Agencies Appro-

priations Act, 1999 (16 U.S.C. 2104 note; Public Law 105–277) is repealed.

**SEC. 8205. HEALTHY FORESTS RESERVE PROGRAM.**

(a) DEFINITION OF ACREAGE OWNED BY INDIAN TRIBES.—Section 502(e)(3) of the Healthy Forests Restoration Act (16 U.S.C. 6572(e)(3)) is amended—

(1) in subparagraph (C), by striking ''subparagraphs (A) and (B)'' and inserting ''clauses (i) and (ii)'';

(2) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively, and indenting appropriately; and

(3) by striking ''In the case of'' and inserting the following:

''(A) DEFINITION OF ACREAGE OWNED BY INDIAN TRIBES.—In this paragraph, the term 'acreage owned by Indian tribes' includes—

''(i) land that is held in trust by the United States for Indian tribes or individual Indians;

''(ii) land, the title to which is held by Indian tribes or individual Indians subject to Federal restrictions against alienation or encumbrance;

"(iii) land that is subject to rights of use, occupancy, and benefit of certain Indian tribes;

"(iv) land that is held in fee title by an Indian tribe; or

"(v) land that is owned by a native corporation formed under section 17 of the Act of June 18, 1934 (commonly known as the 'Indian Reorganization Act') (25 U.S.C. 477) or section 8 of the Alaska Native Claims Settlement Act (43 U.S.C. 1607); or

"(vi) a combination of 1 or more types of land described in clauses (i) through (v).

"(B) ENROLLMENT OF ACREAGE.—In the case of".

(b) CHANGE IN FUNDING SOURCE FOR HEALTHY FORESTS RESERVE PROGRAM.—Section 508 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6578) is amended—

(1) in subsection (a), by striking "IN GENERAL" and inserting "FISCAL YEARS 2009 THROUGH 2012";

(2) by redesignating subsection (b) as subsection (d); and

(3) by inserting after subsection (a) the following:

''(b) FISCAL YEARS 2013 THROUGH 2017.—There is authorized to be appropriated to the Secretary of Agriculture to carry out this section $9,750,000 for each of fiscal years 2013 through 2017.

''(c) ADDITIONAL SOURCE OF FUNDS.—In addition to funds appropriated pursuant to the authorization of appropriations in subsection (b) for a fiscal year, the Secretary may use such amount of the funds appropriated for that fiscal year to carry out the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590a et seq.) as the Secretary determines necessary to cover the cost of technical assistance, management, and enforcement responsibilities for land enrolled in the healthy forests reserve program pursuant to subsections (a) and (b) of section 504.''.

# Subtitle D—Miscellaneous Provisions

## SEC. 8301. MCINTIRE-STENNIS COOPERATIVE FORESTRY ACT.

(a) 1890 WAIVERS.—Section 4 of Public Law 87–788 (commonly known as the ''McIntire-Stennis Coopera-

tive Forestry Act'') (16 U.S.C. 582a–3) is amended by inserting ''The matching funds requirement shall not be applicable to eligible 1890 Institutions (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)) if the allocation is below $200,000.'' before ''The Secretary is authorized'' in the second sentence.

(b) PARTICIPATION.—Section 8 of Public Law 87–788 (commonly known as the '' 'McIntire-Stennis Cooperative Forestry Act'') (16 U.S.C. 582a–7) is amended by inserting 'the Federated States of Micronesia, American Samoa, the Northern Mariana Islands,' before 'and Guam' ''.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2012.

**SEC. 8302. REVISION OF STRATEGIC PLAN FOR FOREST INVENTORY AND ANALYSIS.**

(a) REVISION REQUIRED.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall revise the strategic plan for forest inventory and analysis initially prepared pursuant to section 3(e) of the Forest and Rangeland Renewable Resources Research Act of 1978 (16 U.S.C. 1642(e)) to address the requirements imposed by subsection (b).

(b) ELEMENTS OF REVISED STRATEGIC PLAN.—In revising the strategic plan, the Secretary of Agriculture shall describe in detail the organization, procedures, and funding needed to achieve each of the following:

(1) Complete the transition to a fully annualized forest inventory program and include inventory and analysis of interior Alaska.

(2) Implement an annualized inventory of trees in urban settings, including the status and trends of trees and forests, and assessments of their ecosystem services, values, health, and risk to pests and diseases.

(3) Report information on renewable biomass supplies and carbon stocks at the local, State, regional, and national level, including by ownership type.

(4) Engage State foresters and other users of information from the forest inventory and analysis in reevaluating the list of core data variables collected on forest inventory and analysis plots with an emphasis on demonstrated need.

(5) Improve the timeliness of the timber product output program and accessibility of the annualized information on that database.

(6) Foster greater cooperation among the forest inventory and analysis program, research station leaders, and State foresters and other users of information from the forest inventory and analysis.

(7) Availability of and access to non-Federal resources to improve information analysis and information management.

(8) Collaborate with the Natural Resources Conservation Service, National Aeronautics and Space Administration, National Oceanic and Atmospheric Administration, and United States Geological Survey to integrate remote sensing, spatial analysis techniques, and other new technologies in the forest inventory and analysis program.

(9) Understand and report on changes in land cover and use.

(10) Expand existing programs to promote sustainable forest stewardship through increased understanding, in partnership with other Federal agencies, of the over 10 million family forest owners, their demographics, and the barriers to forest stewardship.

(11) Implement procedures to improve the statistical precision of estimates at the sub-State level.

(c) SUBMISSION OF REVISED STRATEGIC PLAN.—The Secretary of Agriculture shall submit the revised stra-

tegic plan to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

# TITLE IX—ENERGY

**SEC. 9001. DEFINITION OF RENEWABLE CHEMICAL.**

Section 9001 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101) is amended—

(1) by redesignating paragraphs (13) and (14) as paragraphs (14) and (15) respectively; and

(2) by inserting after paragraph (12) the following:

''(13) RENEWABLE CHEMICAL.—The term 'renewable chemical' means a monomer, polymer, plastic, formulated product, or chemical substance produced from renewable biomass.''.

**SEC. 9002. BIOBASED MARKETS PROGRAM.**

(a) IN GENERAL.—Section 9002 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102) is amended—

(1) in subsection (a)—

(A) in paragraph (2)(A)(i)—

(i) in subclause (I), by striking ''and'' at the end;

(ii) in subclause (II)(bb), by striking the period at the end and inserting ''; and''; and

(iii) by adding at the end the following:

''(III) establish a targeted biobased-only procurement requirement under which the procuring agency shall issue a certain number of biobased-only contracts when the procuring agency is purchasing products, or purchasing services that include the use of products, that are included in a biobased product category designated by the Secretary.''; and

(B) in paragraph (3)—

(i) in subparagraph (B)—

(I) in clause (v), by inserting ''as determined to be necessary by the Secretary based on the availability of data,'' before ''provide information'';

(II) by redesignating clauses (v) and (vi) as clauses (vii) and (viii), respectively; and

(III) by inserting after clause (iv) the following:

''(v) require reporting of quantities and types of biobased products purchased by procuring agencies;

''(vi) focus on products that apply an innovative approach to growing, harvesting, procuring, processing, or manufacturing biobased products regardless of the date of entry of the products into the marketplace;''; and

(ii) by adding at the end the following:

''(F) REQUIRED DESIGNATIONS.—Not later than 1 year after the date of enactment of this subparagraph, the Secretary shall begin to designate intermediate ingredients or feedstocks and assembled and finished biobased products in the guidelines issued under this paragraph.'';

(2) in subsection (b)—

(A) in paragraph (3)—

(i) by striking ''The Secretary'' and inserting the following:

''(A) IN GENERAL.—The Secretary''; and

(ii) by adding at the end the following:

"(B) AUDITING AND COMPLIANCE.—The Secretary may carry out such auditing and compliance activities as the Secretary determines to be necessary to ensure compliance with subparagraph (A)."; and

(B) by adding at the end the following:

"(4) ASSEMBLED AND FINISHED PRODUCTS.—Not later than 1 year after the date of enactment of this paragraph, the Secretary shall begin issuing criteria for determining which assembled and finished products may qualify to receive the label under paragraph (1).";

(3) by redesignating subsections (d), (e), (f), (g), and (h) as subsections (e), (f), (g), (i), and (j), respectively;

(4) by inserting after subsection (c) the following:

"(d) OUTREACH, EDUCATION, AND PROMOTION.—

"(1) IN GENERAL.—The Secretary may engage in outreach, educational, and promotional activities intended to increase knowledge, awareness, and benefits of biobased products.

"(2) AUTHORIZED ACTIVITIES.—In carrying out this subsection, the Secretary may—

"(A) conduct consumer education and outreach (including consumer and awareness surveys);

"(B) conduct outreach to and support for State and local governments interested in implementing biobased purchasing programs;

"(C) partner with industry and nonprofit groups to produce educational and outreach materials and conduct educational and outreach events;

"(D) sponsor special conferences and events to bring together buyers and sellers of biobased products; and

"(E) support pilot and demonstration projects.";

(5) in subsection (h) (as redesignated by paragraph (3))—

(A) in paragraph (2)—

(i) in the matter preceding subparagraph (A) by striking "The report" and inserting "Each report under paragraph (1)";

(ii) in subparagraph (A), by striking "and" at the end;

(iii) in subparagraph (B)(ii), by striking the period at the end and inserting a semicolon; and

(iv) by adding at the end the following:

"(C) the progress made by other Federal agencies in compliance with the biobased procurement requirements, including the quantity of purchases made; and

"(D) the status of outreach, educational, and promotional activities carried out by the Secretary under subsection (d), including the attainment of specific milestones and overall results."; and

(B) by adding at the end the following:

"(3) ECONOMIC IMPACT STUDY AND REPORT.—

"(A) IN GENERAL.—The Secretary shall conduct a study to assess the economic impact of the biobased products industry, including—

"(i) the quantity of biobased products sold;

"(ii) the value of the biobased products;

"(iii) the quantity of jobs created;

"(iv) the quantity of petroleum displaced;

"(v) other environmental benefits; and

"(vi) areas in which the use or manufacturing of biobased products could be more effectively used, including identifying any technical and economic obstacles and recommending how those obstacles can be overcome.

"(B) REPORT.—Not later than 180 days after the date of enactment of this subparagraph, the Secretary shall submit to Congress a report describing the results of the study conducted under subparagraph (A).".

(6) by inserting after subsection (g) (as redesignated by paragraph (3)) the following:

"(h) FOREST PRODUCTS LABORATORY COORDINATION.—In determining whether products are eligible for the 'USDA Certified Biobased Product' label, the Secretary (acting through the Forest Products Laboratory) shall—

"(1) review and approve forest-related products for which an application is submitted for the program;

"(2) expedite the approval of innovative products resulting from technology developed by the Forest Products Laboratory or partners of the Laboratory; and

"(3) provide appropriate technical assistance to applicants, as determined by the Secretary."; and

(7) in subsection (j) (as redesignated by paragraph (3))—

(A) in the heading of paragraph (1), by inserting "FOR FISCAL YEARS 2008 THROUGH 2012" after "FUNDING";

(B) in the heading of paragraph (2), by inserting "FOR FISCAL YEARS 2009 THROUGH 2012" after "FUNDING"; and

(C) by adding at the end the following:

"(3) FISCAL YEARS 2013 THROUGH 2017.—There is authorized to be appropriated to carry out this section $2,000,000 for each of fiscal years 2013 through 2017.

"(4) MANDATORY FUNDING FOR FISCAL YEARS 2013 THROUGH 2017.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $3,000,000 for each of fiscal years 2013 through 2017.".

(b) CONFORMING AMENDMENT.—Section 944(c)(2)(A) of the Energy Policy Act of 2005 (42 U.S.C. 16253(c)(2)(A)) is amended by striking ''section 9002(h)(1)'' and inserting ''section 9002(b)''.

**SEC. 9003. BIOREFINERY, RENEWABLE CHEMICAL, AND BIOBASED PRODUCT MANUFACTURING ASSISTANCE.**

(a) PROGRAM ADJUSTMENTS.—

(1) IN GENERAL.—Section 9003 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8103) is amended—

(A) in the section heading, by inserting ''**, RENEWABLE CHEMICAL, AND BIOBASED PRODUCT MANUFACTURING**'' after ''**BIOREFINERY**'';

(B) in subsection (a), in the matter preceding paragraph (1), by inserting ''renewable chemicals, and biobased product manufacturing'' after ''advanced biofuels,'';

(C) in subsection (b)—

(i) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively; and

(ii) by inserting before paragraph (2) (as so redesignated) the following:

"(1) BIOBASED PRODUCT MANUFACTURING.—The term 'biobased product manufacturing' means development, construction, and retrofitting of technologically new commercial-scale processing and manufacturing equipment and required facilities that will be used to convert renewable chemicals and other biobased outputs of biorefineries into end-user products on a commercial scale."; and

(D) in subsection (c)—

(i) in paragraph (1), by striking "and" at the end;

(ii) in paragraph (2), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(3) grants and loan guarantees to fund the development and construction of renewable chemical and biobased product manufacturing facilities.".

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on October 1, 2012.

(b) FUNDING.—Section 9003(h) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8103(b)) is amended—

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

"(1) MANDATORY FUNDING.—

"(A) IN GENERAL.—Subject to subparagraph (B), of the funds of the Commodity Credit Corporation, the Secretary shall use for the cost of loan guarantees under this section, to remain available until expended—

"(i) $100,000,000 for fiscal year 2013; and

"(ii) $58,000,000 for each of fiscal years 2014 and 2015.

"(B) BIOBASED PRODUCT MANUFACTURING.—Of the total amount of funds made available for the period of fiscal years 2013 through 2015 under subparagraph (A), the Secretary use for the cost of loan guarantees under this section not more than $25,000,000 to promote biobased product manufacturing."; and

(2) in paragraph (2), by striking "2012" and inserting "2017".

**SEC. 9004. REPEAL OF REPOWERING ASSISTANCE PROGRAM AND TRANSFER OF REMAINING FUNDS.**

(a) REPEAL.—Subject to subsection (b), section 9004 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8104) is repealed.

(b) USE OF REMAINING FUNDING FOR RURAL ENERGY FOR AMERICA PROGRAM.—Funds made available pursuant to subsection (d) of section 9004 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8104) that are unobligated on the day before the date of enactment of this section shall—

(1) remain available until expended;

(2) be used by the Secretary of Agriculture to carry out financial assistance for energy efficiency improvements and renewable energy systems under section 9007(a)(2) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107(a)(2)); and

(3) be in addition to any other funds made available to carry out that program.

**SEC. 9005. BIOENERGY PROGRAM FOR ADVANCED BIOFUELS.**

Section 9005(g) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8105(c)) is amended—

(1) in the heading of paragraph (1), by inserting "FOR FISCAL YEARS 2009 THROUGH 2012" after "FUNDING";

(2) in the heading of paragraph (2), by inserting "FOR FISCAL YEARS 2009 THROUGH 2012" after "FUNDING";

(3) by redesignating paragraph (3) as paragraph (4); and

(4) by inserting after paragraph (2) the following:

"(3) FISCAL YEARS 2013 THROUGH 2017.—There is authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2013 through 2017.".

**SEC. 9006. BIODIESEL FUEL EDUCATION PROGRAM.**

Section 9006(d) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8106(d)) is amended—

(1) by striking "(d) FUNDING.—Of the funds" and inserting "(d) FUNDING.—

"(1) FISCAL YEARS 2008 THROUGH 2012.—Of the funds"; and

(2) by adding at the end the following:

"(2) FISCAL YEARS 2013 THROUGH 2017.—There is authorized to be appropriated to carry out this section $1,000,000 for each of fiscal years 2013 through 2017.

"(3) MANDATORY FUNDING FOR FISCAL YEARS 2013 THROUGH 2017.—Of the funds of the Com-

modity Credit Corporation, the Secretary shall use to carry out this section $1,000,000 for each of fiscal years 2013 through 2017.''.

**SEC. 9007. RURAL ENERGY FOR AMERICA PROGRAM.**

(a) PROGRAM ADJUSTMENTS.—

(1) IN GENERAL.—Section 9007 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107) is amended—

(A) in subsection (b)(2)—

(i) in subparagraph (C), by striking ''and'' at the end;

(ii) by redesignating subparagraph (D) as subparagraph (E); and

(iii) by inserting after subparagraph (C) the following:

''(D) a council (as defined in section 1528 of the Agriculture and Food Act of 1981 (16 U.S.C. 3451)); and''; and

(B) in subsection (c)—

(i) in paragraph (1)(A), by inserting '', such as for agricultural and associated residential purposes'' after ''electricity'';

(ii) by striking paragraph (3);

(iii) by redesignating paragraph (4) as paragraph (3);

(iv) in paragraph (3) (as so redesignated), by striking subparagraph (A) and inserting the following:

"(A) GRANTS.—The amount of a grant under this subsection shall not exceed the lesser of—

"(i) $500,000; and

"(ii) 25 percent of the cost of the activity carried out using funds from the grant."; and

(v) by adding at the end the following:

"(4) TIERED APPLICATION PROCESS.—

"(A) IN GENERAL.—In providing loan guarantees and grants under this subsection, the Secretary shall use a 3-tiered application process that reflects the size of proposed projects in accordance with this paragraph.

"(B) TIER 1.—The Secretary shall establish a separate application process for projects for which the cost of the activity funded under this subsection is not more than $80,000.

"(C) TIER 2.—The Secretary shall establish a separate application process for projects for which the cost of the activity funded under

this subsection is greater than $80,000 but less than $200,000.

"(D) TIER 3.—The Secretary shall establish a separate application process for projects for which the cost of the activity funded under this subsection is equal to or greater than $200,000.

"(E) APPLICATION PROCESS.—The Secretary shall establish an application, evaluation, and oversight process that is the most simplified for tier I projects and more comprehensive for each subsequent tier.".

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on October 1, 2012.

(b) FUNDING.—Section 9007(g) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107(g)) is amended—

(1) in the heading of paragraph (1), by inserting "FOR FISCAL YEARS 2009 THROUGH 2012" after "FUNDING";

(2) in the heading of paragraph (2), by inserting "FOR FISCAL YEARS 2009 THROUGH 2012" after "FUNDING";

(3) in the heading of paragraph (3), by inserting "FOR FISCAL YEARS 2009 THROUGH 2012" after "FUNDING"; and

(4) by adding at the end the following:

"(4) FISCAL YEARS 2013 THROUGH 2017.—There is authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2013 through 2017.

"(5) MANDATORY FUNDING FOR FISCAL YEARS 2013 THROUGH 2017.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $48,200,000 for each of fiscal years 2013 through 2017.".

**SEC. 9008. BIOMASS RESEARCH AND DEVELOPMENT.**

Section 9008(h) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8108(h)) is amended—

(1) in the heading of paragraph (1), by inserting "FOR FISCAL YEARS 2009 THROUGH 2012" after "FUNDING";

(2) in the heading of paragraph (2), by inserting "FOR FISCAL YEARS 2009 THROUGH 2012" after "FUNDING"; and

(3) by adding at the end the following:

"(3) FISCAL YEARS 2013 THROUGH 2017.—There is authorized to be appropriated to carry out

this section $30,000,000 for each of fiscal years 2013 through 2017.

"(4) MANDATORY FUNDING FOR FISCAL YEARS 2013 THROUGH 2017.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $26,000,000 for each of fiscal years 2013 through 2017.".

**SEC. 9009. FEEDSTOCK FLEXIBILITY PROGRAM FOR BIOENERGY PRODUCERS.**

Section 9010(b) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8110(b)) is amended—

(1) in paragraph (1)(A), by striking "2012" and inserting "2017"; and

(2) in paragraph (2)(A), by striking "2012" and inserting "2017".

**SEC. 9010. BIOMASS CROP ASSISTANCE PROGRAM.**

Section 9011 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8111) is amended to read as follows:

**"SEC. 9011. BIOMASS CROP ASSISTANCE PROGRAM.**

"(a) DEFINITIONS.—In this section:

"(1) BCAP.—The term 'BCAP' means the Biomass Crop Assistance Program established under this section.

"(2) BCAP PROJECT AREA.—The term 'BCAP project area' means an area that—

"(A) has specified boundaries that are submitted to the Secretary by the project sponsor and subsequently approved by the Secretary;

"(B) includes producers with contract acreage that will supply a portion of the renewable biomass needed by a biomass conversion facility; and

"(C) is physically located within an economically practicable distance from the biomass conversion facility.

"(3) CONTRACT ACREAGE.—The term 'contract acreage' means eligible land that is covered by a BCAP contract entered into with the Secretary.

"(4) ELIGIBLE CROP.—

"(A) IN GENERAL.—The term 'eligible crop' means a crop of renewable biomass.

"(B) EXCLUSIONS.—The term 'eligible crop' does not include—

"(i) any crop that is eligible to receive payments under title I of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8702 et seq.) or an amendment made by that title;

"(ii) any plant that is invasive or noxious or species or varieties of plants that credible risk assessment tools or other credible sources determine are potentially invasive, as determined by the Secretary in consultation with other appropriate Federal or State departments and agencies; or

"(iii) algae.

"(5) ELIGIBLE LAND.—

"(A) IN GENERAL.—The term 'eligible land' includes—

"(i) agricultural and nonindustrial private forest lands (as defined in section 5(c) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103a(c))); and

"(ii) land enrolled in the agricultural conservation easement program established under subtitle H of title XII of the Food Security Act of 1985.

"(B) EXCLUSIONS.—The term 'eligible land' does not include—

"(i) Federal- or State-owned land;

"(ii) land that is native sod, as of the date of enactment of the Food, Conserva-

tion, and Energy Act of 2008 (7 U.S.C. 8701 et seq.);

"(iii) land enrolled in the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.);

"(iv) land enrolled in the Agricultural Conservation Easement Program established under subtitle H of title XII of that Act; or

"(v) land enrolled in the conservation reserve program or the Agricultural Conservation Easement Program under a contract that will expire at the end of the current fiscal year.

"(6) ELIGIBLE MATERIAL.—

"(A) IN GENERAL.—The term 'eligible material' means renewable biomass harvested directly from the land, including crop residue from any crop that is eligible to receive payments under title I of the Agriculture Reform, Food, and Jobs Act of 2012 or an amendment made by that title.

"(B) INCLUSIONS.—The term 'eligible material' shall only include—

"(i) eligible material that is collected or harvested by the eligible material owner—

"(I) directly from—

"(aa) National Forest System;

"(bb) Bureau of Land Management land;

"(cc) non-Federal land; or

"(dd) land owned by an individual Indian or Indian tribe that is held in trust by the United States for the benefit of the individual Indian or Indian tribe or subject to a restriction against alienation imposed by the United States;

"(II) in a manner that is consistent with—

"(aa) a conservation plan;

"(bb) a forest stewardship plan; or

"(cc) a plan that the Secretary determines is equivalent to a plan described in item (aa) or (bb) and consistent with Executive Order 13112 (42 U.S.C. 4321 note; relating to invasive species);

"(ii) if woody eligible material, woody eligible material that is produced on land other than contract acreage that—

"(I) is a byproduct of a preventative treatment that is removed to reduce hazardous fuel or to reduce or contain disease or insect infestation; and

"(II) if harvested from Federal land, is harvested in accordance with section 102(e) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6512(e)); and

"(iii) eligible material that is delivered to a qualified biomass conversion facility to be used for heat, power, biobased products, research, or advanced biofuels.

"(C) EXCLUSIONS.—The term 'eligible material' does not include—

"(i) material that is whole grain from any crop that is eligible to receive payments under title I of the Agriculture Reform, Food, and Jobs Act of 2012 or an amendment made by that title, including—

"(I) barley, corn, grain sorghum, oats, rice, or wheat;

"(II) honey;

"(III) mohair;

"(IV) oilseeds, including canola, crambe, flaxseed, mustard seed, rapeseed, safflower seed, soybeans, sesame seed, and sunflower seed;

"(V) peanuts;

"(VI) pulse;

"(VII) chickpeas, lentils, and dry peas;

"(VIII) dairy products;

"(IX) sugar; and

"(X) wool and cotton boll fiber;

"(ii) animal waste and byproducts, including fat, oil, grease, and manure;

"(iii) food waste and yard waste;

"(iv) algae;

"(v) woody eligible material that—

"(I) is removed outside contract acreage; and

"(II) is not a byproduct of a preventative treatment to reduce hazardous fuel or to reduce or contain disease or insect infestation;

"(vi) any woody eligible material collected or harvested outside contract acreage that would otherwise be used for existing market products; or

"(vii) bagasse.

"(7) PRODUCER.—The term 'producer' means an owner or operator of contract acreage that is physically located within a BCAP project area.

"(8) PROJECT SPONSOR.—The term 'project sponsor' means—

"(A) a group of producers; or

"(B) a biomass conversion facility.

"(9) SOCIALLY DISADVANTAGED FARMER OR RANCHER.—The term 'socially disadvantaged farmer or rancher' has the meaning given the term in section 2501(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)).

"(b) ESTABLISHMENT AND PURPOSE.—The Secretary shall establish and administer a Biomass Crop Assistance Program to—

"(1) support the establishment and production of eligible crops for conversion to bioenergy in selected BCAP project areas; and

"(2) assist agricultural and forest land owners and operators with the collection, harvest, storage, and transportation of eligible material for use in a biomass conversion facility.

"(c) BCAP PROJECT AREA.—

"(1) IN GENERAL.—The Secretary shall provide financial assistance to a producer of an eligible crop in a BCAP project area.

"(2) SELECTION OF PROJECT AREAS.—

"(A) IN GENERAL.—To be considered for selection as a BCAP project area, a project sponsor shall submit to the Secretary a proposal that, at a minimum, includes—

"(i) a description of the eligible land and eligible crops of each producer that will participate in the proposed BCAP project area;

"(ii) a letter of commitment from a biomass conversion facility that the facility

will use the eligible crops intended to be produced in the proposed BCAP project area;

"(iii) evidence that the biomass conversion facility has sufficient equity available, as determined by the Secretary, if the biomass conversion facility is not operational at the time the proposal is submitted to the Secretary; and

"(iv) any other information about the biomass conversion facility or proposed biomass conversion facility that the Secretary determines necessary for the Secretary to be reasonably assured that the plant will be in operation by the date on which the eligible crops are ready for harvest.

"(B) BCAP PROJECT AREA SELECTION CRITERIA.—In selecting BCAP project areas, the Secretary shall consider—

"(i) the volume of the eligible crops proposed to be produced in the proposed BCAP project area and the probability that those crops will be used for the purposes of the BCAP;

"(ii) the volume of renewable biomass projected to be available from sources other than the eligible crops grown on contract acres;

"(iii) the anticipated economic impact in the proposed BCAP project area;

"(iv) the opportunity for producers and local investors to participate in the ownership of the biomass conversion facility in the proposed BCAP project area;

"(v) the participation rate by—

"(I) beginning farmers or ranchers (as defined in accordance with section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a))); or

"(II) socially disadvantaged farmers or ranchers;

"(vi) the impact on soil, water, and related resources;

"(vii) the variety in biomass production approaches within a project area, including (as appropriate)—

"(I) agronomic conditions;

"(II) harvest and postharvest practices; and

"(III) monoculture and polyculture crop mixes;

"(viii) the range of eligible crops among project areas; and

"(ix) any additional information that the Secretary determines to be necessary.

"(3) CONTRACT.—

"(A) IN GENERAL.—On approval of a BCAP project area by the Secretary, each producer in the BCAP project area shall enter into a contract directly with the Secretary.

"(B) MINIMUM TERMS.—At a minimum, a contract under this subsection shall include terms that cover—

"(i) an agreement to make available to the Secretary, or to an institution of higher education or other entity designated by the Secretary, such information as the Secretary considers to be appropriate to promote the production of eligible crops and the development of biomass conversion technology;

"(ii) compliance with the highly erodible land conservation requirements of subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.) and the wetland conservation requirements of subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.);

"(iii) the implementation of (as determined by the Secretary)—

"(I) a conservation plan;

"(II) a forest stewardship plan; or

"(III) a plan that is equivalent to a conservation or forest stewardship plan; and

"(iv) any additional requirements that Secretary determines to be necessary.

"(C) DURATION.—A contract under this subsection shall have a term of not more than—

"(i) 5 years for annual and perennial crops; or

"(ii) 15 years for woody biomass.

"(4) RELATIONSHIP TO OTHER PROGRAMS.—In carrying out this subsection, the Secretary shall pro-

vide for the preservation of cropland base and yield history applicable to the land enrolled in a BCAP contract.

"(5) PAYMENTS.—

"(A) IN GENERAL.—The Secretary shall make establishment and annual payments directly to producers to support the establishment and production of eligible crops on contract acreage.

"(B) AMOUNT OF ESTABLISHMENT PAYMENTS.—

"(i) IN GENERAL.—Subject to clause (ii), the amount of an establishment payment under this subsection shall be not more than 50 percent of the costs of establishing an eligible perennial crop covered by the contract but not to exceed $500 per acre, including—

"(I) the cost of seeds and stock for perennials;

"(II) the cost of planting the perennial crop, as determined by the Secretary; and

"(III) in the case of nonindustrial private forestland, the costs of site preparation and tree planting.

"(ii) SOCIALLY DISADVANTAGES FARMERS OR RANCHERS.—In the case of socially disadvantaged farmers or ranchers, the costs of establishment may not exceed $750 per acre.

"(C) AMOUNT OF ANNUAL PAYMENTS.—

"(i) IN GENERAL.—Subject to clause (ii), the amount of an annual payment under this subsection shall be determined by the Secretary.

"(ii) REDUCTION.—The Secretary shall reduce an annual payment by an amount determined to be appropriate by the Secretary, if—

"(I) an eligible crop is used for purposes other than the production of energy at the biomass conversion facility;

"(II) an eligible crop is delivered to the biomass conversion facility;

"(III) the producer receives a payment under subsection (d);

"(IV) the producer violates a term of the contract; or

"(V) the Secretary determines a reduction is necessary to carry out this section.

"(d) ASSISTANCE WITH COLLECTION, HARVEST, STORAGE, AND TRANSPORTATION.—

"(1) IN GENERAL.—The Secretary shall make a payment for the delivery of eligible material to a biomass conversion facility to—

"(A) a producer of an eligible crop that is produced on BCAP contract acreage; or

"(B) a person with the right to collect or harvest eligible material, regardless of whether the eligible material is produced on contract acreage.

"(2) PAYMENTS.—

"(A) COSTS COVERED.—A payment under this subsection shall be in an amount described in subparagraph (B) for—

"(i) collection;

"(ii) harvest;

"(iii) storage; and

"(iv) transportation to a biomass conversion facility.

"(B) AMOUNT.—Subject to paragraph (3), the Secretary may provide matching payments at a rate of up to $1 for each $1 per ton provided by the biomass conversion facility, in an amount not to exceed $20 per dry ton for a period of 4 years.

"(3) LIMITATION ON ASSISTANCE FOR BCAP CONTRACT ACREAGE.—As a condition of the receipt of an annual payment under subsection (c), a producer receiving a payment under this subsection for collection, harvest, storage, or transportation of an eligible crop produced on BCAP acreage shall agree to a reduction in the annual payment.

"(e) REPORT.—Not later than 4 years after the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the dissemination by the Secretary of the best practice data and information gathered from participants receiving assistance under this section.

"(f) FUNDING.—

"(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall use

to carry out this section $38,600,000 for each of fiscal years 2013 through 2017.

"(2) COLLECTION, HARVEST, STORAGE, AND TRANSPORTATION PAYMENTS.—Of the amount made available under paragraph (1) for each fiscal year, the Secretary shall use not less than 10 percent, nor more than 50 percent, of the amount to make collection, harvest, transportation, and storage payments under subsection (d)(2).".

**SEC. 9011. REPEAL OF FOREST BIOMASS FOR ENERGY.**

Section 9012 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8112) is repealed.

**SEC. 9012. COMMUNITY WOOD ENERGY PROGRAM.**

Section 9013(e) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8113(e)) is amended by inserting before the period at the end "and $5,000,000 for each of fiscal years 2013 through 2017".

**SEC. 9013. REPEAL OF RENEWABLE FERTILIZER STUDY.**

Section 9003 of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246; 122 Stat. 2096) is repealed.

# TITLE X—HORTICULTURE

**SEC. 10001. SPECIALTY CROPS MARKET NEWS ALLOCATION.**

Section 10107(b) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 1622b(b)) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 10002. REPEAL OF GRANT PROGRAM TO IMPROVE MOVEMENT OF SPECIALTY CROPS.**

Section 10403 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 1622c) is repealed.

**SEC. 10003. FARMERS MARKET AND LOCAL FOOD PROMOTION PROGRAM.**

Section 6 of the Farmer-to-Consumer Direct Marketing Act of 1976 (7 U.S.C. 3005) is amended—

(1) in the section heading, by adding ''AND LOCAL FOOD'' after ''MARKET'';

(2) in subsection (a)—

(A) by inserting ''and Local Food'' after ''Market'';

(B) by striking ''farmers' markets and to promote''; and

(C) by inserting ''and local food capacity development'' before the period at the end;

(3) in subsection (b), by striking paragraph (1) and inserting the following:

"(1) IN GENERAL.—The purposes of the Program are to increase domestic consumption of and access to locally and regionally produced agricultural products by developing, improving, expanding, and providing outreach, training, and technical assistance to, or assisting in the development, improvement and expansion of—

"(A) domestic farmers' markets, roadside stands, community-supported agriculture programs, agritourism activities, and other direct producer-to-consumer market opportunities; and

"(B) local and regional food enterprises that are not direct producer-to-consumer markets but process, distribute, aggregate, store, and market locally or regionally produced food products.";

(4) in subsection (c)(1)—

(A) by inserting "or other business entity" after "cooperative"; and

(B) by inserting ", including a community supported agriculture network or association" after "association";

(5) by redesignating subsection (e) as subsection (f);

(6) by inserting after subsection (d) the following:

"(e) PRIORITIES.—In providing grants under the Program, priority shall be given to applications that include projects that—

"(1) benefit underserved communities;

"(2) develop market opportunities for small and mid-sized farm and ranch operations; and

"(3) include a strategic plan to maximize the use of funds to build capacity for local and regional food systems in a community.";

(7) in subsection (f) (as redesignated by paragraph (5))—

(A) in paragraph (1)—

(i) in subparagraph (B), by striking "and" after the semicolon at the end;

(ii) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(D) $20,000,000 for each of fiscal years 2013 through 2017.";

(B) by striking paragraphs (2) and (4);

(C) by redesignating paragraph (3) as paragraph (4);

(D) by inserting after paragraph (1) the following:

"(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds made available under paragraph (1), there is authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2013 through 2017.

"(3) USE OF FUNDS.—

"(A) IN GENERAL.—Of the funds made available to carry out the Program for each fiscal year, 50 percent shall be used for the purposes described in subsection (b)(1)(A) and 50 percent shall be used for the purposes described in subsection (b)(1)(B).

"(B) COST SHARE.—To be eligible to receive a grant for a project described in subsection (b)(1)(B), a recipient shall provide a match in the form of cash or in-kind contributions in an amount equal to 25 percent of the total cost of the project."; and

(E) by adding at the end the following:

"(5) ADMINISTRATIVE EXPENSES.—Not more than 10 percent of the total amount made available

to carry out this section for a fiscal year may be used for administrative expenses.

"(6) LIMITATIONS.—An eligible entity may not use a grant or other assistance provided under the Program for the purchase, construction, or rehabilitation of a building or structure.".

**SEC. 10004. STUDY ON LOCAL FOOD PRODUCTION AND PROGRAM EVALUATION.**

(a) IN GENERAL.—The Secretary shall—

(1) collect data on the production and marketing of locally or regionally produced agricultural food products;

(2) facilitate interagency collaboration and data sharing on programs related to local and regional food systems; and

(3) monitor the effectiveness of programs designed to expand or facilitate local food systems.

(b) REQUIREMENTS.—In carrying out this section, the Secretary shall, at a minimum—

(1) collect and distribute comprehensive reporting of prices of locally or regionally produced agricultural food products;

(2) conduct surveys and analysis and publish reports relating to the production, handling, distribution, retail sales, and trend studies (including

consumer purchasing patterns) of or on locally or regionally produced agricultural food products;

(3) evaluate the effectiveness of existing programs in growing local and regional food systems, including—

(A) the impact of local food systems on job creation and economic development;

(B) the level of participation in the Farmers' Market and Local Food Promotion Program established under section 6 of the Farmer-to-Consumer Direct Marketing Act of 1976 (7 U.S.C. 3005), including the percentage of projects funded in comparison to applicants and the types of eligible entities receiving funds;

(C) the ability for participants to leverage private capital and a synopsis of the places from which non-Federal funds are derived; and

(D) any additional resources required to aid in the development or expansion of local and regional food systems;

(4) expand the Agricultural Resource Management Survey to include questions on locally or regionally produced agricultural food products; and

(5) seek to establish or expand private-public partnerships to facilitate, to the maximum extent

practicable, the collection of data on locally or regionally produced agricultural food products, including the development of a nationally coordinated and regionally balanced evaluation of the redevelopment of locally or regionally produced food systems.

(c) REPORT.—Not later than 1 year after the date of enactment of this Act and annually thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the progress that has been made in implementing this section and identifying any additional needs related to developing local and regional food systems.

**SEC. 10005. ORGANIC AGRICULTURE.**

(a) ORGANIC PRODUCTION AND MARKET DATA INITIATIVES.—Section 7407 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 5925c) is amended—

(1) in subsection (c)—

(A) in the matter preceding paragraph (1), by inserting ''and annually thereafter'' after ''this subsection'';

(B) in paragraph (1), by striking ''and'' at the end;

(C) by redesignating paragraph (2) as paragraph (3); and

(D) by inserting after paragraph (1) the following:

''(2) describes how data collection agencies (such as the Agricultural Marketing Service and the National Agricultural Statistics Service) are coordinating with data user agencies (such as the Risk Management Agency) to ensure that data collected under this section can be used by data user agencies, including by the Risk Management Agency to offer price elections for all organic crops; and''; and

(2) in subsection (d)—

(A) by redesignating paragraph (2) as paragraph (3);

(B) by inserting after paragraph (1) the following:

''(2) MANDATORY FUNDING.—In addition to any funds available under paragraph (1), of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $5,000,000, to remain available until expended.''; and

(C) in paragraph (3) (as redesignated by subparagraph (A))—

(i) by striking ''paragraph (1)'' and inserting ''paragraphs (1) and (2)''; and

(ii) by striking ''2012'' and inserting ''2017''.

(b) MODERNIZATION AND TECHNOLOGY UPGRADE FOR NATIONAL ORGANIC PROGRAM.—Section 2123 of the Organic Foods Production Act of 1990 (7 U.S.C. 6522) is amended—

(1) in subsection (b)—

(A) in paragraph (5), by striking ''and'' at the end;

(B) by redesignating paragraph (6) as paragraph (7); and

(C) by inserting after paragraph (5) the following:

''(6) $15,000,000 for each of fiscal years 2013 through 2017; and''; and

(2) by adding at the end the following:

''(c) MODERNIZATION AND TECHNOLOGY UPGRADE FOR NATIONAL ORGANIC PROGRAM.—

''(1) IN GENERAL.—The Secretary shall modernize database and technology systems of the national organic program.

''(2) FUNDING.—Of the funds of the Commodity Credit Corporation and in addition to any other funds made available for that purpose, the Secretary shall make available to carry out this sub-

section $5,000,000 in fiscal year 2013, to remain available until expended.

"(d) REPORT.—Not later than 180 days after the date of enactment of this subsection, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

"(1) describes the efforts of the Secretary to ensure that activities conducted through commodity research and promotion programs adequately reflect the priorities of all members of the applicable orders; and

"(2) includes an assessment of the feasibility of establishing an organic research and promotion program, including any current barriers to establishment and challenges related to implementation.".

**SEC. 10006. FOOD SAFETY EDUCATION INITIATIVES.**

Section 10105(c) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 7655a(c)) is amended by striking "2012" and inserting "2017".

**SEC. 10007. COORDINATED PLANT MANAGEMENT PROGRAM.**

(a) IN GENERAL.—Section 420 of the Plant Protection Act (7 U.S.C. 7721) is amended—

(1) by striking the section heading and inserting "**COORDINATED PLANT MANAGEMENT PROGRAM**.";

(2) by redesignating subsection (e) as subsection (f); and

(3) by inserting after subsection (d) the following:

"(e) NATIONAL CLEAN PLANT NETWORK.—

"(1) IN GENERAL.—The Secretary shall establish a program to be known as the 'National Clean Plant Network' (referred to in this subsection as the 'Program').

"(2) REQUIREMENTS.—Under the Program, the Secretary shall establish a network of clean plant centers for diagnostic and pathogen elimination services—

"(A) to produce clean propagative plant material; and

"(B) to maintain blocks of pathogen-tested plant material in sites located throughout the United States.

"(3) AVAILABILITY OF CLEAN PLANT SOURCE MATERIAL.—Clean plant source material produced or maintained under the Program may be made available to—

"(A) a State for a certified plant program of the State; and

"(B) private nurseries and producers.

"(4) CONSULTATION AND COLLABORATION.—In carrying out the Program, the Secretary shall—

"(A) consult with—

"(i) State departments of agriculture; and

"(ii) land-grant colleges and universities and NLGCA Institutions (as those terms are defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)); and

"(B) to the extent practicable and with input from the appropriate State officials and industry representatives, use existing Federal or State facilities to serve as clean plant centers.".

(b) FUNDING.—Subsection (f) of section 420 of the Plant Protection Act (7 U.S.C. 7721) (as redesignated by subsection (a)(1)) is amended—

(1) in paragraph (3), by striking "and" at the end;

(2) in paragraph (4), by striking "and each fiscal year thereafter." and inserting a semicolon; and

(3) by adding at the end the following:

''(5) $60,000,000 for each of fiscal years 2013 through 2016; and

''(6) $65,000,000 for fiscal year 2017 and each fiscal year thereafter.''.

(c) REPEAL OF EXISTING PROVISION.—Section 10202 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 7761) is repealed.

(d) CLARIFICATION OF USE OF FUNDS FOR TECHNICAL ASSISTANCE.—Section 420 of the Plant Protection Act (7 U.S.C. 7721) (as amended by subsection (a)) is amended by adding at the end the following:

''(g) RELATIONSHIP TO OTHER LAW.—The use of Commodity Credit Corporation funds under this section to provide technical assistance shall not be considered an allotment or fund transfer from the Commodity Credit Corporation for purposes of the limit on expenditures for technical assistance imposed by section 11 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714i).''.

**SEC. 10008. SPECIALTY CROP BLOCK GRANTS.**

Section 101 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note; Public Law 108–465) is amended—

(1) in subsection (a)—

(A) by striking ''subsection (j)'' and inserting ''subsection (l)''; and

(B) by striking ''2012'' and inserting ''2017'';

(2) by striking subsection (b) and inserting the following:

''(b) GRANTS BASED ON VALUE AND ACREAGE.—Subject to subsection (c), in the case of each State with an application for a grant for a fiscal year that is accepted by the Secretary of Agriculture under subsection (f), the amount of a grant for a fiscal year to a State under this section shall bear the same ratio to the total amount made available under subsection (l) for that fiscal year as—

''(1) the average of the most recent available value of specialty crop production in the State and the acreage of specialty crop production in the State, as demonstrated in the most recent Census of Agriculture data; bears to

''(2) the average of the most recent available value of specialty crop production in all States and the acreage of specialty crop production in all States, as demonstrated in the most recent Census of Agriculture data.'';

(3) by redesignating subsection (j) as subsection (l);

(4) by inserting after subsection (i) the following:

"(j) MULTISTATE PROJECTS.—

"(1) IN GENERAL.—Not later than 180 days after the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012, the Secretary of Agriculture shall issue guidance for the purpose of making grants to multistate projects under this section for projects involving—

"(A) food safety;

"(B) plant pests and disease;

"(C) crop-specific projects addressing common issues; and

"(D) any other area that furthers the purposes of this section, as determined by the Secretary.

"(2) FUNDING.—Of the funds provided under subsection (l), the Secretary of Agriculture may allocate for grants under this subsection, to remain available until expended—

"(A) $1,000,000 for fiscal year 2013;

"(B) $2,000,000 for fiscal year 2014;

"(C) $3,000,000 for fiscal year 2015;

"(D) $4,000,000 for fiscal year 2016; and

"(E) $5,000,000 for fiscal year 2017.

"(k) ADMINISTRATION.—

"(1) DEPARTMENT.—The Secretary of Agriculture may not use more than 3 percent of the funds made available to carry out this section for a fiscal year for administrative expenses.

"(2) STATES.—A State receiving a grant under this section may not use more than 8 percent of the funds received under the grant for a fiscal year for administrative expenses."; and

(5) in subsection (l) (as redesignated by paragraph (3))—

(A) in paragraph (2), by striking "and" at the end;

(B) in paragraph (3), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(4) $70,000,000 for fiscal year 2013 and each fiscal year thereafter.".

**SEC. 10009. RECORDKEEPING, INVESTIGATIONS, AND ENFORCEMENT.**

The Organic Foods Production Act of 1990 is amended by inserting after section 2120 (7 U.S.C. 6519) the following:

**"SEC. 2120A. RECORDKEEPING, INVESTIGATIONS, AND ENFORCEMENT.**

"(a) RECORDKEEPING.—

"(1) IN GENERAL.—Except as otherwise provided in this title, all persons, including producers, handlers, and certifying agents, required to report information to the Secretary under this title shall maintain, and make available to the Secretary on the request of the Secretary, all contracts, agreements, receipts, and other records associated with the organic certification program established by the Secretary under this title.

"(2) DURATION OF RECORDKEEPING REQUIREMENT.—A record covered by paragraph (1) shall be maintained—

"(A) by a person covered by this title, except for a certifying agent, for a period of 5 years beginning on the date of the creation of the record; and

"(B) by a certifying agent, for a period of 10 years beginning on the date of the creation of the record.

"(b) CONFIDENTIALITY.—

"(1) IN GENERAL.—Subject to paragraph (2), and except as otherwise directed by the Secretary or the Attorney General for enforcement purposes, no

officer, employee, or agent of the United States shall make available to the public information, statistics, or documents obtained from or made available by any person under this title, other than in a manner that ensures that confidentiality is preserved regarding the identity of persons, including parties to a contract, and proprietary business information.

''(2) ALLEGED VIOLATORS AND NATURE OF ACTIONS.—The Secretary may release the name of the alleged violator and the nature of the actions triggering an order, suspension, or revocation under subsection (e).

''(c) INVESTIGATION.—

''(1) IN GENERAL.—The Secretary may take such investigative actions as the Secretary considers to be necessary to carry out this title—

''(A) to verify the accuracy of any information reported or made available under this title; and

''(B) to determine, with regard to actions, practices, or information required under this title, whether a person covered by this title has committed, or will commit, a violation of any provision of this title, including an order or regulation promulgated by the Secretary.

"(2) INVESTIGATIVE POWERS.—The Secretary may administer oaths and affirmations, subpoena witnesses, compel attendance of witnesses, take evidence, and require the production of any books, papers, and documents that are relevant to the investigation.

"(d) UNLAWFUL ACT.—It shall be unlawful and a violation of this title for any person covered by this title—

"(1) to fail or refuse to provide, or delay the timely provision of, accurate information required by the Secretary under this section;

"(2) to violate—

"(A) an order of the Secretary;

"(B) a suspension or revocation of the organic certification of a producer or handler; or

"(C) a suspension or revocation of the accreditation of a certifying agent; or

"(3) to sell, or attempt to sell, a product that is represented as being organically produced under this title if in fact the product has been produced or handled by an operation that is not yet a certified organic producer or handler under this title.

"(e) ENFORCEMENT.—

"(1) ORDER.—The Secretary may issue an order to stop the sale of an agricultural product that

is labeled or otherwise represented as being organically produced—

"(A) until the product can be verified—

"(i) as meeting the national and State standards for organic production and handling as provided in sections 2105 through 2114;

"(ii) as having been produced or handled without the use of a prohibited substance listed under section 2118; and

"(iii) as being produced and handled by a certified organic operation; and

"(B) if a person has committed an unlawful act with respect to the product under subsection (d).

"(2) CERTIFICATION OR ACCREDITATION.—

"(A) SUSPENSION.—

"(i) IN GENERAL.—The Secretary may suspend the organic certification of a producer or handler, or accreditation of a certifying agent, for a period not to exceed 30 days, and may renew the suspension for an additional period, under the circumstances described in clause (ii).

"(ii) ACTIONS TRIGGERING SUSPENSION.—The Secretary may take the suspension or renewal actions described in clause (i), if the Secretary has reason to believe that a person producing or handling an agricultural product, or a certifying agent, has violated or is violating any provision of this title, including an order or regulation promulgated under this title.

"(iii) CONTINUATION OF SUSPENSION THROUGH APPEAL.—If the Secretary determines subsequent to an investigation that a violation of this title by a person covered by this title has occurred, the suspension shall remain in effect until the Secretary issues a revocation of the certification of the person or of the accreditation of the certifying agent, covered by this title, after an expedited administrative appeal under section 2121 has been completed.

"(B) REVOCATION.—After notice and opportunity for an administrative appeal under section 2121, if a violation described in subparagraph (A)(ii) is determined to have oc-

curred and is an unlawful act under subsection (d), the Secretary shall revoke the organic certification of the producer or handler, or the accreditation of the certifying agent.

"(3) VIOLATION OF ORDER OR REVOCATION.—A person who violates an order to stop the sale of a product as an organically produced product under paragraph (1), or a revocation of certification or accreditation under paragraph (2)(B), shall be subject to 1 or more of the penalties provided in subsections (a) and (b) of section 2120.

"(f) APPEAL.—

"(1) IN GENERAL.—An order under subsection (e)(1), or a revocation of certification or accreditation under subsection (e)(2)(B) shall be final and conclusive unless the affected person files an appeal of the order—

"(A) first, to the administrative appeals process established under section 2121(a); and

"(B) second, if the affected person so elects, to a United States district court as provided in section 2121(b) not later than 30 days after the date of the determination under subparagraph (A).

"(2) STANDARD.—An order under subsection (e)(1), or a revocation of certification or accreditation under subsection (e)(2)(B), shall be set aside only if the order, or the revocation of certification or accreditation, is not supported by substantial evidence.

"(g) NONCOMPLIANCE.—

"(1) IN GENERAL.—If a person covered by this title fails to obey an order, or a revocation of certification or accreditation, described in subsection (f)(2) after the order or revocation has become final and conclusive or after the appropriate United States district court has entered a final judgment in favor of the Secretary, the United States may apply to the appropriate United States district court for enforcement of the order, or the revocation of certification or accreditation.

"(2) ENFORCEMENT.—If the court determines that the order or revocation was lawfully made and duly served and that the person violated the order or revocation, the court shall enforce the order or revocation.

"(3) CIVIL PENALTY.—If the court finds that the person violated the order or revocation, the per-

son shall be subject to a civil penalty of not more than $10,000 for each offense.''.

**SEC. 10010. REPORT ON HONEY.**

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary, in consultation with affected stakeholders, shall submit to the Commissioner of Food and Drugs a report describing how an appropriate Federal standard for the identity of honey would promote honesty and fair dealing and would be in the interest of consumers, the honey industry, and United States agriculture.

(b) CONTENTS.—In preparing the report under subsection (a), the Secretary shall take into consideration the March 2006 Standard of Identity citizens petition filed with the Food and Drug Administration, including any current industry amendments or clarifications necessary to update that 2006 petition.

**SEC. 10011. EFFECTIVE DATE.**

This title and the amendments made by this title take effect on October 1, 2012.

# TITLE XI—CROP INSURANCE

**SEC. 11001. SUPPLEMENTAL COVERAGE OPTION.**

(a) AVAILABILITY OF SUPPLEMENTAL COVERAGE OPTION.—Section 508(c) of the Federal Crop Insurance

Act (7 U.S.C. 1508(c)) is amended by striking paragraph (3) and inserting the following:

"(3) YIELD AND LOSS BASIS OPTIONS.—A producer shall have the option of purchasing additional coverage based on—

"(A)(i) an individual yield and loss basis; or

"(ii) an area yield and loss basis;

"(B) an individual yield and loss basis, supplemented with coverage based on an area yield and loss basis to cover all or a part of the deductible under the individual yield and loss policy, as authorized in paragraph (4)(C); or

"(C) a margin basis alone or in combination with—

"(i) individual yield and loss coverage; or

"(ii) area yield and loss coverage.".

(b) LEVEL OF COVERAGE.—Section 508(c) of the Federal Crop Insurance Act (7 U.S.C. 1508(c)) is amended by striking paragraph (4) and inserting the following:

"(4) LEVEL OF COVERAGE.—

"(A) DOLLAR DENOMINATION AND PERCENTAGE OF YIELD.—Except as provided in subparagraph (C), the level of coverage—

"(i) shall be dollar denominated; and

"(ii) may be purchased at any level not to exceed 85 percent of the individual yield or 95 percent of the area yield (as determined by the Corporation).

"(B) INFORMATION.—The Corporation shall provide producers with information on catastrophic risk and additional coverage in terms of dollar coverage (within the allowable limits of coverage provided in this paragraph).

"(C) SUPPLEMENTAL COVERAGE OPTION.—

"(i) IN GENERAL.—Notwithstanding subparagraph (A), in the case of the supplemental coverage option described in paragraph (3)(B), the Corporation shall offer producers the opportunity to purchase coverage in combination with a policy or plan of insurance offered under this subtitle that would allow indemnities to be paid to a producer equal to all or part of the deductible under the policy or plan of insurance, if sufficient area data is available (as determined by the Corporation).

"(ii) TRIGGER.—Coverage offered under this subparagraph shall be triggered only if the losses in the area exceed 10 percent of normal levels (as determined by the Corporation).

"(iii) COVERAGE.—Subject to the trigger described in clause (ii) and the deductible imposed by clause (iv), coverage offered under this subparagraph shall cover the first loss incurred by the producer, not to exceed the difference between—

"(I) 100 percent; and

"(II) the coverage level selected by the producer for the underlying policy or plan of insurance.

"(iv) DEDUCTIBLE.—Coverage offered under this subparagraph shall be subject to a deductible in an amount equal to—

"(I) in the case of a producer who participates in the agriculture risk coverage program under section 1105(c) of the Agriculture Reform, Food, and Jobs Act of 2012, 21 percent of the expected value of the crop of the producer covered by the under-

lying policy or plan of insurance, as determined by the Corporation; and

"(II) in the case of all other producers, 10 percent of the expected value of the crop of the producer covered by the underlying policy or plan of insurance, as determined by the Corporation.

"(v) CALCULATION OF PREMIUM.—Notwithstanding subsection (d), the premium shall—

"(I) be sufficient to cover anticipated losses and a reasonable reserve; and

"(II) include an amount for operating and administrative expenses established in accordance with subsection (k)(4)(F).".

(c) PAYMENT OF PORTION OF PREMIUM BY CORPORATION.—Section 508(e)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)(2)) is amended by adding at the end the following:

"(H) In the case of the supplemental coverage option authorized in subsection (c)(4)(C), the amount shall be equal to the sum of—

"(i) 70 percent of the additional premium associated with the coverage; and

"(ii) the amount determined under subsection (c)(4)(C)(v)(II) for the coverage to cover operating and administrative expenses.".

(d) CONFORMING AMENDMENT.—Section 508(k)(4)(F) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(4)(F)) is amended by inserting "or authorized under subsection (c)(4)(C)" after "of this subparagraph".

(e) EFFECTIVE DATE.—The Federal Crop Insurance Corporation shall begin to provide additional coverage based on an individual yield and loss basis, supplemented with coverage based on an area yield and loss basis, not later than for the 2013 crop year.

**SEC. 11002. PREMIUM AMOUNTS FOR CATASTROPHIC RISK PROTECTION.**

Section 508(d)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(d)(2)) is amended by striking subparagraph (A) and inserting the following:

"(A) In the case of catastrophic risk protection, the amount of the premium established by the Corporation for each crop for which catastrophic risk protection is available shall be reduced by the percentage equal to the difference

between the average loss ratio for the crop and 100 percent, plus a reasonable reserve, as determined by the Corporation.''.

**SEC. 11003. PERMANENT ENTERPRISE UNIT.**

Section 508(e)(5) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)(5)) is amended by striking subparagraph (A) and inserting the following:

''(A) IN GENERAL.—The Corporation may pay a portion of the premiums for plans or policies of insurance for which the insurable unit is defined on a whole farm or enterprise unit basis that is higher than would otherwise be paid in accordance with paragraph (2).''.

**SEC. 11004. ENTERPRISE UNITS FOR IRRIGATED AND NONIRRIGATED CROPS.**

Section 508(e)(5) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)(5)) is amended by adding at the end the following:

''(D) NONIRRIGATED CROPS.—Beginning with the 2013 crop year, the Corporation shall make available separate enterprise units for irrigated and nonirrigated acreages of crops in counties.''.

**SEC. 11005. DATA COLLECTION.**

Section 508(g)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(g)(2)) is amended by adding at the end the following:

"(E) SOURCES OF YIELD DATA.—To determine yields under this paragraph, the Corporation—

"(i) shall use county data collected by the Risk Management Agency or the National Agricultural Statistics Service, or both; or

"(ii) if sufficient county data is not available, may use other data considered appropriate by the Secretary.".

**SEC. 11006. ADJUSTMENT IN ACTUAL PRODUCTION HISTORY TO ESTABLISH INSURABLE YIELDS.**

Section 508(g)(4)(B) of the Federal Crop Insurance Act (7 U.S.C. 1508(g)(4)(B)) is amended—

(1) in the matter preceding clause (i), by inserting "for the 2012 crop year or any prior crop year, or 70 percent of the applicable transitional yield for the 2013 or any subsequent crop year," after "transitional yield"; and

(2) in clause (ii), by striking "60 percent of the applicable transitional yield" and inserting "the ap-

plicable percentage of the transitional yield described in this subparagraph''.

**SEC. 11007. SUBMISSION AND REVIEW OF POLICIES.**

Section 508(h)(1) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)(1)) is amended—

(1) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively, and indenting appropriately;

(2) by striking ''(1) IN GENERAL.—'' and inserting the following:

''(1) SUBMISSION AND REVIEW OF POLICIES.—

''(A) SUBMISSIONS.—In addition''; and

(3) by adding at the end the following:

''(B) REVIEW.—The Corporation shall review any policy developed under section 522(c) or any pilot program developed under section 523 and submit the policy or program to the Board under this subsection if the Corporation, at the sole discretion of the Corporation, finds that the policy or program—

''(i) will likely result in a viable and marketable policy consistent with this subsection;

"(ii) would provide crop insurance coverage in a significantly improved form; and

"(iii) adequately protects the interests of producers.".

**SEC. 11008. BOARD REVIEW AND APPROVAL.**

(a) REVIEW AND APPROVAL BY THE BOARD.—Section 508(h) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)) is amended by striking paragraph (3) and inserting the following:

"(3) REVIEW AND APPROVAL BY THE BOARD.—

"(A) IN GENERAL.—A policy, plan of insurance, or other material submitted to the Board under this subsection shall be reviewed by the Board and shall be approved by the Board for reinsurance and for sale by approved insurance providers to producers at actuarially appropriate rates and under appropriate terms and conditions if the Board, at the sole discretion of the Board, determines that—

"(i) the interests of producers are adequately protected;

"(ii) the rates of premium and price election methodology are actuarially appropriate;

"(iii) the terms and conditions for the proposed policy or plan of insurance are appropriate and would not unfairly discriminate among producers;

"(iv) the proposed policy or plan of insurance will, at the sole discretion of the Board—

"(I) likely result in a viable and marketable policy that can reasonably attain levels of participation similar to other like policies or plans of insurance;

"(II) provide crop insurance coverage in a significantly improved form or in a manner that addresses a recognized flaw or problem in an existing policy; or

"(III) provide a new kind of coverage for a commodity that previously had no available crop insurance, or has demonstrated a low level of participation under existing coverage;

"(v) the proposed policy or plan of insurance will, at the sole discretion of the Board, not have a significant adverse im-

pact on the crop insurance delivery system; and

"(vi) the proposed policy or plan of insurance meets such other requirements as are determined appropriate by the Board.

"(B) PRIORITIES.—

"(i) ESTABLISHMENT.—The Board, at the sole discretion of the Board, may—

"(I) annually establish priorities under this subsection that specify types of submissions needed to fulfill the portfolio of policies or plans of insurance to be reviewed and approved under this subsection; and

"(II) make the priorities available on the website of the Corporation.

"(ii) PROCESS.—

"(I) IN GENERAL.—Policies or plans of insurance that satisfy the priorities established by the Board under this subsection shall be considered by the Board for approval prior to other submissions.

"(II) CONSIDERATIONS.—In approving policies or plans of insurance, the Board shall—

"(aa) consider providing the highest priorities for policies or plans of insurance that address underserved commodities, including commodities for which there is no insurance; and

"(bb) consider providing the highest priorities for existing policies for which there is inadequate coverage or there exists low levels of participation.

"(iii) OTHER CRITERIA.—The Board may establish such other criteria as the Board determines to meet the needs of producers and the priorities of this subsection, consistent with the purposes of this subtitle.".

**SEC. 11009. CONSULTATION.**

Section 508(h)(4) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)) is amended by adding at the end the following:

"(E) CONSULTATION.—

"(i) REQUIREMENT.—As part of the feasibility and research associated with the development of a policy or other material conducted prior to making a submission to the Board under this subsection, the submitter shall consult with groups representing producers of agricultural commodities in all major producing areas for the commodities to be served or potentially impacted, either directly or indirectly.

"(ii) SUBMISSION TO THE BOARD.—Any submission made to the Board under this subsection shall contain a summary and analysis of the feasibility and research findings from the impacted groups described in clause (i), including a summary assessment of the support for or against development of the policy and an assessment on the impact of the proposed policy to the general marketing and production of the crop from both a regional and national perspective.

"(iii) EVALUATION BY THE BOARD.—In evaluating whether the interests of producers are adequately protected pursuant

to paragraph (3) with respect to an submission made under this subsection, the Board shall review the information provided pursuant to clause (ii) to determine if the submission will create adverse market distortions with respect to the production of commodities that are the subject of the submission.''.

**SEC. 11010. BUDGET LIMITATIONS ON RENEGOTIATION OF THE STANDARD REINSURANCE AGREEMENT.**

Section 508(k)(8) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(8)) is amended by adding at the end the following:

''(F) BUDGET.—

''(i) IN GENERAL.—The Board shall ensure that any Standard Reinsurance Agreement negotiated under subparagraph (A)(ii), as compared to the previous Standard Reinsurance Agreement—

''(I) to the maximum extent practicable, shall be budget neutral; and

''(II) in no event, may significantly depart from budget neutrality.

''(ii) USE OF SAVINGS.—To the extent that any budget savings is realized in the

renegotiation of a Standard Reinsurance Agreement under subparagraph (A)(ii), and the savings are determined not to be a significant departure from budget neutrality under clause (i), the savings shall be used for programs administered or managed by the Risk Management Agency.''.

**SEC. 11011. STACKED INCOME PROTECTION PLAN FOR PRODUCERS OF UPLAND COTTON.**

(a) AVAILABILITY OF STACKED INCOME PROTECTION PLAN.—The Federal Crop Insurance Act is amended by inserting after section 508A (7 U.S.C. 1508a) the following:

**''SEC. 508B. STACKED INCOME PROTECTION PLAN FOR PRODUCERS OF UPLAND COTTON.**

''(a) AVAILABILITY.—Beginning not later than the 2013 crop of upland cotton, if practicable, the Corporation shall make available to producers of maximum eligible acres of upland cotton an additional policy (to be known as the 'Stacked Income Protection Plan'), which shall provide coverage consistent with the Group Risk Income Protection Plan (and the associated Harvest Revenue Option Endorsement) offered by the Corporation for the 2011 crop year.

"(b) REQUIRED TERMS.—The Corporation may modify the Stacked Income Protection Plan on a program-wide basis, except that the Stacked Income Protection Plan shall comply with the following requirements:

"(1)(A) Provide coverage for revenue loss of not more than 30 percent of expected county revenue, specified in increments of 5 percent.

"(B) The deductible is the minimum percent of revenue loss at which indemnities are triggered under the plan, not to be less than 10 percent of the expected county revenue.

"(C) Once the deductible is met, any losses in excess of the deductible will be paid up to the coverage selected by the producer.

"(2) Be offered to producers of upland cotton in all counties with upland cotton production—

"(A) at a county-wide level to the fullest extent practicable; or

"(B) in counties that lack sufficient data, on the basis of such larger geographical area as the Corporation determines to provide sufficient data for purposes of providing the coverage.

"(3) Be purchased in addition to any other individual or area coverage in effect on the producer's acreage or as a stand-alone policy, except that if a

producer has an individual or area coverage for the same acreage, the maximum coverage available under the Stacked Income Protection Plan shall not exceed the deductible for the individual or area coverage.

"(4) Establish coverage based on—

"(A) an expected price that is the expected price established under existing Group Risk Income Protection or area wide policy offered by the Corporation for the applicable county (or area) and crop year; and

"(B) an expected county yield that is the higher of—

"(i) the expected county yield established for the existing area-wide plans offered by the Corporation for the applicable county (or area) and crop year (or, in geographic areas where area-wide plans are not offered, an expected yield determined in a manner consistent with those of area-wide plans); or

"(ii)(I) the average of the applicable yield data for the county (or area) for the most recent 5 years, excluding the highest and lowest observations, from the Risk

Management Agency or the National Agricultural Statistics, or both; or

"(II) if sufficient county data is not available, such other data considered appropriate by the Secretary.

"(5) Use a multiplier factor to establish maximum protection per acre (referred to as a 'protection factor') of not more than 120 percent.

"(6) Pay an indemnity based on the amount that the expected county revenue exceeds the actual county revenue, as applied to the individual coverage of the producer. Indemnities under the Stacked Income Protection Plan shall not include or overlap the amount of the deductible selected under paragraph (1).

"(7) To the maximum extent practicable, in all counties for which data are available, establish separate coverage for irrigated and nonirrigated practices.

"(8) Notwithstanding section 508(d), include a premium that—

"(A) is sufficient to cover anticipated losses and a reasonable reserve; and

"(B) includes an amount for operating and administrative expenses established in accordance with section 508(k)(4)(F).

"(c) RELATION TO OTHER COVERAGES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the Stacked Income Protection Plan is in addition to all other coverages available to producers of upland cotton.

"(2) LIMITATION.—Acreage of upland cotton insured under the Supplemental Coverage Option shall not be eligible for the Stacked Income Protection Plan.

"(d) PAYMENT OF PORTION OF PREMIUM BY CORPORATION.—Subject to section 508(e)(4), the amount of premium paid by the Corporation for all qualifying coverage levels of the Stacked Income Protection Plan shall be—

"(1) 80 percent of the amount of the premium established under subsection (b)(8)(A) for the coverage level selected; and

"(2) the amount determined under subsection (b)(8)(B) to cover administrative and operating expenses.".

(b) CONFORMING AMENDMENT.—Section 508(k)(4)(F) of the Federal Crop Insurance Act (7 U.S.C.

1508(k)(4)(F)) (as amended by section 11001(d)) is amended by inserting ''or under section 508B'' after ''subsection (c)(4)(C)''.

**SEC. 11012. PEANUT REVENUE CROP INSURANCE.**

The Federal Crop Insurance Act is amended by inserting after section 508B (as added by section 11011(a)) the following:

**''SEC. 508C. PEANUT REVENUE CROP INSURANCE.**

''(a) IN GENERAL.—Effective beginning with the 2013 crop year, the Risk Management Agency and the Corporation shall make available to producers of peanuts a revenue crop insurance program for peanuts.

''(b) EFFECTIVE PRICE.—

''(1) IN GENERAL.—Subject to paragraph (2), for purposes of the policies and plans of insurance offered under subsections (a) and (b) of section 508, the effective price for peanuts shall be equal to the Rotterdam price index for peanuts, as adjusted to reflect the farmer stock price of peanuts in the United States.

''(2) ADJUSTMENTS.—

''(A) IN GENERAL.—The effective price for peanuts established under paragraph (1) may be adjusted by the Risk Management Agency and the Corporation to correct distortions.

"(B) ADMINISTRATION.—If an adjustment is made under subparagraph (A), the Risk Management Agency and the Corporation shall—

"(i) make the adjustment in an open and transparent manner; and

"(ii) submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the reasons for the adjustment.".

**SEC. 11013. AUTHORITY TO CORRECT ERRORS.**

Section 515(c) of the Federal Crop Insurance Act (7 U.S.C. 1515(c)) is amended—

(1) in the first sentence, by striking "The Secretary" and inserting the following:

"(1) IN GENERAL.—The Secretary";

(2) in the second sentence, by striking "Beginning with" and inserting the following:

"(2) FREQUENCY.—Beginning with"; and

(3) by adding at the end the following:

"(3) CORRECTIONS.—

"(A) IN GENERAL.—The Corporation shall 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

"(iii) to avoid an obligation or requirement under any Federal or State law.".

**SEC. 11014. IMPLEMENTATION.**

Section 515 of the Federal Crop Insurance Act (7 U.S.C. 1515) is amended—

(1) in subsection (j), by striking paragraph (1) and inserting the following:

"(1) SYSTEMS MAINTENANCE AND UPGRADES.—

"(A) IN GENERAL.—The Secretary shall maintain and upgrade the information management systems of the Corporation used in the administration and enforcement of this subtitle.

"(B) REQUIREMENT.—

"(i) IN GENERAL.—In maintaining and upgrading the systems, the Secretary shall ensure that new hardware and software are compatible with the hardware and software used by other agencies of the Department to maximize data sharing and promote the purposes of this section.

"(ii) ACREAGE REPORT STREAMLINING INITIATIVE PROJECT.—As soon as practicable, the Secretary shall develop and

implement an acreage report streamlining initiative project to allow producers to report acreage and other information directly to the Department.''; and

(2) in subsection (k), by striking paragraph (1) and inserting the following:

''(1) INFORMATION TECHNOLOGY.—

''(A) IN GENERAL.—For purposes of subsection (j)(1), the Corporation may use, from amounts made available from the insurance fund established under section 516(c), not more than—

''(i)(I) for fiscal year 2013, $25,000,000; and

''(II) for each of fiscal years 2014 through 2017, $10,000,000; or

''(ii) if the Acreage Crop Reporting Streamlining Initiative (ACRSI) project is substantially completed by September 30, 2013, not more than $15,000,000 for each of fiscal years 2014 through 2017.

''(B) NOTIFICATION.—Not later than July 1, 2013, the Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture,

Nutrition, and Forestry of the Senate on the status of the substantial completion of the Acreage Crop Reporting Streamlining Initiative (ACRSI) project.''.

**SEC. 11015. APPROVAL OF COSTS FOR RESEARCH AND DEVELOPMENT.**

Section 522(b)(2) of the Federal Crop Insurance Act (7 U.S.C. 1522(b)(2)) is amended by striking subparagraph (E) and inserting the following:

''(E) APPROVAL.—

''(i) IN GENERAL.—The Board may approve up to 50 percent of the projected total research and development costs to be paid in advance to an applicant, in accordance with the procedures developed by the Board for the making of the payments, if, after consideration of the reviewer reports described in subparagraph (D) and such other information as the Board determines appropriate, the Board determines that—

''(I) the concept, in good faith, will likely result in a viable and marketable policy consistent with section 508(h);

"(II) at the sole discretion of the Board, the concept, if developed into a policy and approved by the Board, would provide crop insurance coverage—

"(aa) in a significantly improved form or that addresses a unique need of agricultural producers;

"(bb) to a crop or region not traditionally served by the Federal crop insurance program; or

"(cc) in a form that addresses a recognized flaw or problem in the program;

"(III) the applicant agrees to provide such reports as the Corporation determines are necessary to monitor the development effort;

"(IV) the proposed budget and timetable are reasonable, as determined by the Board; and

"(V) the concept proposal meets any other requirements that the Board determines appropriate.

"(ii) WAIVER.—The Board may waive the 50-percent limitation and, upon request of the submitter after the submitter has begun research and development activities, the Board may approve an additional 25 percent advance payment to the submitter for research and development costs, if, at the sole discretion of the Board, the Board determines that—

"(I) the intended policy or plan of insurance developed by the submitter will provide coverage for a region or crop that is underserved by the Federal crop insurance program, including specialty crops;

"(II) the submitter is making satisfactory progress towards developing a viable and marketable policy or plan of insurance consistent with section 508(h); and

"(III) the submitter does not have sufficient financial resources to complete the development of the submission into a viable and marketable

policy or plan of insurance consistent with section 508(h).''.

**SEC. 11016. WHOLE FARM RISK MANAGEMENT INSURANCE.**

Section 522(c) of the Federal Crop Insurance Act (7 U.S.C. 1522(c)) is amended by adding at the end the following:

''(18) WHOLE FARM DIVERSIFIED RISK MANAGEMENT INSURANCE PLAN.—

''(A) IN GENERAL.—The Corporation shall conduct activities or enter into contracts to carry out research and development to develop a whole farm risk management insurance plan, with a liability limitation of $1,500,000, that allows a diversified crop or livestock producer the option to qualify for an indemnity if actual gross farm revenue is below 85 percent of the average gross farm revenue or the expected gross farm revenue that can reasonably be expected of the producer, as determined by the Corporation.

''(B) ELIGIBLE PRODUCERS.—The Corporation shall permit producers (including direct-to-consumer marketers, and producers servicing local and regional and farm identity-preserved markets) who produce multiple agri-

cultural commodities, including specialty crops, industrial crops, livestock, and aquaculture products, to participate in the plan in lieu of any other plan under this subtitle.

"(C) DIVERSIFICATION.—The Corporation may provide diversification-based additional coverage payment rates, premium discounts, or other enhanced benefits in recognition of the risk management benefits of crop and livestock diversification strategies for producers that grow multiple crops or that may have income from the production of livestock that uses a crop grown on the farm.

"(D) MARKET READINESS.—The Corporation may include coverage for the value of any packing, packaging, or any other similar on-farm activity the Corporation determines to be the minimum required in order to remove the commodity from the field.

"(E) REPORT.—Not later than 2 years after the date of enactment of this paragraph, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that de-

scribes the results and feasibility of the research and development conducted under this paragraph, including an analysis of potential adverse market distortions.''.

**SEC. 11017. CROP INSURANCE FOR LIVESTOCK.**

Section 522(c) of the Federal Crop Insurance Act (as amended by section 11016) is amended by adding at the end the following:

''(19) STUDY ON SWINE CATASTROPHIC DISEASE PROGRAM.—

''(A) IN GENERAL.—The Corporation shall contract with a qualified person to conduct a study to determine the feasibility of insuring swine producers for a catastrophic event.

''(B) REPORT.—Not later than 1 year after the date of the enactment of this paragraph, the Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the study conducted under subparagraph (A).''.

**SEC. 11018. MARGIN COVERAGE FOR CATFISH.**

Section 522(c) of the Federal Crop Insurance Act (as amended by section 11017) is amended by adding at the end the following:

"(20) MARGIN COVERAGE FOR CATFISH.—

"(A) IN GENERAL.—The Corporation shall offer to enter into a contract with a qualified entity to conduct research and development regarding a policy to insure producers against reduction in the margin between the market value of catfish and selected costs incurred in the production of catfish.

"(B) ELIGIBILITY.—Eligibility for the policy described in subparagraph (A) shall be limited to freshwater species of catfish that are propagated and reared in controlled or selected environments.

"(C) IMPLEMENTATION.—The Board shall review the policy described in subparagraph (B) under subsection 508(h) and approve the policy if the Board finds that the policy—

"(i) will likely result in a viable and marketable policy consistent with this subsection;

"(ii) would provide crop insurance coverage in a significantly improved form;

"(iii) adequately protects the interests of producers; and

"(iv) the proposed policy meets other requirements of this subtitle determined appropriate by the Board.".

**SEC. 11019. RESEARCH AND DEVELOPMENT.**

(a) IN GENERAL.—Section 522(c) of the Federal Crop Insurance Act (7 U.S.C. 1522(c)) is amended—

(1) in the subsection heading, by striking "Contracting";

(2) in paragraph (1), in the matter preceding subparagraph (A), by striking "may enter into contracts to carry out research and development to" and inserting "may conduct activities or enter into contracts to carry out research and development to maintain or improve existing policies or develop new policies to";

(3) in paragraph (2)—

(A) in subparagraph (A), by inserting "conduct research and development or" after "The Corporation may"; and

(B) by striking subparagraph (B) and inserting the following:

"(B) CONSULTATION.—Before conducting research and development or entering into a

contract under subparagraph (A), the Corporation shall follow the consultation requirements described in section 508(h)(4)(E).''; (4) in paragraph (5), by inserting ''after expert review in accordance with section 505(e) and procedures of the Board'' after ''approved by the Board''; and

(5) in paragraph (6), by striking ''a pasture, range, and forage program'' and inserting ''policies that increase participation by producers of underserved agricultural commodities, including sweet sorghum, sorghum for biomass, specialty crops, sugarcane, and dedicated energy crops''.

(b) FUNDING.—Section 522(e) of the Federal Crop Insurance Act (7 U.S.C. 1522(e)) is amended—

(1) in paragraph (2)—

(A) by striking ''(A) AUTHORITY.—'' and inserting ''(A) CONDUCTING AND CONTRACTING FOR RESEARCH AND DEVELOPMENT.—'';

(B) in subparagraph (A), by inserting ''conduct research and development and'' after ''the Corporation may use to''; and

(C) in subparagraph (B), by inserting ''conduct research and development and'' after ''for the fiscal year to'';

(2) in paragraph (3), in the matter preceding subparagraph (A), by striking ''to provide either reimbursement payments or contract payments''; and

(3) by striking paragraph (4).

**SEC. 11020. PILOT PROGRAMS.**

Section 523(a) of the Federal Crop Insurance Act (7 U.S.C. 1523(a)) is amended—

(1) in paragraph (1), by inserting '', at the sole discretion of the Corporation,'' after ''may''; and

(2) by striking paragraph (5).

**SEC. 11021. INDEX-BASED WEATHER INSURANCE PILOT PROGRAM.**

Section 523(a)(2) of the Federal Crop Insurance Act (7 U.S.C. 1523(a)(2)) is amended—

(1) by striking ''Under'' inserting the following:

''(A) IN GENERAL.—Under''; and

(2) by adding at the end the following:

''(B) INDEX-BASED WEATHER INSURANCE PILOT PROGRAM.—

''(i) IN GENERAL.—Notwithstanding subparagraph (A), the Corporation, at the sole discretion of the Corporation, may conduct a pilot program to provide financial assistance for producers of underserved crops and livestock (including spe-

cialty crops) to purchase an index-based weather insurance product from a private insurance company, subject to the requirements of this subparagraph.

"(ii) PAYMENT OF PREMIUM.—

"(I) IN GENERAL.—Subject to subclause (II) and clause (v), the Corporation may pay a portion of the premium for producers who purchase index-based weather insurance protection from a private insurance company for a crop and policy that is not reinsured under this subtitle, as determined by the Corporation.

"(II) CONDITION.—The premium assistance under subclause (I) shall not exceed 60 percent of the estimated premium amount, based on expected losses, representative operating expenses, and representative profit margins, as determined by the Corporation.

"(iii) ELIGIBLE PROVIDERS.—Before providing premium assistance to producers to purchase index-based weather insurance

from a private insurance company pursuant to this subparagraph, the Corporation shall verify that the company has adequate experience—

"(I) to develop and manage the index-based weather insurance products, including adequate resources, experience, and assets or sufficient reinsurance to meet the obligations of the company under this subparagraph; and

"(II) to support and deliver the index-based weather insurance products.

"(iv) PROCEDURES.—The Corporation shall develop and publish procedures to administer the pilot program under this subparagraph that—

"(I) require each applicable private insurance company to report claim and sales data, and any other data the Corporation determines to be appropriate, to allow the Corporation to evaluate product pricing and performance;

"(II) allow the private insurance companies exclusive rights over the private insurance offered under this subparagraph, including rating of policies, protection of intellectual property rights on the product or policy, and associated rating methodology, for the period during which the companies are eligible under clause (iii); and

"(III) contain such other requirements as the Corporation determines to be necessary to ensure that—

"(aa) the interests of producers are protected; and

"(bb) the program operates in an actuarially sound manner.

"(v) FUNDING.—Of the funds of the Corporation, the Corporation shall use to carry out this subparagraph $10,000,000 for each of fiscal years 2013 through 2017, to remain available until expended.".

**SEC. 11022. ENHANCING PRODUCER SELF-HELP THROUGH FARM FINANCIAL BENCHMARKING.**

(a) DEFINITION.—Section 502(b) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)) is amended—

(1) by redesignating paragraphs (6) through (9) as paragraphs (7) through (10), respectively; and

(2) by inserting after paragraph (5) the following:

''(6) FARM FINANCIAL BENCHMARKING.—The term 'farm financial benchmarking' means—

''(A) the process of comparing the performance of an agricultural enterprise against the performance of other similar enterprises, through the use of comparable and reliable data, in order to identify business management strengths, weaknesses, and steps necessary to improve management performance and business profitability; and

''(B) benchmarking of the type conducted by farm management and producer associations consistent with the activities described in or funded pursuant to section 1672D of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925f).''.

(b) PARTNERSHIPS FOR RISK MANAGEMENT FOR PRODUCERS OF SPECIALTY CROPS AND UNDERSERVED AGRICULTURAL COMMODITIES.—Section 522(d)(3)(F) of the Federal Crop Insurance Act (7 U.S.C. 1522(d)(3)(F)) is amended by inserting ''farm financial benchmarking,'' after ''management,''.

(c) CROP INSURANCE EDUCATION AND RISK MANAGEMENT ASSISTANCE.—Section 524(a) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)) is amended—

(1) in paragraph (3)(A), by inserting ''farm financial benchmarking,'' after ''risk reduction,''; and

(2) in paragraph (4), in the matter preceding subparagraph (A), by inserting ''(including farm financial benchmarking)'' after ''management strategies''.

**SEC. 11023. BEGINNING FARMER AND RANCHER PROVISIONS.**

(a) DEFINITION.—Section 502(b) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)) (as amended by section 11022(a)) is amended—

(1) by redesignating paragraphs (3) through (10) as paragraphs (4) through (11), respectively; and

(2) by inserting after paragraph (2) the following:

"(3) BEGINNING FARMER OR RANCHER.—The term 'beginning farmer or rancher' means a farmer or rancher who has not actively operated and managed a farm or ranch with a bona fide insurable interest in a crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than 5 crop years, as determined by the Secretary.".

(b) PREMIUM ADJUSTMENTS.—Section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) is amended—

(1) in subsection (b)(5)(E), by inserting "and beginning farmers or ranchers" after "limited resource farmers";

(2) in subsection (e), by adding at the end the following:

"(8) PREMIUM FOR BEGINNING FARMERS OR RANCHERS.—Notwithstanding any other provision of this subsection regarding payment of a portion of premiums, a beginning farmer or rancher shall receive premium assistance that is 10 percentage points greater than premium assistance that would otherwise be available under paragraphs (2) (except for subparagraph (A) of that paragraph), (5), (6), and (7) for the applicable policy, plan of insurance,

and coverage level selected by the beginning farmer or rancher.''; and

(3) in subsection (g)—

(A) in paragraph (2)(B)—

(i) in clause (i), by striking ''or'' at the end;

(ii) in clause (ii)(III), by striking the period at the end and inserting ''; or''; and

(iii) by adding at the end the following:

''(iii) if the producer is a beginning farmer or rancher who was previously involved in a farming or ranching operation, including involvement in the decision-making or physical involvement in the production of the crop or livestock on the farm, for any acreage obtained by the beginning farmer or rancher, a yield that is the higher of—

''(I) the actual production history of the previous producer of the crop or livestock on the acreage determined under subparagraph (A); or

''(II) a yield of the producer, as determined in clause (i).''; and

(B) in paragraph (4)(B)(ii) (as amended by section 11006)—

(i) by inserting ''(I)'' after ''(ii)'';

(ii) by striking the period at the end and inserting ''; or''; and

(iii) by adding at the end the following:

''(II) in the case of beginning farmers or ranchers, replace each excluded yield with a yield equal to 80 percent of the applicable transitional yield.''.

**SEC. 11024. AGRICULTURAL MANAGEMENT ASSISTANCE, RISK MANAGEMENT EDUCATION, AND ORGANIC CERTIFICATION COST SHARE ASSISTANCE.**

Section 524 of the Federal Crop Insurance Act (7 U.S.C. 1524) is amended by striking subsection (b) and inserting the following:

''(b) AGRICULTURAL MANAGEMENT ASSISTANCE, RISK MANAGEMENT EDUCATION, AND ORGANIC CERTIFICATION COST SHARE ASSISTANCE.—

''(1) AUTHORITY FOR PROVISION OF ASSISTANCE.—The Secretary shall provide assistance under this section as follows:

"(A) Provision of organic certification cost share assistance pursuant to section 10606 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 6523).

"(B) Activities to support risk management education and community outreach partnerships pursuant to section 522(d), including—

"(i) entering into futures or hedging;

"(ii) entering into agricultural trade options as a hedging transaction to reduce production, price, or revenue risk; or

"(iii) conducting any other activity relating to an activity described in clause (i) or (ii), including farm financial benchmarking, as determined by the Secretary.

"(C) Provision of agricultural management assistance grants to producers in States in which there has been traditionally, and continues to be, a low level of Federal crop insurance participation and availability, and producers underserved by the Federal crop insurance program, as determined by the Secretary, for the purposes of—

"(i) constructing or improving—

"(I) watershed management structures; or

"(II) irrigation structures;

"(ii) planting trees to form windbreaks or to improve water quality; and

"(iii) mitigating financial risk through production or marketing diversification or resource conservation practices, including—

"(I) soil erosion control;

"(II) integrated pest management;

"(III) organic farming; or

"(IV) to develop and implement a plan to create marketing opportunities for the producer, including through value-added processing.

"(2) PAYMENT LIMITATION.—The total amount of payments made to a person (as defined in section 1001(5) of the Food Security Act (7 U.S.C. 1308(5))) (as in existence before the amendment made by section 1603(b) of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246; 122

Stat. 1730)) under paragraph (1) for any year may not exceed $50,000.

"(3) FUNDING.—

"(A) IN GENERAL.—The Secretary shall carry out this subsection through the Commodity Credit Corporation.

"(B) FUNDING.—For each of fiscal years 2013 through 2017, the Commodity Credit Corporation shall make available to carry out this subsection $23,000,000.

"(C) DISTRIBUTION OF FUNDS.—Of the amount made available to carry out this subsection for a fiscal year, the Commodity Credit Corporation shall use not less than—

"(i) 50 percent to carry out paragraph (1)(A);

"(ii) 26 percent to carry out paragraph (1)(B); and

"(iii) 24 percent to carry out paragraph (1)(C).".

**SEC. 11025. CROP PRODUCTION ON NATIVE SOD.**

(a) FEDERAL CROP INSURANCE.—Section 508(o) of the Federal Crop Insurance Act (7 U.S.C. 1508(o)) is amended—

(1) in paragraph (1)(B), by inserting ", or the producer cannot substantiate that the ground has never been tilled," after "tilled";

(2) in paragraph (2)(A), by striking "for benefits under—" and all that follows through the period at the end and inserting "for—

"(i) a portion of crop insurance premium subsidies under this subtitle in accordance with paragraph (3);

"(ii) benefits under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333); and

"(iii) payments described in subsection (b) of section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308)."; and

(3) by striking paragraph (3) and inserting the following:

"(3) ADMINISTRATION.—

"(A) IN GENERAL.—During the first 4 crop years of planting on native sod acreage by a producer described in paragraph (2)—

"(i) paragraph (2) shall apply to 65 percent of the applicable transitional yield; and

"(ii) the crop insurance premium subsidy provided for the producer under this subtitle shall be 50 percentage points less than the premium subsidy that would otherwise apply.

"(B) YIELD SUBSTITUTION.—During the period native sod acreage is covered by this subsection, a producer may not substitute yields for the native sod acreage.".

(b) NONINSURED CROP DISASTER ASSISTANCE.—Section 196(a)(4) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(a)(4)) is amended—

(1) in subparagraph (A)(ii), by inserting ", or the producer cannot substantiate that the ground has never been tilled," after "tilled";

(2) in subparagraph (B)(i), by striking "for benefits under—" and all that follows through the period at the end and inserting "for—

"(I) benefits under this section;

"(II) a portion of crop insurance premium subsidies under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) in accordance with subparagraph (C); and

"(III) payments described in subsection (b) of section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308)."; and

(3) by striking subparagraph (C) and inserting the following:

"(C) ADMINISTRATION.—

"(i) IN GENERAL.—During the first 4 crop years of planting on native sod acreage by a producer described in subparagraph (B)—

"(I) subparagraph (B) shall apply to 65 percent of the applicable transitional yield; and

"(II) the crop insurance premium subsidy provided for the producer under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) shall be 50 percentage points less than the premium subsidy that would otherwise apply.

"(ii) YIELD SUBSTITUTION.—During the period native sod acreage is covered by this paragraph, a producer may not substitute yields for the native sod acreage.".

(c) CROPLAND REPORT.—

(1) BASELINE.——Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the cropland acreage in each county and State, and the change in cropland acreage from the preceding year in each county and State, beginning with calendar year 2000 and including that information for the most recent year for which that information is available.

(2) ANNUAL UPDATES.—Not later than January 1, 2014, and each January 1 thereafter through January 1, 2017, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

(A) the cropland acreage in each county and State as of the date of submission of the report; and

(B) the change in cropland acreage from the preceding year in each county and State.

**SEC. 11026. TECHNICAL AMENDMENTS.**

Section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)) is amended—

(1) by striking paragraph (7); and

(2) by redesignating paragraphs (8) through (11) as paragraphs (7) through (10), respectively.

# 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.**

(a) OUTREACH AND ASSISTANCE FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS AND VETERAN FARMERS AND RANCHERS.—Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279) is amended—

(1) in the section heading, by inserting ''**AND VETERAN FARMERS AND RANCHERS**'' after ''**RANCHERS**'';

(2) in subsection (a)—

(A) in paragraph (2)(B)(i), by inserting ''and veteran farmers or ranchers'' after ''ranchers''; and

(B) in paragraph (4)—

(i) in subparagraph (A)—

(I) in clause (i), by striking "and" at the end;

(II) in clause (ii), by striking the period at the end and inserting "; and"; and

(III) by adding at the end the following:

"(iii) $5,000,000 for each of fiscal years 2013 through 2017."; and

(ii) by adding at the end the following:

"(D) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2013 through 2017.";

(3) in subsection (b)(2), by inserting "or veteran farmers and ranchers" after "socially disadvantaged farmers and ranchers"; and

(4) in subsection (c)—

(A) in paragraph (1)(A), by inserting "veteran farmers or ranchers and" before "members"; and

(B) in paragraph (2)(A), by inserting ''veteran farmers or ranchers and'' before ''members''.

(b) DEFINITION OF VETERAN FARMER OR RANCHER.—Section 2501(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)) is amended by adding at the end the following:

''(7) VETERAN FARMER OR RANCHER.—The term 'veteran farmer or rancher' means a farmer or rancher who served in the active military, naval, or air service, and who was discharged or released from the service under conditions other than dishonorable.''.

**SEC. 12002. OFFICE OF ADVOCACY AND OUTREACH.**

Section 226B(f)(3) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6934(f)(3)) is amended to read as follows:

''(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection—

''(A) such sums as are necessary for each of fiscal years 2009 through 2012; and

''(B) $2,000,000 for each of fiscal years 2013 through 2017.''.

# Subtitle B—Livestock

**SEC. 12101. WILDLIFE RESERVOIR ZOONOTIC DISEASE INITIATIVE.**

Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) is amended by adding at the end the following:

**"SEC. 413. WILDLIFE RESERVOIR ZOONOTIC DISEASE INITIATIVE.**

"(a) DEFINITION OF COVERED DISEASE.—In this section, the term 'covered disease' means a zoonotic disease affecting domestic livestock that is transmitted primarily from wildlife.

"(b) ESTABLISHMENT.—There is established within the Department a wildlife reservoir zoonotic disease initiative to provide assistance through Coordinated Agricultural Project grants for research and development of surveillance methods, vaccines, vaccination delivery systems, or diagnostic tests for covered diseases.

"(c) COVERED DISEASE.—

"(1) IN GENERAL.—To be eligible for a grant under this section, an eligible entity shall conduct research and development of surveillance methods, vaccines, vaccination delivery systems, or diagnostic tests for covered diseases in—

"(A) a wildlife reservoir in the United States; or

"(B) domestic livestock or wildlife presenting a potential concern to public health.

"(2) PRIORITY.—In making grants under this section, the Secretary shall give priority to grants that address—

"(A) Brucella abortus (Bovine Brucellosis);

"(B) Mycobacterium bovis (Bovine Tuberculosis); or

"(C) other zoonotic disease in livestock that is covered by a high-priority research and extension initiative conducted under section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925).

"(d) ELIGIBLE ENTITIES.—The Secretary shall carry out the initiative established under subsection (b) through public scientific research consortia that may consist of members from—

"(1) Federal agencies;

"(2) National Laboratories;

"(3) institutions of higher education;

"(4) research institutions and organizations; or

"(5) State agricultural experiment stations.

"(e) RESEARCH PROJECTS.—In carrying out this section, the Secretary shall award grants on a competitive basis.

"(f) ADMINISTRATION.—

"(1) IN GENERAL.—In the case of grants awarded under this section, the Secretary shall—

"(A) seek and accept proposals for grants;

"(B) determine the relevance and merit of proposals through a system of peer and merit review in accordance with section 103;

"(C) award grants on the basis of merit, quality, and relevance; and

"(D) manage the initiative established under subsection (b) using a Coordinated Agricultural Project format.

"(2) TERM.—The term of a grant under this section may not exceed 10 years.

"(3) MATCHING FUNDS REQUIRED.—The Secretary shall require the recipient of a grant under this section to provide funds or in-kind support from non-Federal sources in an amount that is not less than 25 percent of the amount provided by the Federal Government.

"(4) OTHER CONDITIONS.—The Secretary may set such other conditions on the award of a grant

under this section as the Secretary determines to be appropriate.

''(g) BUILDINGS AND FACILITIES.—Funds made available under this section shall not be used for—

''(1) the construction of a new building or facility; or

''(2) the acquisition, expansion, remodeling, or alteration of an existing building or facility (including site grading and improvement and architect fees).

''(h) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $7,000,000 for each of fiscal years 2012 through 2017.

''(2) ALLOCATION.—Of the amount made available for a fiscal year under paragraph (1), the Secretary shall use not less than 30 percent of the amount for the fiscal year to carry out activities under each of subparagraphs (A) and (B) of subsection (c)(2).''.

**SEC. 12102. TRICHINAE CERTIFICATION PROGRAM.**

Section 10405(d)(1) of the Animal Health Protection Act (7 U.S.C. 8304(d)(1)) is amended in subparagraphs (A) and (B) by striking ''2012'' each place it appears and inserting ''2017''.

**SEC. 12103. NATIONAL AQUATIC ANIMAL HEALTH PLAN.**

Section 11013(d) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8322(d)) is amended by striking ''2012'' and inserting ''2017''.

**SEC. 12104. SHEEP PRODUCTION AND MARKETING GRANT PROGRAM.**

(a) IN GENERAL.—Subtitle A of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended by adding at the end the following:

**''SEC. 209. SHEEP PRODUCTION AND MARKETING GRANT PROGRAM.**

''(a) ESTABLISHMENT.—The Secretary, acting through the Administrator of the Agricultural Marketing Service (referred to in this section as the 'Secretary') shall establish a competitive grant program for the purposes of improving the United States sheep industry.

''(b) PURPOSE.—The purpose of the grant program shall be to strengthen and enhance the production and marketing of sheep and sheep products, including improvement of—

''(1) infrastructure;

''(2) business;

''(3) resource development; and

''(4) innovative approaches to solve long-term needs.

"(c) ELIGIBILITY.—The Secretary shall make grants under this section to 1 or more national entities the mission of which is consistent with the purpose of the grant program.

"(d) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $1,500,000 for fiscal year 2013, to remain available until expended.".

(b) CONFORMING AMENDMENT.—Section 374 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008j) (as in existence on the day before the date of enactment of this Act) is—

(1) amended in subsection (e)—

(A) in paragraph (3)(D), by striking "3 percent" and inserting "10 percent"; and

(B) by striking paragraph (6); and

(2) redesignated as section 210 of the Agricultural Marketing Act of 1946; and

(3) moved so as to appear at the end of subtitle A of that Act (as amended by subsection (a)).

**SEC. 12105. FERAL SWINE ERADICATION PILOT PROGRAM.**

(a) IN GENERAL.—To eradicate or control the threat feral swine pose to the domestic swine population, the entire livestock industry, and the destruction of crops and natural plant communities and native habitats, the Sec-

retary of Agriculture may establish a feral swine eradication pilot program.

(b) PILOT.—Subject to the availability of appropriations under this section, the Secretary may provide financial assistance for the cost of carrying out a pilot program—

(1) to study and assess the nature and extent of damage to the pilot area caused by feral swine;

(2) to develop methods to eradicate or control feral swine in the pilot area; and

(3) to develop methods to restore damage caused by feral swine.

(c) COORDINATION.—The Secretary shall ensure that the Natural Resource Conservation Service and the Animal and Plant Health Inspection Service coordinate to carry out the pilot program.

(d) COST SHARING.—

(1) FEDERAL SHARE.—The Federal share of the costs of the pilot program under this section may not exceed 75 percent of the total costs of carrying out the pilot program.

(2) IN-KIND CONTRIBUTIONS.—The non-Federal share of the costs of the pilot program may be provided in the form of in-kind contributions of materials or services.

(e) LIMITATION ON ADMINISTRATIVE EXPENSES.—Not more than 10 percent of financial assistance provided by the Secretary under this section may be used for administrative expenses.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $2,000,000 for each of fiscal years 2013 through 2017.

# Subtitle C—Other Miscellaneous Provisions

**SEC. 12201. MILITARY VETERANS AGRICULTURAL LIAISON.**

(a) IN GENERAL.—Subtitle A of the Department of Agriculture Reorganization Act of 1994 is amended by inserting after section 218 (7 U.S.C. 6918) the following:

**"SEC. 219. MILITARY VETERANS AGRICULTURAL LIAISON.**

''(a) AUTHORIZATION.—The Secretary shall establish in the Department the position of Military Veterans Agricultural Liaison.

''(b) DUTIES.—The Military Veterans Agricultural Liaison shall—

''(1) provide information to returning veterans about, and connect returning veterans with, beginning farmer training and agricultural vocational and rehabilitation programs appropriate to the needs and interests of returning veterans, including assisting veterans in using Federal veterans educational bene-

fits for purposes relating to beginning a farming or ranching career;

''(2) provide information to veterans concerning the availability of and eligibility requirements for participation in agricultural programs, with particular emphasis on beginning farmer and rancher programs;

''(3) serving as a resource for assisting veteran farmers and ranchers, and potential farmers and ranchers, in applying for participation in agricultural programs; and

''(4) advocating on behalf of veterans in interactions with employees of the Department.''.

(b) CONFORMING AMENDMENTS.—Section 296(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7014(b)) (as amended by section 1608(d)) is amended—

(1) in paragraph (7), by striking the ''or'' at the end;

(2) in paragraph (8), by striking the period at the end and inserting ';or''; and

(3) by adding at the end the following:

''(9) the authority of the Secretary to establish in the Department the position of Military Veterans

Agricultural Liaison in accordance with section 219.''.

**SEC. 12202. INFORMATION GATHERING.**

Section 1619(b)(3) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8791) is amended by adding at the end the following:

''(B) COOPERATION WITH STATE AND LOCAL GOVERNMENTS.—

''(i) IN GENERAL.—Subject to clause (ii), in the case of a State agency, political subdivision, or local governmental agency that is charged with implementing an agriculture or conservation program under State law, on request of the State agency, political subdivision, or local governmental agency, the information described in paragraph (2) shall be disclosed to the State agency, political subdivision, or local governmental agency if the Secretary determines that the State agency, political subdivision, or local governmental agency demonstrates that the disclosure is required for implementing the State program.

"(ii) RESTRICTION.—Any information disclosed to a State agency, political subdivision, or local governmental agency under clause (i) shall be—

"(I) used solely by the State agency, political subdivision, or local governmental agency; and

"(II) exempt from disclosure to the public, including under any State law that allows a citizen to petition a State agency for that information.".

**SEC. 12203. GRANTS TO IMPROVE SUPPLY, STABILITY, SAFETY, AND TRAINING OF AGRICULTURAL LABOR FORCE.**

Section 14204(d) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 2008q–1(d)) is amended to read as follows:

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

"(1) such sums as are necessary for each of fiscal years 2008 through 2012; and

"(2) $10,000,000 for each of fiscal years 2013 through 2017.".

**SEC. 12204. NONINSURED CROP ASSISTANCE PROGRAM.**

(a) IN GENERAL.—Section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333) is amended—

(1) in subsection (a)—

(A) by striking paragraph (1) and inserting the following:

''(1) IN GENERAL.—

''(A) COVERAGES.—In the case of an eligible crop described in paragraph (2), the Secretary of Agriculture shall operate a noninsured crop disaster assistance program to provide coverages based on individual yields (other than for value-loss crops) equivalent to—

''(i) catastrophic risk protection available under section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)); or

''(ii) additional coverage available under subsections (c) and (h) of section 508 of that Act (7 U.S.C. 1508) that does not exceed 65 percent.

''(B) ADMINISTRATION.—The Secretary shall carry out this section through the Farm Service Agency (referred to in this section as the 'Agency').''; and

(B) in paragraph (2)—

(i) in subparagraph (A)—

(I) in the matter before clause (i), by striking ''(except livestock)'' and inserting ''(except livestock and crops and grasses used for grazing)'';

(II) in clause (i), by striking ''and'' after the semicolon at the end;

(III) by redesignating clause (ii) as clause (iii); and

(IV) by inserting after clause (i) the following:

''(ii) for which additional coverage under subsections (c) and (h) of section 508 of that Act (7 U.S.C. 1508) is not available; and''; and

(ii) in subparagraph (B)—

(I) by inserting ''(except ferns)'' after ''floricultural'';

(II) by inserting ''(except ferns)'' after ''ornamental nursery''; and

(III) by striking ''(including ornamental fish)'' and inserting ''(including ornamental fish, but excluding tropical fish)'';

(2) in subsection (d), by striking ''The Secretary'' and inserting ''Subject to subsection (l), the Secretary'';

(3) in subsection (k)(1)—

(A) in subparagraph (A), by striking ''$250'' and inserting ''$260''; and

(B) in subparagraph (B)—

(i) by striking ''$750'' and inserting ''$780''; and

(ii) by striking ''$1,875'' and inserting ''$1,950''; and

(4) by adding at the end the following:

''(l) PAYMENT EQUIVALENT TO ADDITIONAL COVERAGE.—

''(1) IN GENERAL.—The Secretary shall make available to a producer eligible for noninsured assistance under this section a payment equivalent to an indemnity for additional coverage under subsections (c) and (h) of section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) that does not exceed 65 percent, computed by multiplying—

''(A) the quantity that is less than 50 to 65 percent of the established yield for the crop, as determined by the Secretary, specified in increments of 5 percent;

"(B) 100 percent of the average market price for the crop, as determined by the Secretary; and

"(C) a payment rate for the type of crop, as determined by the Secretary, that reflects—

"(i) in the case of a crop that is produced with a significant and variable harvesting expense, the decreasing cost incurred in the production cycle for the crop that is, as applicable—

"(I) harvested;

"(II) planted but not harvested; or

"(III) prevented from being planted because of drought, flood, or other natural disaster, as determined by the Secretary; or

"(ii) in the case of a crop that is produced without a significant and variable harvesting expense, such rate as shall be determined by the Secretary.

"(2) PREMIUM.—To be eligible to receive a payment under this subsection, a producer shall pay—

"(A) the service fee required by subsection (k); and

"(B) a premium for the applicable crop year that is equal to—

"(i) the product obtained by multiplying—

"(I) the number of acres devoted to the eligible crop;

"(II) the yield, as determined by the Secretary under subsection (e);

"(III) the coverage level elected by the producer;

"(IV) the average market price, as determined by the Secretary; and

"(ii) 5.25-percent premium fee.

"(3) LIMITED RESOURCE, BEGINNING, AND SOCIALLY DISADVANTAGED FARMERS.—The additional coverage made available under this subsection shall be available to limited resource, beginning, and socially disadvantaged producers, as determined by the Secretary, in exchange for a premium that is 50 percent of the premium determined for a producer under paragraph (2).".

(b) TERMINATION DATE.—

(1) IN GENERAL.—Effective October 1, 2017, subsection (a) and the amendments made by subsection (a) (other than the amendments made by

clauses (i)(I) and (ii) of subsection (a)(1)(B)) are repealed

(2) ADMINISTRATION.—Effective October 1, 2017, section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333) shall be applied and administered as if subsection (a) and the amendments made by subsection (a) (other than the amendments made by clauses (i)(I) and (ii) of subsection (a)(1)(B)) had not been enacted.

**SEC. 12205. REGIONAL ECONOMIC AND INFRASTRUCTURE DEVELOPMENT.**

Section 15751 of title 40, United States Code, is amended—

(1) in subsection (a), by striking ''2012'' and inserting ''2017''; and

(2) in subsection (b)—

(A) by striking ''Not more than'' and inserting the following:

''(1) IN GENERAL.—Except as provided in paragraph (2), not more than''; and

(B) by adding at the end the following:

''(2) LIMITED FUNDING.—In a case in which less than $10,000,000 is made available to a Com-

mission for a fiscal year under this section, paragraph (1) shall not apply.''.

**SEC. 12206. CANADA GEESE REMOVAL.**

(a) IN GENERAL.—On a determination by the Administrator of the Federal Aviation Administration that the population of Canada geese residing on land under the jurisdiction of the National Park Service that is located within 5 miles of any commercial airport poses a risk to flight safety, the Secretary (acting through the Administrator of the Animal and Plant Health Inspection Service), in consultation with the Secretary of the Interior and the Administrator of the Federal Aviation Administration, shall—

(1) by the first subsequent molting period for Canada geese that occurs after the date of enactment of this Act, publish a management plan that provides for the removal, by not later than 1 year after the date of publication, of all Canada geese residing on the applicable land; and

(2) as soon as practicable after the date of publication of the management plan under paragraph (1), commence removal of Canada geese from the applicable land.

(b) JFK INTERNATIONAL AIRPORT.—Not later than June 1, 2012, the Secretary (acting through the Adminis-

trator of the Animal and Plant Health Inspection Service) shall—

(1) issue a record of decision for the document entitled ''Supplement to the Environmental Impact Statement Bird Hazard Reduction Program: John F. Kennedy International Airport''; and

(2) commence consultation with the Secretary of the Interior to complete the collection and removal of Canada geese from the applicable National Park Service land to ensure that the removal is completed by not later than August 1, 2012.

**Calendar No. 415**

112th CONGRESS
2d 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