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Senate

The Senate met at 2 p.m. and was called to order by the Honorable CHRISTOPHER A. COONS, a Senator from the State of Delaware.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Eternal Spirit, we are overwhelmed by Your majesty and grateful for Your indescribable love. But we are also overwhelmed by our inadequacies, our failures, and our sins. Lord, forgive us for the misusing of the talents and abilities You have given us. Help us to cut through our preoccupation with ourselves and become more fully involved in fulfilling Your purposes.

Today, set the hearts of our Senators upon new paths as they acknowledge that no true peace is possible outside of Your will. Guide them to produce creative legislation that will fulfill Your will on Earth.

We pray in Your sacred Name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable CHRISTOPHER A. COONS led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. INOUYE).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, June 25, 2012.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable CHRISTOPHER A. COONS, a Senator from the State of Delaware, to perform the duties of the Chair.

DANIEL K. INOUYE,
President pro tempore.

Mr. COONS thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. REID. Mr. President, we are now considering the motion to proceed to the flood insurance bill postcloture. We will begin consideration of that bill today. At 5:30, there will be a cloture vote on the motion to concur in the House message with respect to S. 3187, which is the Food and Drug Administration bill. This is an extremely important bill. Work has been completed on that. We should be OK tonight and have that as something we look to as having accomplished this week.

We also need to complete work on student loans, flood insurance, and transportation this week. We have lots to do and a very short time to do it.

IMMIGRATION REFORM

Mr. REID. Mr. President, today the Supreme Court correctly struck down the vast majority of the mean-spirited Arizona law; that is, of course, the immigration law. While I agree with the Court's decision to invalidate three troubling provisions of Arizona's flawed law, there are actually four provisions. Three were declared unconstitutional, one was upheld.

I am concerned about the section they upheld. I am surprised they did, but they did. The Justices upheld a measure that allows police to conduct immigration checks on anyone they suspect of being in the country illegally, even if their only evidence is an accent or maybe the color of their skin.

Allowing Arizona to keep its ''papers please'' system of immigration checks invites racial profiling. It gives Arizona officials free rein to detain anyone they suspect of being in Arizona without documentation.

As long as this provision remains, innocent American citizens are in danger of being detained by police unless they carry immigration papers with them at all times. However, it is reassuring that the Court left the door open to further court challenges of this unsound provision. I say to the Presiding Officer and to anyone within the sound of my voice, someone with my skin color or yours, I do not think we are going to be carrying our immigration papers with us everyplace we go.

But if someone is in Arizona and speaks with a little bit of an accent or their skin color is brown, they better have their papers with them. That is unfortunate. It is reassuring that the Court, though, left the door open to further court challenges of this very unsound provision. I am optimistic that once that portion of the law is implemented, it will be discarded.

Laws that legalize discrimination are not compatible with laws and traditions of equal rights. So it is disturbing that Mitt Romney has called the unconstitutional Arizona law a model for immigration reform. Anyone who thinks such an unconstitutional law should serve as a model for national reform is clearly outside the mainstream.

The U.S. Supreme Court agreed with that today. Today's partial victory affirms the Obama administration was right to challenge this awful law, and it is a reminder that the ultimate responsibility for fixing our Nation's broken immigration system rests with Congress.

Instead of allowing 50 States to have 50 different enforcement mechanisms,

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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we need a national solution that continues to secure the border, punishes unscrupulous employers that exploit immigrants and undercut American wages, improves our dysfunctional legal immigration system, and requires the 11 million people who are undocumented to register with the government, pay fines and taxes, learn English, work, stay out of trouble, and go to the end of the line to legalize their status.

Democrats are ready for this challenge. We have been willing to craft a commonsense legal solution for a long time, one that is fair, tough, and practical. As I have indicated, we have been ready to do this for years. We have tried on a few occasions. The problem now and has been, Republicans will not vote for immigration reform—simple as that. We have tried.

The first step would be to pass the DREAM Act, which would create a pathway to citizenship for children brought to the country through no fault of their own. If upstanding young people stay out of trouble, work hard in high school, they should have a chance to serve their country in the military, go to college, and work toward citizenship.

Unfortunately, Mitt Romney said he would veto that, the DREAM Act. President Obama, on the other hand, took decisive action in halting deportation of the DREAMers. His directive will protect 800,000 young people and focus law enforcement resources where they belong, on deporting criminals.

As we all know, though, this is not a permanent solution. But President Obama's decision to defer these deportations was necessary precisely because Republicans have so far refused to work with Democrats on a solution. Congress must consider a long-term resolution to protect the DREAMers and tackle comprehensive immigration reform that addresses all 11 million undocumented people living in this country.

But that will take cooperation from my Republican colleagues. That has not been forthcoming. This week, we have a lot to accomplish, and getting it all done before the July 4 holiday will also take cooperation. By Friday, the Senate must pass flood insurance that will allow millions of Americans to close on new homes or new properties. We must send to the President a bill to ease drug shortages. That is the FDA bill. We need to protect 3 millions jobs with an agreement on transportation legislation, and the deadline to stop student loan rates from doubling for 7 million students looms at the end of this week as well.

I am putting my colleagues on notice that the Senate will stay as long as we have to, into the weekend if necessary, to complete this substantial workload. We hope there will be cooperation not only in this body but also in the House of Representatives. I alert everyone, we have a lot to do—extremely important pieces of legislation. We have to complete them before we leave this week.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

FLOOD INSURANCE REFORM AND MODERNIZATION ACT—MOTION TO PROCEED

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of the motion to proceed to S. 1940, which the clerk will report by title.

The legislative clerk read as follows:

Motion to proceed to Calendar No. 250, S. 1940, a bill to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes.

Mr. REID. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRASSLEY. I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE ECONOMY

Mr. GRASSLEY. Mr. President, since the victory of the Socialist candidate for the President of France, opponents of fiscal responsibility have found renewed vigor for their pro-spending ideology—more stimulus, as we might call it here in this country. There is interest in this country also in more fiscal stimulus.

The new French President talked about choosing growth over austerity. Many liberal pundits and politicians on this side of the Atlantic have now begun to echo this call. When you put it that way, it barely sounds like a choice at all. The term ''austerity'' sounds so severe, but almost everybody agrees that economic growth is good.

Just what is this austerity all about? In Europe, ''austerity'' is often used to describe an attempt to reduce budget deficits by reining in unsustainable spending. In this country, we more often talk about fiscal responsibility. For Europeans who have grown accustomed to generous social benefits, even modest reforms to government programs are apparently cause to take to the streets and demonstrate. But for the millions of Americans who still believe in limited government and who do not feel entitled to programs or benefits paid for by the earnings of others, there is nothing austere about government spending within its means.

So then what about the other aspect of it—growth? The implication of the supposed choice between growth and austerity is that we must accept irresponsible levels of spending in order to have that economic growth. Obviously this is absurd. The politically convenient economic theory was summed up by Margaret Thatcher as, ''The more you spend, the richer you get.'' That doesn't meet the commonsense test in the Midwest of America. It was the rationale behind President Obama's massive $800 billion stimulus bill. The bill looked suspiciously like a grab bag of pent-up Democratic spending priorities, but we were told that all of this spending was necessary to keep unemployment below 8 percent. Of course, as we all know, unemployment soon soared well above 8 percent and has never dipped below 8 percent now more than 3 years later.

I would say to all of those across the Atlantic in Europe calling for new stimulus spending: We tried it, and it didn't work. Not only didn't it work but it made things worse. All of that government spending crowded out private sector activity that would have helped the recovery and saddled our economy and our children with even more debt. Conversely, reining in government spending will unleash the power of free enterprise to create wealth and grow our economy in ways no government central planner can ever accomplish.

Despite the clear results of the most recent American experience with stimulus spending, liberal pundits are now blaming Europe's current economic troubles on efforts to reduce government spending. They say that savage cuts by pro-austerity governments in countries such as Britain, France, and Spain have actually damaged their economies. So just how deep did these countries of Europe actually cut? Spain increased spending after the recession started, then implemented some modest cuts but is still spending more than it did before the recession. Britain and France have continued to increase spending. So much for savage spending cuts. It defies common sense, but, as you know, in this town smaller increases in spending than previously planned can qualify somehow as a cut in spending. However, to most Americans, cutting spending actually means spending less than you were the year before. The fact that there have been no serious spending cuts in these supposedly pro-austerity countries is enough to dismiss the accusations that spending cuts are the cause of Europe's current troubles.

But there is another part of the story that is too often ignored: Governments that talk about the need to reduce deficits but are too timid to enact necessary spending cuts invariably turn to tax increases. For instance, since the recession started, Britain has raised the top marginal income tax rate as well as increased the capital gains tax, the national insurance tax, and the value-added tax. Spain has enacted hikes in personal income tax and property taxes and seems to be planning even more taxes.

This year the Spanish Government is looking to address its deficit with a $19.2 billion package of spending reductions paired with another $16 billion worth of tax increases. Of course, to us

here in the United States, that sounds a lot like what Democrats have been calling a balanced approach. And so it is—just like giving a patient an equal dose of medicine and poison would be a balanced approach. However, across Europe there has been a lot more emphasis on the poison of tax increases than on the medicine of spending cuts. In fact, while government spending across the entire European Union fell by just 2.6 billion euros between 2010 and 2011, taxes rose by a staggering 235 billion euros.

So while critics of austerity are flatout wrong to blame the largely mythical spending cuts for Europe's economic troubles, they may have stumbled onto something. To the extent that austerity really means big tax increases rather than serious spending cuts, I think it identifies a big part of Europe's fiscal and economic problems.

These facts notwithstanding, if I couldn't point to an example where economic growth resulted from spending restraint, my arguments would ring hollow. I would sound like those radical intellectuals who still refuse to accept that Marxism has been totally discredited both morally and economically by claiming that it has never truly been tried. However, what I am talking about has been tried. There are plenty of examples of where bold leadership to dramatically rein in government spending has resulted in economic growth. There is actually a prime example right in Europe and in the euro area—Estonia.

In response to the 2008 economic crisis, Estonia's free enterprise-oriented government focused on real spending cuts, including major structural reforms. Estonia cut private sector wages, raised the pension age, and reformed health benefits. When it comes to taxes, Estonia already had a low flat tax and didn't raise rates. While there was an increase in the value-added tax, the overwhelming emphasis was on spending cuts. As a result, the Estonian economy grew at 7.6 percent last year. And it happens that Estonia is the only country in the eurozone with an actual budget surplus, and the country has a national debt that is only 6 percent of GDP. Can you imagine that, a debt of only 6 percent of GDP?

Moreover, Estonia had an especially deep hole to climb out of. The Estonian economy was devastated by the global financial crisis. It contracted by 18 percent, which is more than Greece. Nevertheless, Estonia's economy is well on its way back to prerecession levels.

I should add that in response to the spending cuts, Estonians didn't riot in the streets. Instead, they reelected their government.

Also, while Estonia is the most impressive example, a similar story also holds true for the other Baltic countries of Latvia and Lithuania. Perhaps their unhappy experience of Soviet domination has made them extra skeptical of big government solutions to problems. It is possible that the unique history of the Baltic countries makes it easier for them to break the spending addiction, but that doesn't mean it can't be done here. In fact, I will give you an example that is much closer to home—Canada.

In the 1990s Canada was facing the same problem the United States is now. It suffered a recession and had a looming debt crisis. The Canadian Government's response was to dramatically cut spending. Again, I am not talking about slowing the rate of growth but actual spending cuts. In just 2 years, starting in 1995, total noninterest spending fell 10 percent. Canadian federal spending as a share of GDP dropped from 22 percent in 1995 to 15 percent 11 years later. Canada's federal debt was at 68 percent of GDP in 1995 and is down to just 34 percent today. Now a lesson for America: Compare that to our national debt, which is more than 70 percent of GDP. Like Estonia, the overwhelming emphasis in Canada was on spending cuts rather than tax increases.

Moreover, these cuts included structural reforms. Canada's Government fixed its version of Social Security, which is the third rail of American politics, as we say here. Unlike Social Security, the Canadian pension plan is solvent for the foreseeable future. What is really interesting is that these reforms were not implemented by some rightwing ideologues; these reforms were all implemented by the Canadian Liberal Party, which is a center-left party like America's Democrats.

However, when President Bush suggested fixing Social Security upon his reelection, the issue was relentlessly demagogued by Democrats in Congress. More recently, when PAUL RYAN unveiled a plan to save Medicare, rather than present alternative ideas, liberal groups depicted him in political advertisements pushing grandmother off a cliff.

If our Democrats had shown the same leadership the Canadian Liberals did, we would be in a lot better economic shape right now. Instead, what we get from the other side of the aisle are demands for more stimulus spending and head-in-the-sand denial about the impending bankruptcy of Medicare and Social Security.

There are a lot of other examples where low taxes and spending restraint have led an economic recovery after a downturn. In fact, a 2009 paper by two Harvard economists, Alberto Alesina and Silvia Ardagna, reviewed 107 examples of fiscal adjustments in industrialized countries between 1970 and the year 2007. They found that, statistically, tax cuts are more likely to increase growth than spending. They also found that spending cuts without tax increases are more likely to reduce deficits and debt than increased taxes. The historical record is clear. We know what path leads to economic growth and prosperity. However, that is not an easy path to follow.

Unlike the ''have your cake and eat it too'' philosophy that says more government spending will somehow make us all richer, the real road to recovery requires real leadership and less spending.

Earlier in my comments I mentioned a statement by Margaret Thatcher's contempt for stimulus ideology. When she took office, Britain was in deep debt and known as ''the sick man of Europe.'' In fact, Britain had been forced to go to the IMF for a bailout and was regularly rocked by massive strikes. In many ways it was the Greece of the 1970s. When Thatcher began making the difficult decisions necessary to rescue the British economy, many people, including some of her own party, pleaded for her to return to the big spending policies of previous British Governments. Her response is applicable to our country today as it was to Britain back then. I wish to quote Margaret Thatcher:

> If spending money like water was the answer to our country's problems, we would have no problems now. If ever a nation has spent, spent, spent and spent again, ours has. Today that dream is over. All of that money has got us nowhere but it still has to come from somewhere. Those who urge us to relax the squeeze, to spend yet more money indiscriminately in the belief that it will help the unemployed and the small businessman, are not being kind or compassionate or caring. They are not the friends of the unemployed or the small business. They are asking us to do again the very thing that caused the problem in the first place.

I leave with this proposition. Can Congress learn from the experiences of Estonia, Canada, and Britain's Thatcher? If we can, we can turn this U.S. economy around—and the economy and jobs are the issue of this Presidential campaign season.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Ms. MIKULSKI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. MIKULSKI. What is the pending business?

The ACTING PRESIDENT pro tempore. The motion to proceed to S. 1940.

Ms. MIKULSKI. Mr. President, I rise in support of voting for cloture on the bill and wish to speak for as much time as I may consume.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The Senator is recognized.

FOOD AND DRUG ADMINISTRATION SAFETY AND INNOVATION ACT

Ms. MIKULSKI. Mr. President, we have just exchanged some parliamentary lingo to essentially say we are going to vote shortly to see if we can pass the Food and Drug Administration Safety and Innovation Act, and do it without a filibuster. I hope we can vote for cloture—not to muzzle, not to have a gag rule, but so we can move expeditiously on this bill.

Every single Member here should be proud of what we have accomplished in this FDA Safety and Innovation Act. We have accomplished three major objectives: No. 1, if the legislation is passed—and it is a conference agreement between the House and the Senate—we will be able to move pharmaceuticals, biotech products, and medical devices into clinical practice faster while maintaining our ethical standards around public safety.

No. 2, we can demonstrate we can work together and we can govern. This is the result of the Senate working on both sides of the aisle. Now, with the House, through the conference report, we show we can work between the Senate and the House.

In this time of prickly politics and political posturing when more gets said than done, we can show we cannot only pass legislation but legislation that makes a difference in people's lives. We will also show we can do it in a way that we will not only have a regulatory framework but something in which the businesses cooperated so we will have regulation without strangulation. We will have regulation that acts in the interest of public safety but does not stifle, shackle, or impede good business practices. Wow. Isn't this what we have been talking about?

I am very proud of having been a member of the Health, Education, Labor, and Pensions Committee that worked on this bill. I am also very proud of the fact that FDA is in my State. In a nutshell, we are passing something called PDUFA and other UFAs. PDUFA stands for the Prescription Drug User Fee Act. There will be others that we will talk about which relate to bio user fees and medical device user fees and generics.

This bill was originally enacted in 1992, and the reason for that was at that time there was an unduly long wait for patients to have access to new medicines and new medical devices. It often took close to 3 years to even review a drug application. So Congress went to work with then-President Bill Clinton to say where the pharmacy could agree that, first of all, they would pay user fees to support FDA's drug review program. It is a true public-private partnership. When we look at the funding for FDA, the people who make pharmaceuticals, biotech, and medical devices pay 60 percent of the FDA budget. That is $712 million. The remainder comes from Federal appropriations—40 percent, which is $473 million. So there is a partnership between those businesses that profit—and we want them to do so, without profiteering—and, at the same time, government pays its share.

Since 1992, this legislation has been an enormous success. More than 1,500 new medicines have been approved, including treatments for cancer, infectious disease, and cardiovascular disease. It has decreased review times from more than 3 years to 1 year and a few months now.

In order to make sure we had the right perspective, we not only held excellent hearings in the Senate, but I went out around my own State. I am so proud of my State. We are the home of life sciences. We have NIH there, which does incredible basic research. We actually have FDA, which reviews food safety and drug safety. At the same time, we are the home to a robust group of biotech companies. I wanted to listen to those biotech companies. When I went out, I said to them: Tell me how your government is helping you and tell me how your government is impeding you. Tell me where you want your government to get out of the way and where do you need a more muscular government. Well, we heard quite a bit from them. The first thing they told me is they need a Food and Drug Administration because when they are approved for public safety and efficacy in the United States of America, they can sell their products anywhere in the world. It often means countries—small countries, countries of modest means with limited GDP that could never afford an FDA—know that if the United States of America says it is OK for their citizens, any other country in the world knows it is OK for theirs. So it is very good to be able to export these products with confidence and reliability. This is fantastic, in their minds.

Second, they said they needed more help from FDA not only to expedite but they wanted better communication.

They also needed to be able to incentivize development for those rare diseases we often hear about, where there are small markets but big investments to achieve in it. They outlined the fact that they needed to be viewed not in an adversarial way but a collaborative way. Well, thanks to business sitting down with FDA, and business sitting down with Members of Congress, we have been able to do exactly that. We have improved efficiency, predictability, the regulatory environment, and, at the same time, insisting on safety and efficacy.

This is going to be great for patients. Millions of Americans rely on drugs and biologics and on medical devices. If we are going to improve health care and rein in the cost of health care, we have to use drugs, biotech products, and medical devices that improve lives and extend lives.

If we fail to authorize this legislation, we are going to be in big trouble. How are we going to be in big trouble? Well, first of all, we will have to give notice to FDA that there are going to be layoffs. That means we would have to send out notices in July telling 4,000 people: Look, we know you are the best and the brightest and we want you to have integrity as well as regulatory sensibility and a great deal of scientific competence, but we couldn't get our act together so you are going to be laid off.

Hello. We want these people out there, helping America be able to provide health care in a way that is safe and efficacious.

Again, as I said, if we don't act, thousands of FDA people will be laid off. It is not about government. If those people are laid off, it means the review process for every single drug that is now in the pipeline will come to a halt. So we are hurting patients, thousands of people who need new drugs; new ways of helping them, whether it is for that dread C word—cancer—or diabetes, which takes so much of our national budget to manage chronic illness.

What about the breakthroughs on this epidemic of Alzheimer's we have or autism? We need all the help we can develop. If America is going to continue to be America the exceptional, we have to do an exceptionally good job of making sure we produce some of the newest and most reliable drugs, biotech, and medical devices.

This is why I think we have good legislation. Is it perfect? No. But is it pretty close to it for what business and government and providers—the doctors themselves—say we need? Absolutely.

I urge my colleagues today, when we vote on this motion to proceed on cloture to have in mind—whether a colleague is a Democrat or a Republican—that we don't make the perfect the enemy of the good; rather, we think of all those people to whom we talk every day. We talk to them at townhall meetings and out there with diners, and they say: You know, my little boy has leukemia; my mother has breast cancer; my dear father who stood up for me is facing the ravages of Alzheimer's. We need breakthroughs. We need help, then, for our private sector, so it can go global and create jobs in this country and well-being in other countries around the world. We have to be able to do it.

I am also pleased this bill combats drug shortages, improves the safety of the drug supply chain, and makes permanent those special considerations that require that children's needs are being met with both medical devices and prescriptions, either in terms of dosage or that a device actually fits them.

I wanted to come to the floor to lay this out. I am very proud of FDA, and I am very proud of the Congress, including Senator HARKIN and Senator ENZI, who pulled us together. We have the right legislative framework. Now let's act and do it in a way we can all be proud of.

Mr. President, I yield the floor, and I note the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. TESTER.) Without objection, it is so ordered.

FOOD AND DRUG ADMINISTRATION SAFETY AND INNOVATION ACT

Mr. HARKIN. Mr. President, after many months of bipartisan negotiation, I have high hopes that the Senate will vote very shortly to invoke cloture on the House message to accompany the Food and Drug Administration Safety and Innovation Act of 2012.

I am pleased to report it is the product of excellent bipartisan collaboration on the Health, Education, Labor, and Pensions Committee, which I chair, and productive conversations with our colleagues in the House. The House passed the FDA Safety and Innovation Act unanimously last week. Now it is our turn to do our part. The backbone of this legislation is the user fee agreement that FDA has negotiated with industry.

I might just add this bill passed this Chamber about 3 weeks ago on a vote of 96 to 1. So it has strong bipartisan support. A sizeable part of FDA's budget comes from user fees that industry agrees to pay to allow FDA to more quickly weekly review product applications. We need to authorize FDA to implement those agreements if we want to keep FDA running at full steam, which is critical to preserving jobs at both the agency and in the industry and to ensuring that FDA has the resources to get safe medical products to patients quickly.

I want to be clear. These agreements affect all of us by helping to maintain and create jobs in our home States. For example, in my State of Iowa, these agreements will support our burgeoning bioscience sector which saw employment grow by 4.5 percent between 2007 and 2008. The implementation of these agreements will continue to foster biomedical innovation and job growth in all of our States.

The bill before us reauthorizes the prescription drug user fee agreement and the medical device user fee agreement, both commonly known as PDUFA and MDUFA, which will continue and improve the agency's ability to speed market access to prescription drugs and medical devices while ensuring patient safety.

I just might add that, again, uppermost, foremost, first is patient safety. That does not mean we cannot do things in a better manner, get products more readily available, speed up the process if we have the personnel and the equipment to do so. That is why this bill is so important. It provides that type of support so we can hire more people to make sure we get these products to patients quickly, but to make sure they are safe.

The bill also authorizes a new generic drug user fee agreement which is expected to slash review time to one-third of current levels, from 30 months to 10 months, drastically improving the speed with which generic products are made available to patients. The new generic user fee agreement will generate significant savings for patients and our health care system. In the last decade alone, from 2001 to 2010, the use of generic drugs saved the U.S. health care system more than $931 billion. This agreement will ensure that we continue to see those savings and that patients have access to cheaper drugs when they need them.

This bill also authorizes a new biosimilars user fee agreement which will further spur innovation by the generic biologic industry. This chart shows again some of the savings we will get. The use of generic drugs has saved over $931 billion over the last decade, $158 billion just in 2010 alone. So we can see the better we are able to get generic drugs approved and in the pipeline—again, safely—the better off we are all going to be and more money that not only will we save as individuals but our entire health care system will save. That is almost $1 trillion over the last 10 years.

These agreements again, as I said, are vital to FDA's ability to do its job, vital to the stability of the medical products industry, and most importantly to the patients who are the primary beneficiaries of this longstanding and valuable collaboration between FDA and the industry.

After months of negotiation, FDA and the industry have crafted win-win agreements they stand behind. They are doing their job. Now it is time for us to do ours.

It is absolutely imperative that we authorize these user fee agreements before they expire. If we do not, FDA will lose 60 percent of its drug center budget and 20 percent of its device center budget. They will have to lay off nearly 2,000 employees. That is why it is so critical for us to do this at this time.

To be sure, the expiration does not happen until late this summer. But the FDA has told us if they do not get this reauthorization done, they will have to start sending out pink slips at the beginning of July. That is why it is so imperative for us to pass this legislation this week and send it to the President for his signature, so they will not have to go through that process of sending out pink slips.

But we can see how important this is. If this were to happen, it would have devastating consequences for patients whose health and lives depend on new medical treatments. We cannot let that happen. That is why for more than a year I worked closely with my colleague, the ranking member of the HELP Committee, Senator ENZI, and other members of the HELP Committee. Our aim has been to ensure that in addition to the user fee agreements, the other provisions in this legislation are also the product of consensus bipartisan policymaking.

We have used bipartisan working groups and an open, transparent process to ensure that we had input from our members and the stakeholder community at large throughout negotiations on the other titles of this bill. This is quite remarkable. We do not see much of it in this Congress these days. But we have had great cooperation from all members of our committee on both sides of the aisle.

This legislation has benefited greatly from all of the diverse input: from Senators, as I said, on both sides of the aisle, industry stakeholders, consumer groups, patient groups, and more recently from our colleagues in the House. The FDA Safety and Innovation Act is the result of concerted efforts to define our common interests, and these interests will directly benefit patients and the U.S. biomedical industry.

As you can see from this chart, the bill modernizes FDA's authority in several critical ways: It authorizes key user fee agreements to ensure timely approval of medical products. It streamlines the device approval process. It modernizes FDA's global drug supply chain authority, which is so important. It spurs innovation and incentivizes drug development for life-threatening conditions. It reauthorizes and improves incentives for pediatric trials. It helps prevent and mitigate drug shortages, and it increases FDA's accountability and transparency. So it addresses the broad array of critical issues that we face in today's global economy.

It is imperative that our regulatory system keep pace with and adapt to technological and scientific advances and that patient protection remains strong in this era of dynamic change. Keeping pace with the ever-changing biomedical landscape is precisely the aim of the FDA Safety and Innovation Act. This bill injects greater transparency into the device approval process. It bolsters FDA's ability to help U.S. manufacturers create innovative and safe devices, while also enhancing FDA's ability to determine how the devices perform in the real world and takes appropriate measures to protect patients.

The bill also reauthorizes and improves incentives for pediatric trials. It creates incentives for the development of new antibiotics and authorizes new drug and device provisions to help expedite the approval of important life-saving drugs and devices without sacrificing safety.

In addition, the bill also helps address the national crisis prescription drug shortages. For the past several years, hospitals across the country and in my State of Iowa have experienced an increasing number of shortages of life-sustaining prescription drugs. These shortages directly threaten the public health by denying patients access to medications that are indispensable to their care. This bill requires all manufacturers of certain drugs to notify FDA if they expect a manufacturing disruption that could lead to a shortage because if FDA is aware of a potential shortage early, then the agency can work with manufacturers and providers to find other ways to get patients the drugs they need. This bill also addresses drug shortages by explicitly allowing FDA to expedite drug

establishment inspections and application reviews when needed to help prevent or mitigate a shortage. It establishes an FDA drug shortage task force to develop a strategic plan to address drug shortages and to improve communication and outreach to stakeholders preparing for drug shortages.

Another significant advance in the bill is the much needed modernization of the FDA's authority to ensure the safety of drug products coming into the United States from abroad. This bill, No. 1, allows FDA to prioritize inspections of both domestic and foreign firms based on the risk they present to patient safety. It requires importers to demonstrate that certain high-risk drugs are safe and compliant before they can be imported into the United States. It requires manufacturer accountability and oversight of the quality and compliance of their drug producers and suppliers. It enhances penalties for adulterating and counterfeiting drugs. It allows FDA to detain noncompliant drugs in U.S. commerce to prevent them from reaching patients. It permits FDA to destroy certain illegal drugs at the border instead of releasing them back into commerce. It clarifies FDA's authority to address criminal conduct that occurs abroad and threatens the safety of U.S. consumers.

An important point to remember about the importance of these safety provisions is that weaknesses in our pharmaceutical supply chain not only affect the health of American patients, they also affect the health of American businesses. U.S. companies that source and manufacture drugs in this country should not be placed at a competitive disadvantage by foreign firms that operate with less oversight and sell substandard ingredients into this country at reduced prices. This bill will help ensure that businesses operate on a level playing field by holding foreign actors to the same high standards as those in the United States.

The last policy provision I will highlight is a mix of device and drug authorities that together can fairly be described as the most significant advance for patients of orphan and rare diseases since the Orphan Drug Act was passed nearly 30 years ago.

In addition to the significant resources that will be devoted to rare diseases under the prescription drug user fee agreement itself, this bill, No. 1, expands the accelerated approval pathway to therapies for rare and very rare diseases, and it instructs FDA to weigh the rarity of a disease as a factor in its approval process.

Next, it directs resources to promising therapies for unmet medical needs, which will receive the new ''breakthrough'' designation.

Next, it requires FDA to consult with outside experts on rare diseases.

Next, it focuses on pediatric rare diseases by requiring a strategic plan regarding pediatric rare diseases and creating a pilot program to incentivize new therapies for pediatric rare diseases.

Next, it helps make devices for rare diseases more available by modernizing provisions relating to custom devices and making it easier for companies to make profits on devices for rare disease.

Lastly, it reforms the conflict of interest rules for advisory committees to make it easier for the FDA to fill panels, which will have particular impact regarding rare diseases because those panels are sometimes very hard to fill.

I am very proud of the advances this legislation represents for patients with orphan and rare diseases.

Not only does the bill support the biomedical industry and help patients get the medical products they need, it also reduces the deficit. According to the nonpartisan Congressional Budget Office, this legislation will reduce the budget deficit by more than $311 million in the next decade. So what we have is not only good policy, but it is fiscally responsible by contributing to deficit reduction.

As I have said, well over a year of diligent, bipartisan work has gone into the legislation before us today. Neither Democrats nor Republicans got everything they wanted in this bill. We sought out consensus measures. Where we could not achieve consensus, we did not allow our differences to distract us from the critically important goal of producing a bill everyone could support. As a result, this is a true bipartisan bill, and it is broadly supported by the patient groups and industry. In fact, it has wide support from medical associations and also from consumer groups and manufacturers throughout the entire country—a broad base of support. In fact, it is unique because it has the full support of manufacturers, the pharmaceutical industry, the device manufacturers, the FDA itself, and patients groups—people concerned about patient safety, cost, and availability of drugs and devices. So it has a broad base of support.

The FDA Safety and Innovation Act before us, which we will be voting on in a little while, authorizes the important FDA user fee agreements, and it modernizes our regulatory system to ensure safety and to foster innovation in the medical product industry. Our bipartisan work has produced an excellent bill. We cannot allow unrelated partisan disagreements or Presidential-election-year politics to interfere or keep us from completing our job.

I will say it again. We must pass this vital legislation now. It is critically important to the agency, to the industry and, most importantly, to patients that we get this done. Let's come together, Democrats and Republicans, to pass this legislation. Let's have a resounding vote on cloture. Hopefully we won't have to use the 30 hours and we can get to passage of the bill very rapidly so that we can get it down to the President for his signature.

With that, I yield the floor.

The PRESIDING OFFICER. The Senator from Utah.

INVOKING THE LEAHY-THURMOND RULE

Mr. LEE. Mr. President, I rise today to express my support for the minority leader's decision to invoke the longstanding Senate tradition, known as the Leahy-Thurmond rule. Pursuant to this tradition and precedent, the Senate will cease confirming nominees to the Federal courts of appeals until after the Presidential election in November. Many of my colleagues from the other side of the aisle have previously affirmed the propriety of this rule and enforced its standard. For example, in the last year of the Bush administration, the majority leader noted that ''in a Presidential election year, it is always very tough for judges. That is the way it has been for a long time, and that is why we have the Thurmond rule.''

The chairman of the Judiciary Committee, who has cited the Thurmond rule more frequently than any other Senator, has likewise stated that ''in a Presidential election year, after Spring, no judges go through except by the consent of the Republican and Democratic leaders.''

Statements from several of my Democratic colleagues likewise confirm that it is proper to invoke the Leahy-Thurmond rule at this point in a Presidential election year. In 2008, for example, one of my colleagues on the Judiciary Committee argued that for Federal appeals court nominees, once ''it comes to June . . . generally everything stops in an election year.'' Indeed, on June 12 of that same year, another Judiciary Committee colleague stated that the Senate was already ''way past the time of the Thurmond rule.''

History further confirms the propriety of invoking the Leahy-Thurmond rule at this time. It is extremely rare for the Senate to confirm an appeals court nominee after June of a Presidential election year. In fact, it has happened only once in almost two decades, when in 2000 the Republican-controlled Senate confirmed one of President Clinton's nominees. It is simply not true, as comments from some of my colleagues have implied, that in recent Presidential election years we have confirmed appellate court nominees in July, August, or September.

Moreover, this year we have already confirmed five of President Obama's Federal appeals court nominees. This, incidentally, is the same number of appeals court nominees the Senate confirmed in 2008, the most recent Presidential election year on record. In 2004 the Senate confirmed only four such nominees. Indeed, dating back over 100 years, from President William Howard Taft to President Obama, the Senate has confirmed an average of just four appeals court nominees during Presidential election years. This year we have already exceeded the historical average and confirmed five of President Obama's appeals court nominees.

There is no reason to depart further from the historical norm and confirm additional nominees.

The suggestion by some that application of the Leahy-Thurmond rule somehow affects court vacancies deemed ''judicial emergencies'' is false, and recklessly so. Of the four judicial emergencies on the Federal court of appeals, President Obama has nominated only one individual, and because that nomination was so recent, even absent the Leahy-Thurmond rule, that nominee would not be scheduled for a vote anytime soon.

I also remind my colleagues that Democrats enforced the Leahy-Thurmond rule in June 2008, during a time when there were twice as many judicial emergencies in the circuit courts as there are right now. Likewise, the overall vacancy rate on our circuit courts was much higher in June 2004 when President Bush was in the final year of his term. Yet Democrats did not hesitate to block several qualified appellate court nominees in the months leading up to the 2004 Presidential election.

Enforcement of the Leahy-Thurmond rule does not currently apply to district court nominees. This year the Senate has already confirmed 23 of President Obama's district court nominees—many more than were confirmed during comparable years during the President Bush and Clinton Presidencies. And we will continue to confirm more qualified nominees. Application of the Leahy-Thurmond rule, beginning now, will thus not implicate any district court judicial emergencies.

The urgency for such vacancies lies not in the Senate, which to this day has acted responsibly on nominees, but with President Obama, who to this day has failed to nominate individuals for many of these seats.

There are, I add, other good reasons in addition to tradition and historical precedent to enforce the Leahy-Thurmond rule now rather than waiting longer to do so. Doing so now prevents a particular President from packing the courts at the end of his term by appointing influential, life-tenured appellate court judges whose service will span numerous other Presidential administrations.

The Leahy-Thurmond rule also ensures that Presidential politics during an election season will not overshadow or interfere with the Senate's advice and consent role on such judicial nominees.

The last point bears special emphasis. The Constitution assigns to the Senate the right and the duty to advise and consent to the President's judicial and executive branch nominees. It is essential for the Constitution's separation of powers that the Senate protect its necessary and legitimate role in the nominations process against encroachment by the executive branch of government.

Earlier this year, we witnessed a troubling demonstration of what can happen when the President violates the Constitution's separation of powers and tramples on the Senate's rightful prerogatives in the advise and consent process. On January 4, 2012, at a time when the Senate was conducting brief sessions approximately every 72 hours, President Obama nonetheless bypassed the Senate and unilaterally appointed four significant executive branch nominees. By asserting the power to make recess appointments, even when the Senate—according to its own rules—was not in recess, the President simply ignored the Senate's legitimate constitutional right to advise and consent to nominees made by the President.

President Obama's unconstitutional appointments cut to the very heart of our Constitution's separation of powers and the institutional prerogatives that rightfully belong right here, in this body. Accordingly, since the time of those appointments, I have sought to protect the Senate's interests by opposing President Obama's judicial nominees. I have made clear I would do the same were a Republican President to make similarly unconstitutional appointments under the recess appointments clause.

As the chairman of the Senate Judiciary Committee noted at a recent Judiciary Committee hearing, I have stated my concern with President Obama's unconstitutional recess appointments very clearly, but I have also been, in his words, extremely responsible in my opposition and have not hindered the work of the Senate. In light of President Obama's unconstitutional appointments, it is all the more proper we invoke the Leahy-Thurmond rule now.

I agree with the ranking member of the Senate Judiciary Committee that we should have invoked that rule back in January, at the time of the unconstitutional appointments. By enforcing the Leahy-Thurmond rule now, we will demonstrate for the historical record the Senate did not acquiesce in President Obama's unconstitutional recess appointments and, instead, took action to protect the Senate's institutional prerogatives. When we have done so, I will again be in a position to vote in favor of qualified consensus District Court nominees.

But I will always remain vigilant in seeking to protect the Senate against unconstitutional encroachment by the executive branch. As Members of this body, we have an institutional responsibility to safeguard the Senate's essential advise and consent role and to confirm only those nominees who are properly qualified to serve in the positions for which they have been rightfully nominated.

I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

ARIZONA IMMIGRATION DECISION

Mr. DURBIN. Mr. President, today, the U.S. Supreme Court announced its decision on S.B. 1070—the controversial Arizona immigration law. The Court—including conservative Justices Anthony Kennedy and John Roberts—agreed with the Obama administration that a State cannot set up its own immigration enforcement system.

As a result, the Supreme Court struck down several parts of the Arizona law, including the provision that would have made it a crime in Arizona to be an undocumented immigrant and the provision that would have required legal immigrants to carry documents proving their legal status at all times.

The Supreme Court is right. States do not have the right, under the Constitution, to enact immigration laws that contradict Federal law. Many of my colleagues on the other side of the aisle strongly criticized the Obama administration for even challenging the Arizona immigration law. There was even an amendment offered to try to block the Justice Department from pursuing the litigation brought to the Supreme Court. Fortunately, the vast majority of Democrats, joined by two Republicans—Senators Johanns and Voinovich—blocked that amendment.

Now the Supreme Court—including Chief Justice Roberts and Justice Kennedy—has sided with the Obama administration in holding the vast majority of the Arizona law unconstitutional.

I am troubled the Supreme Court upheld one of the provisions in that law in Arizona—section 2(B)—which requires Arizona police officers to check the immigration status of suspected undocumented immigrants. But it is important to understand the Court's decision on that section is a narrow one. The only question for the Court was whether that section—2(B)—was preempted by Federal immigration law. The Court said it is open to future challenges once the law goes into effect, and this provision may still be held unconstitutional, as the other provisions in the Arizona law.

According to law enforcement experts, section 2(B) is likely to encourage profiling, which would violate the Equal Protection Clause of the 14th amendment to the Constitution. Specifically, section 2(B) requires police officers to check the immigration status of any individual with whom they have lawful contact if they have ''reasonable suspicion'' the person is an undocumented immigrant.

What is the basis for a reasonable suspicion the person they pull over is, in fact, an undocumented immigrant? The guidance on the law issued in the State of Arizona says police officers should consider things such as how a person is dressed or their ability to communicate in English.

Earlier this year, I held a hearing on racial profiling in the Judiciary's Subcommittee on the Constitution, Civil Rights and Human Rights. It was the first hearing on racial profiling since before 9/11. One of the witnesses at my hearing was Ron Davis. He is the chief of police in East Palo Alto, CA, and

Chief Davis, along with 16 other law enforcement officials and the Major Cities Chiefs of Police Association, filed a brief in the Arizona case. In their brief, the police chiefs say:

The statutory standard of ''reasonable suspicion'' of unlawful presence in the United States will as a practical matter produce a focus on minorities, and specifically Latinos.

Two former Arizona attorneys general, joined by 42 other former State attorneys general, filed an amicus brief in the Arizona case, and they said ''application of the law requires racial profiling.'' I agree with these law enforcement experts. I am confident section 2(B) will eventually be struck down as the other provisions of the Arizona law were.

The Arizona law is the wrong approach for America. It is amazing to me how this Nation of immigrants, in which we are all part of the family, has struggled for so long to deal with the whole issue of immigration. I think it is wrong to treat people as criminals simply because of their immigration status, and it is not right to make criminals of people who literally go to work every day, cooking our food, cleaning our rooms, and caring for our children in day care centers or caring for our parents and grandparents in nursing homes.

Here is the reality: Treating immigrants as criminals will not help combat illegal immigration. Law enforcement doesn't have the time or the resources to prosecute and incarcerate every undocumented immigrant among the 10 million or 11 million in this country. Making undocumented immigrants into criminals simply drives them into the shadows. That is why the Arizona Association of Chiefs of Police opposes the Arizona law considered by the Court today. They say it will make it more difficult for them to make Arizona a safe place. Immigrants are less likely to cooperate with the police if they fear they are going to get arrested for even trying to help.

Instead of measures that harm law enforcement and promote racial profiling, such as the Arizona immigration law, we need practical solutions to fix a broken immigration system. That case was before the Supreme Court. The Court made its decision today because this body—the Senate and the House—have failed to accept their responsibility. We have a responsibility, if, in fact, immigration is a Federal issue, for a Federal response, and we failed.

The first step we should take in passing comprehensive immigration reform is to pass the DREAM Act—legislation that would allow a select group of immigrant students who grew up in this country to earn citizenship either by attending college or serving in the military.

Russell Pearce is the author of the Arizona immigration law. He had this to say about the DREAM Act:

The DREAM Act is one of the greatest legislative threats to America's sovereignty, national security and economic future.

I see it differently and so do many others, including GEN Colin Powell and former Defense Secretary Robert Gates. They support the DREAM Act because it would make America a stronger country by giving these talented immigrants the chance to serve in the military and contribute to the future of America.

The best way to understand the problems with the Arizona immigration law and the need for the DREAM Act and comprehensive immigration law is to hear the stories of some of the immigrant students who would be eligible for the DREAM Act. They call themselves DREAMers. Almost every week in the session I come to the floor of the Senate to tell the story of one of these young people. Over the years I have told stories of several DREAMers from the State of Arizona. Under the Arizona law, these young people would be targets for prosecution and incarceration. Under the DREAM Act, they would be future citizens who could make America and Arizona stronger.

Today, I wish to introduce one of them from Arizona. Her name is Angelica Hernandez. She was brought to Phoenix, AZ, when she was 9 years old. She started school in the fourth grade, and by the time she reached the sixth grade, Angelica no longer took English as a second language. She was proficient in the language of English.

At Carl Hayden High School in Phoenix, AZ, Angelica served in Junior ROTC and was president of the National Honor Society. She became a dedicated member of the school's robotics club, where she found her true love, engineering.

Angelica graduated from high school with a 4.5 GPA and in 2007 was named Outstanding Young Woman of the Year for district 7 in Phoenix. Last year, Angelica Hernandez graduated from Arizona State University—we can see her holding her graduation certificate—as the outstanding senior in the Mechanical Engineering Department, with a 4.1 GPA.

Under the Arizona immigration law, Angelica Hernandez would be a target for prosecution and incarceration. Under the DREAM Act, she would be a future citizen and engineer who could contribute her talents to making this a better country. What a choice: to take this woman, who has spent virtually her entire life, as she remembers it, in America, attending our schools, excelling in those schools, being acknowledged as one of the better students so her ambition takes her to a great university, Arizona State University, where she graduated at the top of her class in mechanical engineering and, some would say, tell her now she must leave America, I think is wrong. Angelica Hernandez, and people like her, will make this a better country. Unlike the Arizona immigration law, the DREAM Act is a practical solution to a broken immigration system. The Arizona law would harm law enforcement and encourage profiling. The DREAM Act would make America stronger.

President Obama understands this. That is why he challenged the Arizona law, taking the case to the Supreme Court. That is why earlier this month I saluted the President for announcing his administration will no longer deport people, such as Angelica Hernandez, who would be eligible for the DREAM Act. I strongly support President Obama's courage and his decision. It is one of the most historic, humanitarian moments of our time. His decision will give these young immigrants the chance to finally come out of the shadows and be part of the only country they have ever called home. It was the right thing to do.

These students didn't make the decision to come to this country. Angelica was brought here at the age of 9, and it is not the American way to punish children for the wrongdoing of their parents. President Obama's new deportation policy will make America better by giving these talented immigrants the chance to contribute.

Studies have found DREAM Act students will literally boost the American economy during their working lives. This policy is also clearly legal. Throughout our history, the government has decided who to prosecute and who not to prosecute based on law enforcement priorities and availability resources. Past administrations of both political parties have used their authority to stop deportation of low-priority cases. The courts have recognized that.

Listen to what the Supreme Court said today in the Arizona immigration law case:

A principal feature of the removal system is the broad discretion exercised by immigration officials. . . . Discretion in the enforcement of immigration law embraces immediate human concerns.

The President's plan is smart and realistic. The Department of Homeland Security has to set priorities. It is not amnesty; it is simply a decision to focus limited government resources on those who have committed serious crimes and are a threat to public safety, not the DREAM Act students.

Compare President Obama's approach with the Presidential candidate from another party who said the Arizona law was a ''model'' for the rest of America. That other Presidential party candidate has promised that if he is elected President he will veto the DREAM Act. He has refused to say whether he would even maintain or rescind President Obama's order banning the deportation of DREAM Act students. That is the wrong approach for America.

The administration's new policy on the DREAM Act is only temporary. I understand that. The burden is still on us in the Senate and the House to do something about the many thousands of students across America, just like this dynamic young lady in Arizona,

who simply want a chance to be a part of America and its future. Our first step: Pass the DREAM Act. Do it and do it now.

Justice Kennedy wrote in his opinion today:

> The history of the United States is in part made of the stories, talents, and lasting contributions of those who crossed oceans and deserts to come here.

Justice Kennedy is right. Congress should reform our immigration laws so we can once again welcome those who cross oceans and deserts to revitalize and strengthen this Nation of immigrants.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. McCAIN. Mr. President, I came to the floor to discuss another issue. But since my friend from Illinois, with whom I share many of his comments, I have to comment. The fact is that the irony of the Supreme Court decision today said it is a Federal responsibility to ensure our borders and not the States' responsibility. The State of Arizona acted because the Federal Government wouldn't act, because our borders were broken, because the people in the southern part of our State were living in fear, because a rancher was killed by someone who had crossed our border illegally, because people are on mountaintops today guiding drug runners across our border into Arizona with drugs ending up in Phoenix, AZ, and distributed all over this Nation, $887 million wasted on a contract for a virtual fence.

Coyotes bring these people across and then treat them in the most abominable fashion, where they are put into drop houses and kept in the worst kinds of conditions and held for ransom.

Because the Federal Government would not secure our borders, the State of Arizona believed they had to act because people in the southern part of our State and even other parts of our State were living in fear. They are living in fear because of the drug dealers who are coming across, because of the coyotes who are mistreating the people they were bringing.

Of course we want to address the issue of children who weren't born here. But we also have an obligation to have our borders secured. I repeat—today, I say to my friend from Illinois—there are people sitting on mountaintops hired by the drug cartels who are guiding the drug runners across our borders and up to Phoenix. You can ask the DEA. These drugs are then distributed throughout the country from Phoenix, AZ. People are murdered, and the violence on the other side of the border threatens every day to spill over to our side of the border. So I hope, as a result of this decision, the administration will get serious about actually securing our border. Every expert agrees that because of the work that has been done in California and Texas it has funneled through the State of Arizona.

Have there been improvements? Of course there have been improvements. Is it still going on? As long as we have guides sitting on mountaintops guiding drug dealers, we haven't got a secure border. That is what the people of Arizona not only want but they also deserve.

By the way, Mitt Romney agrees that we have to address this issue in a comprehensive fashion as well as concern about the plight of the children who are brought here illegally. But I would also point out to my friend that part of the DREAM Act, as proposed by the Senator from Illinois, is 2 years' service in the military. We don't sign people up for 2 years. Average citizens, in order to get on a path to a green card and citizenship, sign up for 4 years. That is just one of the areas that need to be worked out.

So there will be a lot of conversation about this. But I believe people who live inside of our country—no matter whether it is in Arizona or Illinois—deserve the right to live in a safe environment. The people who live in the southern part of our State do not have that.

So I hope we can get our borders secure and we can move forward with comprehensive immigration.

By the way, then-Senator Obama was one of the key reasons it failed because he wanted to sunset the guest worker program. That is a fact, and you can look it up, I say to my friend from Illinois. Although it was killed by people on this side, it was also a broken promise on the part of then-Senator Obama who assured Senator Kennedy and me that he wouldn't vote for an amendment that would impair the progress of comprehensive reform at that time.

I look forward to having further discussions with the Senator from Illinois as we move forward—sooner or later—with comprehensive immigration reform, which is absolutely needed. But we also have to ensure the security of all of our citizens and stop the flow of drugs across our southern border, which is killing our young Americans.

By the way, I would say to the Senator from Illinois, the price of an ounce of cocaine on the streets of Chicago today is not one less penny higher than it was 10 years ago, which means we are not restricting the flow of drugs coming into our country. As we all know, the majority of it comes across from our southern border.

Finally, I would remind my friend from Illinois that then-Senator Obama promised in the campaign of 2008 that immigration reform would be his first priority. The Senator had 60 votes over here and an overwhelming majority in the House of Representatives in the first 2 years of the Obama administration. I never saw a proposal come to the Senate for comprehensive immigration reform. Now, the DREAM Act did. Comprehensive immigration reform? No. That is what then-Senator Obama promised.

Mr. President, I ask unanimous consent for a colloquy between myself and the Senator from Illinois.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Illinois.

Mr. DURBIN. Let me say, the Senator from Arizona is my friend, and there are many things we have worked on together, and I respect him very much. He knows, as I do, when the DREAM Act was called, we thought the introductory may be the easiest part of immigration reform. It was stopped by a Republican filibuster.

Mr. McCAIN. I don't dispute that point, I say to my friend from Illinois. There was no comprehensive immigration reform proposal that came over from the White House or from the Democrats, as was promised by then-Senator Obama when running for the Presidency. That is a fact.

Mr. DURBIN. I would say to the Senator from Arizona, as part of this colloquy, we thought that would be the first step. We couldn't get past the first step because of the Republican filibuster.

Mr. McCAIN. I wish that when then-Senator Obama was running for President he would have said: But first I am coming over with the DREAM Act. He didn't. He said: My first act will be comprehensive immigration reform.

I was invited over to the White House in 2009. We talked about comprehensive immigration reform and I said: I will await a proposal from the administration on comprehensive immigration reform. My phone never rang.

Mr. DURBIN. I say to the Senator from Arizona, perhaps the day will come in our lifetime when we can see that, and you and I can work on it together again as we once did before. I would look forward to that.

Mr. McCAIN. I look forward to it, and I want to say there has been no more passionate advocate in the Senate than the Senator from Illinois. I respect him and admire him for his compassion and his concern about young people whose lives, as he very well described, need to have some kind of assurance for their future since it is clearly a compelling humanitarian situation. I thank my friend from Illinois.

HEALTH CARE RULING

Mr. President, later this week the Supreme Court will issue its ruling on the health care bill, designed and negotiated by the White House and rammed through Congress during President Obama's first year in office when the economy was near its weakest.

Instead of focusing on recovery and persistent unemployment, the President and the Democratic majorities controlling Congress squandered the opportunity and forced the unpopular and potentially unconstitutional legislation on the American people.

Today we are voting on final passage on the reconciled FDA user fee bill. During Senate consideration of this bill I offered an amendment to allow safe drug importation from legitimate

Canadian pharmacies. But the pharmaceutical industry spread misleading and inaccurate information about the amendment, as they have done time and a time again. As I said then, there is no greater example of the influence of special interests on this body than the failure to enact an amendment that would have allowed drugs from legitimate Canadian pharmacies so people could purchase their much needed medication at sometimes half the cost of what it is in the United States of America. I am embarrassed to this day that nine of my Republican colleagues also voted against it.

I don't know if there was a sweetheart deal to protect PhRMA at the expense of American patients from the vote on my amendment. But we do know that PhRMA was protected by the White House and Senate Democrats from provisions they didn't like in ObamaCare only after they offered up advertising in exchange for more accommodating policies.

From a recent House Energy and Commerce Committee investigation, it is now confirmed that PhRMA orchestrated a grand deal with the White House and Senate Democrats to oppose importation and other policies. I might point out then-Senator Obama supported drug importation.

This is how the New York Times described the deal that was done in exchange for reportedly $150 million in advertising to support ObamaCare, June 8, 2012:

After weeks of quiet talks, drug industry lobbyists were growing nervous. If they were to cut a deal with the White House on overhauling health care, they needed to be sure President Obama would stop a proposal by his liberal allies intended to bring down medicine prices.

On June 3, 2009, one of the lobbyists e-mailed Nancy-Ann DeParle, the president's top health care adviser. Ms. DeParle sent a message back reassuring the lobbyists. Although Mr. Obama was overseas, she wrote, she and other top officials had "made a decision, based on how constructive you guys have been, to oppose importation on the bill." Just like that, Mr. Obama's staff abandoned his support for the reimportation of prescription medicines at lower prices and with it solidified a growing compact with an industry he had vilified on the campaign trail the year before.

A president who had promised to air negotiations on C–SPAN cut a closed-door deal with the powerful pharmaceutical lobby, signifying to some disillusioned liberal supporters a loss of innocence, or perhaps even the triumph of cynicism.

Still, what distinguishes the Obama-industry deal is that he had so strongly rejected that very sort of business as usual.

Ironically, candidate Obama sang a very different tune on the campaign trail in 2008:

You know, I don't want to learn how to play the game better. I want to put an end to the game playing.

Now, PhRMA is the lobbying group for the pharmaceutical industry. The New York Times article continued:

The e-mails, which the House committee obtained from PhRMA and other groups, document a tumultuous negotiation, at times transactional. . . .

In the end, the White House got the support it needed to pass its broader priority, but industry emerged satisfied as well. "We got a deal," wrote Bryant Hall, then senior vice president of the pharmaceutical group.

In July, the White House made clear that it wanted supportive ads using the same characters the industry used to defeat Mr. Clinton's proposal 15 years earlier. "Rahm asked for Harry and Louise ads thru third party," Mr. Hall wrote."

Talks came close to breaking down several times. In May, the White House was upset that the industry had not signed onto a joint statement. One industry official wrote that they should sign: "Rahm is already furious. The ire will be turned on us."

The e-mails also detail extensive and direct negotiations with PhRMA, its drug company members, the American Medical Association, AARP, the American Hospital Association, unions, and many more. Members of the alliance all participated because they thought they were getting something more valuable—revenue to their organization or membership because the Federal Government was going to force everyone into some form of government-designed health insurance coverage—than what they were going to have to spend on advertising to support the legislation. Some reports have the PhRMA advertising commitment as high as $150 million, spread out through direct advertising in certain important States and among groups created to sound like they were looking out for patients or to tout the economic benefits of ObamaCare.

On June 11, 2012, the Wall Street Journal described the e-mails about the 2009 negotiations:

The joint venture was forged in secret in spring of 2009 amid an uneasy mix of menace and opportunism. The drug makers worried that health-care reform would revert to the liberal default of price controls and drug re-importation that Mr. Obama campaigned on, but they also understood that a new entitlement could be a windfall as taxpayers bought more of their products. . . .

Initially, the Obamateers and Senate Finance Chairman Max Baucus asked for $100 billion, 90% of it from mandatory "rebates" through the Medicare prescription drug benefit like those that are imposed in Medicaid. The drug makers wheedled them down to $80 billion by offsetting cost-sharing for seniors on Medicare, in an explicit quid pro quo for protection against such rebates and re-importation.

"Terms were reached in June. . .lead PhRMA negotiator Bryant Hall wrote on June 12 that Mr. Obama "knows personally about our deal and is pushing no agenda."

But Energy and Commerce Chairman Henry Waxman then announced that he was pocketing PhRMA's concessions and demanding more, including re-importation. We wrote about the double-cross in a July 16, 2009 editorial called "Big Pharma Gets Played," noting that Mr. Tauzin's "corporate clients and their shareholders may soon pay for his attempt to get cozy with ObamaCare."

Mr. Hall forwarded the piece to Ms. DeParle with the subject line, "This sucks." The White House rode to the rescue. In September Mr. Hall informed Mr. Kindler that deputy White House chief of staff Jim Messina "is working on some very explicit language on importation to kill it in health care reform. This has to stay quiet."

"PhRMA more than repaid the favor, with a $150 million advertising campaign coordinated with the White House political shop. As one of Mr. Hall's deputies put it earlier in the minutes of a meeting when the deal was being negotiated, "The WHdesignated folks . . . would like us to start to define what 'consensus health care reform' means, and what it might include. . . . They definitely want us in the game and on the same side."

More on the "WH-designated folks . . ." in a moment. The June 11 WSJ editorial continued:

In particular, the drug lobby would spend $70 million on two 501(c)(4) front groups called Healthy Economy Now and Americans for Stable Quality Care. In July, Mr. Hall wrote that "Rahm asked for Harry and Louise ads thru third party. We've already contacted the agent.

Other groups like the AMA were also willing to commit their membership dollars to advertising in support of the legislation in exchange for their policy priorities. According to the Wall Street Journal:

"At least PhRM/I deserves backhanded credit for the competence of its political operatives—unlike, say, the American Medical Association. A thread running through the emails is a hapless AMA lobbyist importuning Ms. DeParle and Mr. Messina for face-to-face meetings to discuss reforming the Medicare physician payment formula. The AMA supported ObamaCare in return for this "doc fix," which it never got.

"We are running out of time," this lobbyist, Richard Deem, writes in October 2009. How can he "tell my colleagues at AMA headquarters to proceed with $2m TV buy" without a permanent fix? The question answers itself: It was only $2 million."

The emails uncovered by the House committee also describe potentially serious conflicts of interest for senior White House staff, their former businesses, who was really writing the legislation—the White House, Congress or affected industries—and questions about the appearance of the White House staff orchestrating the outside advertising campaign. On June 21, 2012 the Wall Street Journal further reported on the 2009 secret deals:

STRASSEL: AXELROD'S OBAMACARE DOLLARS

(By Kimberly A. Strassel)

Rewind to 2009. The fight over ObamaCare is raging, and a few news outlets report that something looks ethically rotten in the White House. An outside group funded by industry is paying the former firm of senior presidential adviser David Axelrod to run ads in favor of the bill. That firm, AKPD Message and Media, still owes Mr. Axelrod money and employs his son.

The story quickly died, but emails recently released by the House Energy and Commerce Committee ought to resurrect it. The emails suggest the White House was intimately involved both in creating this lobby and hiring Mr. Axelrod's firm—which is as big an ethical no-no as it gets.

Mr. Axelrod—who left the White House last year—started AKPD in 1985. Mr. Axelrod moved to the White House in 2009 and agreed to have AKPD buy him out for $2 million. But AKPD chose to pay Mr. Axelrod in annual installments—even as he worked in the West Wing.

The White House and industry were working hand-in-glove to pass ObamaCare in 2009, and among the vehicles supplying ad support was an outfit named Healthy Economy Now (HEN).

House emails show HEN was in fact born at an April 15, 2009 meeting arranged by then-White House aide Jim Messina and a chief of staff for Democratic Sen. Max Baucus. The

two politicos met at the Democratic Senatorial Campaign Committee (DSCC) and invited representatives of business and labor.

The call was from Nick Baldick, a Democratic consultant who had worked on the Obama campaign and for the DSCC. Mr. Baldick started HEN. The only job of PhRMA and others was to fund it.

Meanwhile, Mr. Axelrod's old firm was hired to run the ads promoting ObamaCare. At the time, a HEN spokesman said HEN had done the hiring. But the emails suggest otherwise. In email after email, the contributors to HEN refer to four men as the ''White House'' team running health care.

In one email, PhRMA consultant Steve McMahon calls these four the ''WH-designated folks.'' He explains to colleagues that Messrs. Grossman, Grisolano and Del Cecato ''are very close to Axelrod,'' and that ''they have been put in charge of the campaign to pass health reform.''

A 2009 PhRMA memo also makes clear that AKPD had been chosen before PhRMA joined HEN. It's also clear that some contributors didn't like the conflict of interest. When, in July 2009, a media outlet prepared to report AKPD's hiring, a PhRMA participant said: ''This is a big problem.'' Mr. Baldick advises: ''just say, AKPD is not working for PhRMA.'' AKPD and another firm, GMMB, would handle $12 million in ad business from HEN and work for a successor 501(c)4.

A basic rule of White House ethics is to avoid even the appearance of self-dealing or nepotism. Could you imagine the press frenzy if Karl Rove had done the same after he joined the White House?

Until the White House explains all this, voters can fairly conclude that the President's political team took their Chicago brand of ethics into the White House.''

Mr. President, I ask unanimous consent to have printed in the RECORD a New York Times article, June 8, 2012; a Wall Street Journal article, June 11, 2012; and June 21 Wall Street Journal editorial, and the memos about the e-mails associated with this report.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MAY 16, 2012.

To: Energy and Commerce Committee Republican Members

From: Subcommittee on Oversight and Investigations Majority Staff

Re Investigation Update: Closed-Door Obamacare Negotiations

From: Messina, Jim

Sent: Friday, January 15, 2010 6:04 PM

To: Bryant Hall

Subject: FW: TAUZIN EMAIL

What the hell? This wasn't part of our deal.

OVERVIEW

The purpose of this memorandum is to update Republican Members on the Energy and Commerce Committee on the Committee's ongoing investigation into the potential agreements made by the White House and health care industry stakeholders prior to passage of the Patient Protection and Affordable Care Act (PPACA). As reported on April 17, 2012, the Committee's investigation is attempting to answer the following questions:

Were ''deals'' made between the Administration and outside stakeholders that exchanged specific policy outcomes for public support of the law?

Who made these deals, and to what extent was Congress excluded?

What specifically was negotiated by the White House and these outside interests? What policies are now law as a result of these negotiations, and what did the White House obtain in exchange?

This investigation has produced further information regarding the substance of the ''deal'' between the White House and the Pharmaceutical Manufacturers of America (PhRMA), the details of which have never been fully disclosed to the public. Further, based on email exchanges and other primary source material, it appears that deal was reached not solely between PhRMA and the United States Senate Finance Committee, but that top personnel in the White House were involved in negotiating and approving this deal. The following update is based on internal records obtained from outside stakeholders who engaged in negotiations outside the public's view during the development and passage of PPACA.

I. WAS THERE A DEAL?

The existence of an agreement or series of agreements between powerful health care industry stakeholders and the authors of PPACA is a widely known—albeit poorly understood—aspect of the health care law. Media accounts dating back to 2009 speculated on the existence and details of such deals leading up to the law's enactment. However, those accounts have lacked concrete evidence of exactly what policies the White House accepted or rejected as part of these agreements, and what the interest groups delivered in return. Moreover, media accounts and public statements from policymakers at the time were often conflicting or incomplete, failing to provide a clear picture to the American people about how this law was being written, and by whom.

For example, while President Obama referred to the agreement in June 2009, reports at the time also indicated that ''many details of the . . . deal remained unclear.'' A month later, The Wall Street Journal reported that House Democrats had been told that the Administration ''doesn't feel bound'' by the agreement. Because of increased pressure from the Hill to scuttle the agreement, eventually the White House attempted to publicly support the deal in early August when The New York Times reported that the drug industry ''. . . successfully demanded that the White House explicitly acknowledge for the first time it had committed to protect drug makers. . . .'' Yet, a week later reports still indicated that ''[s]ince mid-July, the White House and the drug industry's lobby, PhRMA, have denied any specific agreement. . . .''

This investigation has confirmed the existence of a deal between the White House and PhRMA that explicitly bound both parties to certain commitments. As the email exchange at the top of this memorandum demonstrates, the deal was so clearly understood to be binding that White House Deputy Chief of Staff Jim Messina made direct contact with PhRMA's chief lobbyist for the negotiations regarding the deal to express his displeasure with an apparent violation of the agreement more than two months before the legislation was given final approval by Congress.

II. WHY DID THE WHITE HOUSE HIDE ITS INVOLVEMENT?

On June 20, 2009, the White House issued a 296-word statement from President Obama announcing an agreement between the nation's pharmaceutical companies and the Senate. The statement makes no mention of White House involvement.

The investigation has determined that the White House, primarily through the Office of Health Reform Director Nancy Ann DeParle and Messina, with involvement from Chief of Staff Rahm Emmanuel, was actively engaged in these negotiations while the role of Congress was limited. For example, three days before the June 20 statement, the head of PhRMA promised Messina, ''we will deliver a final yes to you by morning.'' Meanwhile, Ms. DeParle all but confirmed that half of the Legislative Branch was shut out in an email to a PhRMA representative: ''I think we should have included the House in the discussions, but maybe we never would have gotten anywhere if we had.''

Given these facts, it is unclear why the White House did not fully disclose its involvement with outside stakeholders in the development of the legislation. Their efforts are particularly surprising given the President's repeated promises of transparency.

After this Committee initiated its investigation into the potential promises or agreements made between PhRMA, labor unions, insurers, medical associations, and other trade and advocacy organizations, the White House derided the Committee's request for basic information about its legislative efforts as ''vast and expensive.'' The White House refused to produce any of the requested documents and only produced to the Committee a list of meetings based on ''calendar entries and other readily available information.'' These calendar entries do not provide information on the attendees or details of discussion. For example, the calendar provided by the White House identifies a July 7, 2009, event as follows: ''Meeting with PhRMA representatives.'' No further information is provided. This investigation, however, has revealed that this was not only a meeting between representatives of PhRMA and top White House aides; it was the critical meeting to solidify the deal. As a PhRMA representative said at the time: ''It's just to go over the principal elements of the deal w[ith] Rahm, Messina and DeParle. ''

III. WHAT DID THE WHITE HOUSE PROMISE TO DO?

Even news stories that indicated that there was a potential agreement with the pharmaceutical industry could not report the entirety of the agreement. The August New York Times story that reported White House acknowledgment of the deal ''for the first time'' could not report any specifics ''beyond an agreed-upon $80 billion'' in cost savings. This investigation will show that the agreement between the White House and the pharmaceutical industry was much more explicit. In the coming weeks the Committee intends to show what the White House agreed to do as part of its deal with the pharmaceutical industry and how the full details of this agreement were kept from both the public and the House of Representatives.

After two years, the health care law has failed to lower costs while only increasing its unpopularity with the public. According to a PhRMA official: ''[W]e got a good deal.''

The important question to answer is what did the White House get in return.

MAY 31, 2012.

To: Energy and Commerce Committee Republican Members

From: Majority Staff

Re Investigation Update: Closed-Door Obamacare Negotiations

EXECUTIVE SUMMARY

The White House negotiated a deal with the Pharmaceutical Research and Manufacturers of America (PhRMA) in mid-June 2009. After attempting to secure a commitment from the industry for $100 billion in payment cuts, eventually the White House settled for approximately $80 billion in payment reductions through expanded and increased Medicaid rebates and a new health reform fee. PhRMA also had direct input into the actual legislative policies that produced the $80 billion, including the proposal for closing the Part D doughnut hole.

Under the deal, ''the White House and Senator Baucus agreed'' that neither price controls nor a government-run Medicare Part D

plan would become law, the White House would oppose price controls on dual eligible beneficiaries, and that savings from a follow-on biologics proposal would be applied to the total $80 billion commitment.

White House Office of Health Reform Director Nancy-Ann DeParle told PhRMA's chief lobbyist for negotiating the deal that the White House would oppose new drug importation policies because of ''how constructive'' PhRMA had been. According to PhRMA's lobbyist, White House Deputy Chief of Staff Jim Messina told him that the ''WH is working on some very explicit language on importation to kill it in health reform.''

According to internal e-mails, PhRMA's chief lobbyist believed the White House eventually cut a deal with the pharmaceutical industry during the week of June 20, 2009, because the White House had suffered a bad week politically.

Despite countless promises of televised negotiations and transparent government, the White House met in private with PhRMA representatives and drug company CEOs in July 2009, ''to look the other side in the eye and shake their hand on whatever deal we work out.''

The White House was not above threatening PhRMA to get its way. According to PhRMA's chief lobbyist, the White House was going to have President Obama call for rebating all of Medicare Part D, a policy PhRMA staunchly opposed, in his Weekly Radio Address unless PhRMA cut a deal with the White House to support health reform.

JUNE 8, 2012.

To: Energy and Commerce Committee Republican Members

From: Majority Staff

Re: Investigation Update: Closed-Door Obamacare Negotiations

EXECUTIVE SUMMARY

As part of its agreement with the White House, the Pharmaceutical Research and Manufacturers of America (PhRMA) needed to undertake a ''significant public campaign.'' PhRMA was willing to spend as much as $150 million on advertising, with nearly $70 million spent on two 501(c)(4) groups that could spend unlimited corporate money with little public disclosure: Healthy Economy Now and Americans for Stable Quality Care.

Healthy Economy Now was created after a meeting at the Democratic Senatorial Campaign Committee (DSCC) organized in part by White House Deputy Chief of Staff Jim Messina. Participants were told that the White House wanted to see ads linking the poor economy to the need for health care legislation, with one attendee remarking that ''given who is behind this ask'' their group should support the effort.

In early June 2009, PhRMA representatives met with ''the team that is working with the White House on health care reform'' to learn about White House messaging and ''how our effort can be consistent with that.'' The team was a who's who of Democratic strategists that included a previous head of the DSCC; the producer of the 2008 Democratic National Convention; and two partners at AKPD Message and Media, the advertising firm founded by then Senior Advisor to the President David Axelrod.

When PhRMA's representative indicated that PhRMA was not prepared to run advertisements before seeing how the health care legislation developed, the White House team specifically referred to a meeting the PhRMA CEOs had with Jim Messina the day before and to White House efforts on drug importation policy which had been communicated to PhRMA's chief lobbyist that day.

PhRMA's chief lobbyist reported that White House Chief of Staff Rahm Emanuel asked for ''Harry and Louise ads thru third party'' on July 7, 2009, the same day White House officials met with PhRMA CEOs. PhRMA aired the ad a week later.

Public revelations about the hiring of political firms close to the White House were perceived to be a ''big problem.'' Presumably, because the firms producing and placing some of PhRMA's advertising, including the advertising through both Healthy Economy Now and Americans for Stable Quality Care, had also received over $340 million to handle advertising for President Obama's 2008 election campaign.

The White House attempted to steer the advertising and advocacy tactics of a number of organizations, including the AFL-CIO and AARP.

[From the Wall Street Journal, June 11, 2012]

OBAMACARE'S SECRET HISTORY—HOW A PFIZER CEO AND BIG PHARMA COLLUDED WITH THE WHITE HOUSE AT THE PUBLIC'S EXPENSE.

On Friday House Republicans released more documents that expose the collusion between the health-care industry and the White House that produced ObamaCare, and what a story of crony capitalism it is. If the trove of emails proves anything, it's that the Tea Party isn't angry enough.

Over the last year, the Energy and Commerce Committee has taken Nancy Pelosi's advice to see what's in the Affordable Care Act and how it passed. The White House refused to cooperate beyond printing out old press releases, but a dozen trade groups turned over thousands of emails and other files. A particular focus is the drug lobby, President Obama's most loyal corporate ally in 2009 and 2010.

The business refrain in those days was that if you're not at the table, you're on the menu. But it turns out Big Pharma was also serving as head chef, mâtre d'hotel and dishwasher. Though some parts of the story have been reported before, the emails make clear that ObamaCare might never have passed without the drug companies. Thank you, Pfizer.

The joint venture was forged in secret in spring 2009 amid an uneasy mix of menace and opportunism. The drug makers worried that health-care reform would revert to the liberal default of price controls and drug re-importation that Mr. Obama campaigned on, but they also understood that a new entitlement could be a windfall as taxpayers bought more of their products. The White House wanted industry financial help and knew that determined business opposition could tank the bill.

Initially, the Obamateers and Senate Finance Chairman Max Baucus asked for $100 billion, 90% of it from mandatory ''rebates'' through the Medicare prescription drug benefit like those that are imposed in Medicaid. The drug makers wheedled them down to $80 billion by offsetting cost-sharing for seniors on Medicare, in an explicit quid pro quo for protection against such rebates and re-importation. As Pfizer's then-CEO Jeff Kindler put it, ''our key deal points . . . are, to some extent, as important as the total dollars.'' Mr. Kindler played a more influential role than we understood before, as the emails show.

Thus began a close if sometimes dysfunctional relationship with the Pharmaceutical Research and Manufacturers of America, or PhRMA, as led by Billy Tauzin, the Louisiana Democrat turned Republican turned lobbyist. As a White House staffer put it in May 2009, ''Rahm's calling Nancy-Ann and knows Billy is going to talk to Nancy-Ann tonight. Rahm will make it clear that PhRMA needs a direct line of communication, separate and apart from any coalition.'' Nancy-Ann is Nancy-Ann DeParle, the White House health reform director, and Rahm is, of course, Rahm.

Terms were reached in June. Mr. Kindler's chief of staff wrote a memo to her industry colleagues explaining that ''Jeff would object to me telling you that his communication skills and breadth of knowledge on the issues was very helpful in keeping the meeting productive.'' Soon the White House leaked the details to show that reform was making health-care progress, and lead PhRMA negotiator Bryant Hall wrote on June 12 that Mr. Obama ''knows personally about our deal and is pushing no agenda.''

But Energy and Commerce Chairman Henry Waxman then announced that he was pocketing PhRMA's concessions and demanding more, including re-importation. We wrote about the double-cross in a July 16, 2009 editorial called ''Big Pharma Gets Played,'' noting that Mr. Tauzin's ''corporate clients and their shareholders may soon pay for his attempt to get cozy with ObamaCare.''

Mr. Hall forwarded the piece to Ms. DeParle with the subject line, ''This sucks.'' The duo commiserated about how unreasonable House Democrats are, unlike Mr. Baucus and the Senators. The full exchange is among the excerpts from the emails printed nearby.

Then New York Times reporter Duff Wilson wrote to a PhRMA spokesman, ''Tony, you see the WSJ editorial, 'Big Pharma Gets Played' ''? I'm doing a story along that line for Monday.'' The drug dealers had a problem.

The White House rode to the rescue. In September Mr. Hall informed Mr. Kindler that deputy White House chief of staff Jim Messina ''is working on some very explicit language on importation to kill it in health care reform. This has to stay quiet.''

PhRMA more than repaid the favor, with a $150 million advertising campaign coordinated with the White House political shop. As one of Mr. Hall's deputies put it earlier in the minutes of a meeting when the deal was being negotiated, ''The WH-designated folks . . . would like us to start to define what 'consensus health care reform' means, and what it might include. . . . They definitely want us in the game and on the same side.''

In particular, the drug lobby would spend $70 million on two 501(c)(4) front groups called Healthy Economy Now and Americans for Stable Quality Care. In July, Mr. Hall wrote that ''Rahm asked for Harry and Louise ads thru third party. We've already contacted the agent.''

Mr. Messina—known as ''the fixer'' in the West Wing—asked on December 15, 2009, ''Can we get immediate robo calls in Nebraska urging nelson to vote for cloture?'' Ben Nelson was the last Democratic holdout toward the Senate's 60-vote threshold, and, as Mr. Messina wrote, ''We are at 59, we have to have him.'' They got him.

At least PhRMA deserves backhanded credit for the competence of its political operatives—unlike, say, the American Medical Association. A thread running through the emails is a hapless AMA lobbyist importuning Ms. DeParle and Mr. Messina for face-to-face meetings to discuss reforming the Medicare physician payment formula. The AMA supported ObamaCare in return for this ''doc fix,'' which it never got.

''We are running out of time,'' this lobbyist, Richard Deem, writes in October 2009. How can he ''tell my colleagues at AMA headquarters to proceed with $2m TV buy'' without a permanent fix? The question answers itself: It was only $2 million.

Mr. Waxman recently put out a rebuttal memo dismissing these email revelations as routine, ''exactly what Presidents have always done to enact major legislation.'' Which is precisely the point—the normality is the scandal. In 2003 PhRMA took a similar road trip with the Bush Republicans to create the Medicare drug benefit. That effort included building public support by heavily funding a shell outfit called Citizens for a Better Medicare.

Of course Democrats claim to be above this kind of merger of private profits and political power, as Mr. Obama did as a candidate. ''The pharmaceutical industry wrote into the prescription drug plan that Medicare could not negotiate with drug companies,'' he said in 2008. ''And you know what? The chairman of the committee who pushed the law through''—that would be Mr. Tauzin—''went to work for the pharmaceutical industry making $2 million a year.''

Outrage over this kind of cronyism is what animates the Tea Party and Occupy Wall Street, whose members aren't powerful enough to get special dispensations from the government—or even a fair hearing from their putative representatives.

In one email, an AARP lobbyist writes the White House to say ''We really need to talk,'' noting that calls from seniors are running 14 to one against ObamaCare. But she isn't calling to say that AARP is withdrawing support—only that the White House needs to adjust its messaging. This is how a bill passes over the objections of most Americans.

The lesson for Republicans if they do end up running the country next year is that their job is to restore the free and fair market that creates broad-based economic growth. The temptation will be to return for the sake of power to the methods of Tom DeLay and Jack Abramoff. If they do, voters will return the GOP to private life as surely as they did the Democrats in 2010.

The warning to business is also fundamental. Crony capitalism undermines public trust in capitalism itself and risks blowback that erodes the free market that private companies need to prosper and that underlies the productivity and competitiveness of the U.S. economy. The political benefits of cronyism are inherently temporary, but the damage it does is far more lasting.

As for Big Pharma, the lobby ultimately staved off Mr. Waxman's revolt and avoided some truly harmful drug policies—for now. But over the long term their products are far more vulnerable to the command-and-control central planning that will erode medical innovation, and their $80 billion fillip is merely the teaser rate.

Mr. Kindler resigned from Pfizer in December 2010 under pressure from directors, its stock having lost 35% of its value since he became CEO. Mr. Tauzin left PhRMA in February 2010, with the Affordable Care Act a month from passage.

The truth is that this destructive legislation wasn't inevitable and far better reforms were possible. They still are, though they might have gained more traction in 2009 and 2010 with the right support. The miracle is that, despite this collusion of big government and big business, ObamaCare has received the public scorn that it deserves.

[From the New York Times, June 8, 2012]

LOBBY E-MAILS SHOW DEPTH OF OBAMA TIES TO DRUG INDUSTRY

(By Peter Baker)

WASHINGTON.—After weeks of quiet talks, drug industry lobbyists were growing nervous. If they were to cut a deal with the White House on overhauling health care, they needed to be sure President Obama would stop a proposal by his liberal allies intended to bring down medicine prices.

On June 3, 2009, one of the lobbyists e-mailed Nancy-Ann DeParle, the president's top health care adviser. Ms. DeParle sent a message back reassuring the lobbyist. Although Mr. Obama was overseas, she wrote, she and other top officials had ''made decision, based on how constructive you guys have been, to oppose importation on the bill.''

Just like that, Mr. Obama's staff abandoned his support for the reimportation of prescription medicines at lower prices and with it solidified a growing compact with an industry he had vilified on the campaign trail the year before. Central to Mr. Obama's drive to overhaul the nation's health care system was an unlikely collaboration with the pharmaceutical industry that forced unappealing trade-offs.

The e-mail exchange that day three years ago was among a cache of messages obtained from the industry and released in recent weeks by House Republicans—including a new batch put out on Friday morning detailing the industry's advertising campaign in favor of Mr. Obama's proposal. The broad contours of the president's dealings with the drug industry were known in 2009 but the newly public e-mails open a window into the compromises underlying a health care overhaul now awaiting the judgment of the Supreme Court.

Mr. Obama's deal-making in 2009 represented a pivotal moment in his young presidency, a juncture where the heady idealism of the campaign trail collided with the messy reality of Washington policymaking. A president who had promised to air negotiations on C-Span cut a closed-door deal with the powerful pharmaceutical lobby, signifying to some disillusioned liberal supporters a loss of innocence, or perhaps even the triumph of cynicism.

But if it was a Faustian bargain for the president, it was one he deemed necessary to forestall industry opposition that had thwarted efforts to cover the uninsured for generations. Without the deal, in which the industry agreed to provide $80 billion for health reform in exchange for protection from policies that would cost more, Mr. Obama and Democratic allies calculated he might get nowhere.

''There was no way we had the votes in either the House or the Senate if PhRMA was opposed—period,'' said a senior Democratic official involved in the talks, referring to the Pharmaceutical Research and Manufacturers of America, the drug industry trade group.

Republicans see the deal as hypocritical. ''He said it was going to be the most open and honest and transparent administration ever and lobbyists won't be drafting the bills,'' said Representative Michael C. Burgess of Texas, one of the Republicans on the House Energy and Commerce subcommittee that is examining the deal. ''Then when it came time, the door closed, the lobbyists came in and the bills were written.''

Some of the liberals bothered by the deal-making in 2009 now find the Republican criticism hard to take given the party's longstanding ties to the pharmaceutical industry.

''Republicans trumpeting these e-mails is like a fox complaining someone else raided the chicken coop,'' said Robert Reich, the former labor secretary under President Bill Clinton. ''Sad to say, it's called politics in an era when big corporations have an effective veto over major legislation affecting them and when the G.O.P. is usually the beneficiary. In this instance, the G.O.P. was outfoxed. Who are they to complain?''

Dan Pfeiffer, the White House communications director, said the collaboration with industry was in keeping with the president's promise to build consensus.

''Throughout his campaign, President Obama was clear that he would bring every stakeholder to the table in order to pass health reform, even longtime opponents like the pharmaceutical industry,'' Mr. Pfeiffer said. ''He understood correctly that the unwillingness to work with people on both sides of the issue was one of the reasons why it took a century to pass health reform.''

In a statement, PhRMA said that its interactions with Mr. Obama's White House were part of its mission to ''ensure patient access'' to quality medicine and to advance medical progress.

''Before, during and since the health care debate, PhRMA engaged with Congress and the administration to advance these priorities,'' said Matthew Bennett, the group's senior vice president.

Representative Henry Waxman of California, the top Democrat on the House committee and one of those who balked at Mr. Obama's deal in 2009, now defends it as traditional Washington lawmaking.

''Presidents have routinely sought the support and lobbying clout of private industry in passing major legislation,'' Mr. Waxman's committee staff said in a memo released in response to the e-mails. ''President Obama's actions, for example, are no different than those of President Lyndon B. Johnson in enacting Medicare in 1965 or President George W. Bush in expanding Medicare to add a prescription drug benefit in 2003.''

Still, what distinguishes the Obama-industry deal is that he had so strongly rejected that very sort of business as usual. During his campaign for president, he specifically singled out the power of the pharmaceutical industry and its chief lobbyist, former Representative Billy Tauzin, a Democrat-turned-Republican from Louisiana, as examples of what he wanted to change.

''The pharmaceutical industry wrote into the prescription drug plan that Medicare could not negotiate with drug companies,'' Mr. Obama said in a campaign advertisement, referring to Mr. Bush's 2003 legislation. ''And you know what? The chairman of the committee who pushed the law through went to work for the pharmaceutical industry making $2 million a year.

''Imagine that,'' Mr. Obama continued. ''That's an example of the same old game playing in Washington. You know, I don't want to learn how to play the game better. I want to put an end to the game playing.''

After arriving at the White House, though, he and his advisers soon determined that one reason Mr. Clinton had failed to pass health care reform was the resilient opposition of industry. Led by Rahm Emanuel, his chief of staff and a former House leader, and Jim Messina, his deputy, White House officials set out to change that dynamic.

The e-mails, which the House committee obtained from PhRMA and other groups after the White House declined to provide correspondence, document a tumultuous negotiation, at times transactional, at others prickly. Each side suspected the other of betraying trust and operating in bad faith.

The White House depicted in the message traffic comes across as deeply involved in the give-and-take, and not averse to pressure tactics, including having Mr. Obama publicly assail the industry unless it gave in on key points. In the end, the White House got the support it needed to pass its broader priority, but industry emerged satisfied as well. ''We got a good deal,'' wrote Bryant Hall, then senior vice president of the pharmaceutical group.

Mr. Bryant, now head of his own firm, declined to comment. So did Mr. Emanuel, now mayor of Chicago; Mr. Messina, now the president's campaign manager; and Ms. DeParle, now a White House deputy chief of

staff. Mr. Tauzin, who has left his post as the industry's lobbyist, did not respond to messages.

The latest e-mails released on Friday underscore the detailed discussions the two sides had about an advertising campaign supporting Mr. Obama's health overhaul.''They plan to hit up the 'bad guys' for most of the $,'' a union official wrote after an April meeting with Mr. Messina and Senate Democratic aides. ''They want us to just put in enough to be able to put our names in it—he is thinking @100K.''

In July, the White House made clear that it wanted supportive ads using the same characters the industry used to defeat Mr. Clinton's proposal 15 years earlier. ''Rahm asked for Harry and Louise ads thru third party,'' Mr. Hall wrote.

Industry and Democratic officials said privately that the advertising campaign was an outgrowth of the fundamental deal, not the goal of it. The industry traditionally advertises in favor of legislation it supports.

Either way, talks came close to breaking down several times. In May, the White House was upset that the industry had not signed onto a joint statement. One industry official wrote that they should sign: ''Rahm is already furious. The ire will be turned on us.''

By June, it came to a head again. ''Barack Obama is going to announce in his Saturday radio address support for rebating all of D unless we come to a deal,'' Mr. Hall wrote, referring to a change in Medicare Part D that would cost the industry.

In the end, the two sides averted the public confrontation and negotiated down to $80 billion from $100 billion. But the industry believed the White House was rushing an announcement to deflect political criticism.

''It's pretty clear that the administration has had a horrible week on health care reform, and we are now getting jammed to make this announcement so the story takes a positive turn before the Sunday talk shows beat up on Congress and the White House,'' wrote Ken Johnson, a senior vice president of the pharmaceutical organization.

In the end, House Democrats imposed some additional costs on the industry that by one estimate pushed the cost above $100 billion, but the more sweeping policies the firms wanted to avoid remained out of the legislation. Mr. Obama signed the bill in March. He had the victory he wanted.

[From the Wall Street Journal, June 22, 2012]

STRASSEL: AXELROD'S OBAMACARE DOLLARS

(By Kimberley A. Strassel)

Emails suggest the White House pushed business to the presidential adviser's former firm to sell the health-care law.

Rewind to 2009. The fight over ObamaCare is raging, and a few news outlets report that something looks ethically rotten in the White House. An outside group funded by industry is paying the former firm of senior presidential adviser David Axelrod to run ads in favor of the bill. That firm, AKPD Message and Media, still owes Mr. Axelrod money and employs his son.

The story quickly died, but emails recently released by the House Energy and Commerce Committee ought to resurrect it. The emails suggest the White House was intimately involved both in creating this lobby and hiring Mr. Axelrod's firm—which is as big an ethical no-no as it gets.

Mr. Axelrod—who left the White House last year—started AKPD in 1985. The firm earned millions helping run Barack Obama's 2008 campaign. Mr. Axelrod moved to the White House in 2009 and agreed to have AKPD buy him out for $2 million. But AKPD chose to pay Mr. Axelrod in annual installments—even as he worked in the West Wing. This agreement somehow passed muster with the Office of Government Ethics, though the situation at the very least should have walled off AKPD from working on White-House priorities.

It didn't. The White House and industry were working hand-in-glove to pass ObamaCare in 2009, and among the vehicles supplying ad support was an outfit named Healthy Economy Now (HEN). News stories at the time described this as a ''coalition'' that included the Pharmaceutical Research and Manufacturers of America (PhRMA), the American Medical Association, and labor groups—suggesting these entities had started and controlled it.

House emails show HEN was in fact born at an April 15, 2009 meeting arranged by then-White House aide Jim Messina and a chief of staff for Democratic Sen. Max Baucus. The two politicos met at the Democratic Senatorial Campaign Committee (DSCC) and invited representatives of business and labor.

A Service Employees International Union attendee sent an email to colleagues noting she'd been invited by the Baucus staffer, explaining: ''Also present was Jim Messina. . . . They basically want to see adds linking HC reform to the economy . . . there were not a lot of details, but we were told that we would be getting a phone call. Well that call came today.''

The call was from Nick Baldick, a Democratic consultant who had worked on the Obama campaign and for the DSCC. Mr. Baldick started HEN. The only job of PhRMA and others was to fund it.

Meanwhile, Mr. Axelrod's old firm was hired to run the ads promoting ObamaCare. At the time, a HEN spokesman said HEN had done the hiring. But the emails suggest otherwise. In email after email, the contributors to HEN refer to four men as the ''White House'' team running health care. They included John Del Cecato and Larry Grisolano (partners at AKPD), as well as Andy Grossman (who once ran the DSCC) and Erik Smith, who had been a paid adviser to the Obama presidential campaign.

In one email, PhRMA consultant Steve McMahon calls these four the ''WH-designated folks.'' He explains to colleagues that Messrs. Grossman, Grisolano and Del Cecato ''are very close to Axelrod,'' and that ''they have been put in charge of the campaign to pass health reform.'' Ron Pollack, whose Families USA was part of the HEN coalition, explained to colleagues that ''the team that is working with the White House on health-care reform. . . . [Grossman, Smith, Del Cecato, Grisolano] . . . would like to get together with us.'' This would provide ''guidance from the White House about their messaging.''

According to White House visitor logs, Mr. Smith had 28 appointments scheduled between May and August—17 made through Mr. Messina or his assistant. Mr. Grossman appears in the logs at least 19 times. Messrs. Del Cecato and Grisolano of AKPD also visited in the spring and summer, at least twice with Mr. Axelrod, who was deep in the health-care fight.

A 2009 PhRMA memo also makes clear that AKPD had been chosen before PhRMA joined HEN. It's also clear that some contributors didn't like the conflict of interest. When, in July 2009, a media outlet prepared to report AKPD's hiring, a PhRMA participant said: ''This is a big problem.'' Mr. Baldick advises: ''just say, AKPD is not working for PhRMA.'' AKPD and another firm, GMMB, would handle $12 million in ad business from HEN and work for a successor 501(c)4.

A basic rule of White House ethics is to avoid even the appearance of self-dealing or nepotism. If Mr. Axelrod or his West Wing chums pushed political business toward Mr. Axelrod's former firm, they contributed to his son's salary as well as to the ability of the firm to pay Mr. Axelrod what it still owed him. Could you imagine the press frenzy if Karl Rove had done the same after he joined the White House?

Messrs. Axelrod and Messina are now in Chicago running Mr. Obama's campaign. Mr. Axelrod, the White House and a partner for AKPD didn't respond to requests for comment on their role in HEN, the tapping of Mr. Baldick, and the redolent hiring of AKPD. Until the White House explains all this, voters can fairly conclude that the President's political team took their Chicago brand of ethics into the White House.

Mr. MCCAIN. Mr. President, I know my other colleagues are waiting to speak, but last month when we voted down this amendment to allow drug reimportation from pharmacies that are accredited by both the Canadian and American Governments, my statement was, and I will repeat it:

> In a normal world, this would probably require a voice vote. But what we are about to see is the incredible influence of the special interests, particularly PhRMA, here in Washington.
>
> What you are about to see [as I predicted just before the vote] is the reason for the cynicism the American people have about the way we do business in Washington. PhRMA—one of the most powerful lobbies in Washington—will exert its influence again at the expense of average low-income Americans who will, again, have to choose between medication and eating.

In response the Senator from New Jersey said, in opposition to my amendment:

> It is not the special interests that have caused the Senate countless times to reject this policy. . . . .
>
> This is about the health and security of the American people. That is why time after time the Senate has rejected it. It is why it should be rejected once again.

He was correct. It was rejected. The American people were rejected in favor of one of the most powerful special interest lobbies in Washington and it is a shame.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MANCHIN). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FLOOD INSURANCE REFORM AND MODERNIZATION ACT

Mr. REID. Mr. President, I ask unanimous consent that the remaining time postcloture be yielded back and the Senate adopt the motion to proceed to S. 1940.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The motion was agreed to.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

> The bill (S. 1940) to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes.

Mr. REID. Mr. President, I was coming here today to propound a unanimous consent request on this most important piece of legislation dealing with flood insurance, but after having had some discussions with various people, at this time it would not be of any benefit. There is no need for me to stand and ask unanimous consent when I know it is not going to go anyplace.

So we are going to move this forward a little bit, and hopefully with this we can move toward completing this bill at a very early time.

AMENDMENT NO. 2468

(Purpose: In the nature of a substitute.)

Mr. REID. Mr. President, on behalf of Senator JOHNSON of South Dakota and Senator SHELBY, I have a substitute amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. JOHNSON of South Dakota, for himself and Mr. SHELBY, proposes an amendment numbered 2468.

(The amendment is printed in today's RECORD under ''Text of Amendments.'')

Mr. REID. Mr. President, I ask for the yeas and nays on that amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2469 TO AMENDMENT NO. 2468

Mr. REID. Mr. President, on behalf of Senator PRYOR, there is a first-degree amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. PRYOR, for himself and Mr. HOEVEN, proposes an amendment numbered 2469 to amendment No. 2468.

The amendment is as follows:

(Purpose: To require the Government Accountability Office to study the effect of applying the mandatory purchase requirements to areas of residual risk, and to require the Administrator to study voluntary community-based flood insurance options)

Strike section 107 and insert the following:

SEC. 107. AREAS OF RESIDUAL RISK.

(a) AREAS OF RESIDUAL RISK.—

(1) DEFINITION.—Not later than 18 months after the date of enactment of this Act, the Administrator, in consultation with the Technical Mapping Advisory Council established under section 117, shall establish a definition of the term ''area of residual risk'', for purposes of the National Flood Insurance Program, that is limited to areas that are not areas having special flood hazards.

(2) THIS SECTION.—In this section, the term ''area of residual risk'' has the meaning established by the Administrator under paragraph (1).

(b) STUDY AND REPORT ON MANDATORY PURCHASE REQUIREMENTS IN AREAS OF RESIDUAL RISK.—

(1) STUDY.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct a study assessing the potential impact and effectiveness of applying the mandatory purchase requirements under sections 102 and 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a and 4106) to properties located in areas of residual risk.

(B) AREAS OF STUDY.—In carrying out the study required under subparagraph (A), the Comptroller General shall evaluate—

(i) the regulatory, financial, and economic impact of applying the mandatory purchase requirements described in subparagraph (A) to areas of residual risk on—

(I) the costs of homeownership;

(II) the actuarial soundness of the National Flood Insurance Program;

(III) the Federal Emergency Management Agency;

(IV) communities located in areas of residual risk;

(V) insurance companies participating in the National Flood Insurance Program; and

(VI) the Disaster Relief Fund;

(ii) the effectiveness of the mandatory purchase requirements in protecting—

(I) homeowners and taxpayers in the United States from financial loss; and

(II) the financial soundness of the National Flood Insurance Program;

(iii) the impact on lenders of complying with or enforcing the mandatory purchase requirements;

(iv) the methodology that the Administrator uses to adequately estimate the varying levels of residual risk behind levees and other flood control structures; and

(v) the extent to which the risk premium rates under the National Flood Insurance Program for property in the areas of residual risk behind levees adequately account for—

(I) the design of the levees;

(II) the soundness of the levees;

(III) the hydrography of the areas of residual risk; and

(IV) any historical flooding in the areas of residual risk.

(2) REPORTS.—

(A) INITIAL REPORT.—Not later than 12 months after the date on which the Administrator establishes a definition of the term ''area of residual risk'' under subsection (a)(1), the Comptroller General shall submit to Congress a report that—

(i) contains the results of the study required under paragraph (1); and

(ii) provides recommendations to the Administrator on improvements that may result in more accurate estimates of varying levels of residual risk behind levees and other flood control structures.

(B) UPDATED REPORT.—Not later than 5 years after the date on which the Comptroller General submits the report under subparagraph (A), the Comptroller General shall—

(i) update the study conducted under paragraph (1); and

(ii) submit to Congress an updated report that—

(I) contains the results of the updated study required under clause (i); and

(II) provides recommendations to the Administrator on improvements that may result in more accurate estimates of varying levels of residual risk behind levees and other flood control structures.

(3) ADJUSTMENT OF METHODOLOGIES.—The Administrator shall, to the extent practicable, adjust the methodologies used to estimate the varying levels of residual risk behind levees and other flood control structures based on the recommendations submitted by the Comptroller General under subparagraphs (A)(ii) and (B)(ii)(II).

(c) STUDY OF VOLUNTARY COMMUNITY-BASED FLOOD INSURANCE OPTIONS.—

(1) STUDY.—

(A) STUDY REQUIRED.—The Administrator shall conduct a study to assess options, methods, and strategies for making available voluntary community-based flood insurance policies through the National Flood Insurance Program.

(B) CONSIDERATIONS.—The study conducted under subparagraph (A) shall —

(i) take into consideration and analyze how voluntary community-based flood insurance policies—

(I) would affect communities having varying economic bases, geographic locations, flood hazard characteristics or classifications, and flood management approaches; and

(II) could satisfy the applicable requirements under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a); and

(ii) evaluate the advisability of making available voluntary community-based flood insurance policies to communities, subdivisions of communities, and areas of residual risk.

(C) CONSULTATION.—In conducting the study required under subparagraph (A), the Administrator may consult with the Comptroller General of the United States, as the Administrator determines is appropriate.

(2) REPORT BY THE ADMINISTRATOR.—

(A) REPORT REQUIRED.—Not later than 18 months after the date of enactment of this Act, the Administrator shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that contains the results and conclusions of the study conducted under paragraph (1).

(B) CONTENTS.—The report submitted under subparagraph (A) shall include recommendations for—

(i) the best manner to incorporate voluntary community-based flood insurance policies into the National Flood Insurance Program; and

(ii) a strategy to implement voluntary community-based flood insurance policies that would encourage communities to undertake flood mitigation activities, including the construction, reconstruction, or improvement of levees, dams, or other flood control structures.

(3) REPORT BY COMPTROLLER GENERAL.—Not later than 6 months after the date on which the Administrator submits the report required under paragraph (2), the Comptroller General of the United States shall—

(A) review the report submitted by the Administrator; and

(B) submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that contains—

(i) an analysis of the report submitted by the Administrator;

(ii) any comments or recommendations of the Comptroller General relating to the report submitted by the Administrator; and

(iii) any other recommendations of the Comptroller General relating to community-based flood insurance policies.

Mr. REID. I ask for the yeas and nays on that amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2470 TO AMENDMENT NO. 2469

Mr. REID. Mr. President, I have a second-degree amendment, which is also at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] proposes an amendment numbered 2470 to amendment No. 2469.

The amendment is as follows:

At the end, add the following new section:

SEC. ___.

This Act shall become effective 7 days after enactment.

AMENDMENT NO. 2471

Mr. REID. Mr. President, I have an amendment at the desk to the language proposed to be stricken.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] proposes amendment numbered 2471 to the language proposed to be stricken by amendment No. 2468.

The amendment is as follows:

At the end, add the following new section:

SEC. ___.

This title shall become effective 5 days after enactment.

Mr. REID. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2472 TO AMENDMENT NO. 2471

Mr. REID. Mr. President, I have a second-degree amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] proposes an amendment numbered 2472 to amendment No. 2471.

The amendment is as follows:

In the amendment, strike ''5 days'' and insert ''4 days''.

MOTION TO RECOMMIT WITH AMENDMENT NO. 2473

Mr. REID. Mr. President, I have a motion to recommit the bill with instructions, which is also at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] moves to recommit the bill, S. 1940, to the Committee on Banking, Housing, and Urban Affairs with instructions to report back forthwith with an amendment numbered 2473.

The amendment is as follows:

At the end, add the following new section:

SEC. ___.

This Act shall become effective 3 days after enactment.

Mr. REID. I ask for the yeas and nays on that motion.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2474

Mr. REID. Mr. President, I have an amendment to the instructions at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] proposes an amendment numbered 2474 to the instructions of the motion to recommit S. 1940.

The amendment is as follows:

In the amendment, strike ''3 days'' and insert ''2 days''.

Mr. REID. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 2475 TO AMENDMENT NO. 2474

Mr. REID. Mr. President, I have a second-degree amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] proposes an amendment numbered 2475 to amendment No. 2474.

The amendment is as follows:

In the amendment, strike ''2 days'' and insert ''1 day''.

SMALL BUSINESS JOBS AND TAX RELIEF ACT—MOTION TO PROCEED

Mr. REID. Mr. President, I now move to proceed to Calendar No. 341, S. 2237.

The PRESIDING OFFICER. The clerk will report the motion.

The assistant legislative clerk read as follows:

Motion to proceed to Calendar No. 341, S. 2237, a bill to provide a temporary income tax credit for increased payroll and extend bonus depreciation for an additional year, and for other purposes.

The PRESIDING OFFICER. The Senator from Montana.

FLOOD INSURANCE

Mr. TESTER. Mr. President, I rise in support of a bill we will take up soon to reauthorize the Flood Insurance Program. Nine months ago the Senate Banking Committee passed long-term flood insurance reauthorization with overwhelming bipartisan support. Five months ago Senator VITTER and I, along with 39 Members of this body, wrote our leadership urging that the bill be brought to the floor, but today, this week, we will finally consider this much needed piece of legislation, and I thank Senator REID for his willingness to bring it to the Senate floor.

I want to first and foremost thank Chairman JOHNSON and Ranking Member SHELBY for their excellent work in drafting this bill. I commend them for their efforts to build consensus on this important piece of legislation.

I thank my colleague Senator VITTER for his leadership and partnership in working with me to help influence this bill in a way that reflects broad bipartisan support. Together we added a number of provisions to improve the initial draft. These provisions include one that addresses a critical issue in my State.

When this bill is passed, the Army Corps of Engineers and FEMA will finally have to work together to develop common standards that will allow existing Corps levee inspections to meet FEMA certification criteria.

We also lengthened the phase-in period for homeowners who must purchase flood insurance for the first time as a result of being mapped into a floodplain, so that as changes to the maps occur, folks are not forced immediately into high-priced premiums.

This bill takes important steps to more closely align risks with premiums. It makes changes to protect taxpayers, and it puts the program on a more solid financial ground.

The House and Senate have never produced two flood insurance bills as closely aligned as the bills we have before us, and I am not sure we have ever had the same strong broad support we have now from homeowners, realtors, insurers, state insurance regulators, and environmental groups. That is a real testament to my colleagues on the Banking Committee, and I look forward to finally sending a long-term reauthorization and reform bill to the President's desk for his signature.

Unfortunately, we have seen the consequences of reauthorizing this program on a short-term basis, and we have seen the consequences of letting this program lapse. We have been down that road before and have seen how unproductive and destructive lapses can be. Past lapses in the program created uncertainty for homeowners and created significant burdens for those participating in the Flood Insurance Program. When the program lapsed in 2010, about 1,400 home sales were canceled each day during those 53 days the program lapsed. At a time when the housing market is still fragile, this is something we cannot afford.

For me this is an issue that hits home. The unprecedented flooding in the Missouri River basin last year, which affected folks throughout central and eastern Montana, particularly in Musselshell and Carbon Counties, clearly demonstrates the need for reauthorization and for reforms to ensure that levees are certified properly and efficiently.

I also care deeply about this program because in addition to protecting Montana homeowners, there are jobs tied directly to the Flood Insurance Program. In Kalispell, MT, two of the national servicing organizations employ over 500 people—jobs that could be put in jeopardy without a long-term agreement.

We must offer Americans certainty in the face of risk. Now, at long last, comprehensive, bipartisan, long-term reauthorization of the National Flood Insurance Program is within reach. Let's quickly act to provide security and piece of mind to the 6 million Americans who rely on the National Flood Insurance Program.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CONRAD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOOD AND DRUG ADMINISTRATION SAFETY AND INNOVATION ACT

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order and pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the Reid motion to concur in the House amendment to S. 3187, the FDA Safety and Innovation Act.

Harry Reid, Tom Harkin, Sheldon Whitehouse, Kent Conrad, Jack Reed, Christopher A. Coons, Mark Begich, John F. Kerry, Charles E. Schumer, Barbara A. Mikulski, Benjamin L. Cardin, Robert Menendez, Joseph I. Lieberman, Mary L. Landrieu, Richard Blumenthal, Patty Murray, Tom Carper.

The PRESIDING OFFICER. By unanimous consent, the mandatory quorum call has been waived.

The question is, Is it the sense of the Senate that debate on the motion to concur in the House amendment to S. 3187, a bill to amend the Federal Food, Drug, and Cosmetic Act to revise and extend the user-fee programs for prescription drugs and medical devices, to establish user-fee programs for generic drugs and biosimilars, and for other purposes, shall be brought to a close?

The yeas and nays are mandatory under the rule.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from New Hampshire (Mrs. SHAHEEN) and the Senator from Colorado (Mr. UDALL) are necessarily absent.

Mr. THUNE. The following Senators are necessarily absent: the Senator from Oklahoma (Mr. COBURN), the Senator from Utah (Mr. HATCH), the Senator from Illinois (Mr. KIRK), the Senator from Arizona (Mr. KYL), the Senator from Alaska (Ms. MURKOWSKI), and the Senator from Florida (Mr. RUBIO).

Further, if present and voting, the Senator from Utah (Mr. HATCH) would have voted ''yea.''

The PRESIDING OFFICER (Mrs. HAGAN). Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 89, nays 3, as follows:

[Rollcall Vote No. 166 Leg.]

YEAS—89

Akaka	Feinstein	Menendez
Alexander	Franken	Merkley
Ayotte	Gillibrand	Mikulski
Barrasso	Graham	Moran
Baucus	Grassley	Murray
Begich	Hagan	Nelson (NE)
Bennet	Harkin	Nelson (FL)
Bingaman	Heller	Portman
Blumenthal	Hoeven	Pryor
Blunt	Hutchison	Reed
Boozman	Inhofe	Reid
Boxer	Inouye	Risch
Brown (MA)	Isakson	Roberts
Brown (OH)	Johanns	Rockefeller
Cantwell	Johnson (SD)	Schumer
Cardin	Johnson (WI)	Sessions
Carper	Kerry	Shelby
Casey	Klobuchar	Snowe
Chambliss	Kohl	Stabenow
Coats	Landrieu	Tester
Cochran	Lautenberg	Thune
Collins	Leahy	Toomey
Conrad	Lee	Udall (NM)
Coons	Levin	Vitter
Corker	Lieberman	Warner
Cornyn	Lugar	Webb
Crapo	Manchin	Whitehouse
DeMint	McCain	Wicker
Durbin	McCaskill	Wyden
Enzi	McConnell	

NAYS—3

Burr	Paul	Sanders

NOT VOTING—8

Coburn	Kyl	Shaheen
Hatch	Murkowski	Udall (CO)
Kirk	Rubio	

The PRESIDING OFFICER. On this vote, the yeas are 89, the nays are 3. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative, the motion is agreed to.

Mr. GRASSLEY. Mr. President, 2 years ago a constituent of mine named David Rozga committed suicide shortly after smoking a product called K2—a synthetic form of marijuana.

A week before he passed away David had graduated from Indianola High School.

He was looking forward to attending my alma mater, the University of Northern Iowa, that fall.

David and his friends spent the week after graduation going to parties and celebrating their achievements.

Some of David's friends heard about K2 from some other friends who were home from college.

They were told that if you smoked this product like marijuana you could get a high.

David and his friends were about to go to a concert and thought smoking K2 before would be nothing but harmless fun.

However, shortly after smoking K2, David became highly agitated and terrified.

His friends tried to calm him down and once he appeared calmer he decided to go home instead of going out with them.

Tragically, David took his own life shortly after returning home—only about 90 minutes after smoking K2 for the first time.

The only chemicals in his system at the time of his death were those that comprised K2.

David's tragic death is one of the first in what has been a rapidly growing drug abuse trend.

In the past 2 years, the availability and popularity of synthetic drugs like K2, Spice, Bath Salts, and 2C–E has exploded.

These drugs are labeled and disguised as legitimate products to circumvent the law.

They are easily purchased online, at gas stations, in shopping malls and in other novelty stores.

Poison control centers and emergency rooms around the country are reporting skyrocketing cases of calls and visits resulting from synthetic drug use.

The physical effects associated with this use include increased agitation, elevated heart rate and blood pressure, hallucinations, and seizures.

A number of people across the country have acted violently while under the influence of the drug, dying or injuring themselves and others.

Just a few weeks ago a man in Miami, Florida attacked a homeless man and ate nearly half his face before police had to shoot him to stop him.

Two weeks ago, police in upstate New York tazered a woman who was choking her 3-year-old son after smoking bath salts.

These ongoing and mounting tragedies underscore the fact that Congress must take action to stop these drugs from causing further damage to our society.

I introduced the David Mitchell Rozga Act a year ago last March to ban the drugs that comprised K2.

My colleagues Senators SCHUMER, KLOBUCHAR, and PORTMAN have also joined me to ban synthetic drugs including bath salts and 2–CE compounds.

Today our separate bills are included as part of the House and Senate agreement on the FDA User Fee bill we will be voting on shortly.

I thank all who have worked very hard to get my bill, as well as the other bills banning synthetic drugs, through Congress.

I especially want to thank Mike and Jan Rozga and their family for their tireless efforts to prevent more tragedy from befalling other families.

This legislation will drastically help to remove these poisons from the store shelves and protect our children from becoming more victims. I urge my colleagues to support cloture on this bill.

The PRESIDING OFFICER. The Senator from Connecticut.

NOMINATION OF DONNA MURPHY

Mr. LIEBERMAN. Madam President, I thank my friend and colleague from Washington, Senator MURRAY, for yielding to me for a moment to make a unanimous consent request regarding the nomination of Donna Murphy of the District of Columbia to be an associate judge on the DC Superior Court.

This nomination was favorably reported by the Homeland Security and Governmental Affairs Committee on June 29, 2011. That is almost 1 year ago. For that year, this nomination has been stopped from a vote. I come to the

floor today to say it is time for this to stop.

In fairness to this able nominee, she deserves an up-or-down vote. She would bring a wealth of talent and experience to the job.

Donna Murphy has been a career attorney in the Department of Justice for four administrations—two Democratic and two Republican—and has received strong support from senior officials for whom she worked in each one of those administrations.

John Dunne, the Assistant Attorney General for Civil Rights under President George H.W. Bush praised Ms. Murphy as ''extremely smart, hard-working, and fair-minded.''

Bill Lee, the Assistant Attorney General for Civil Rights under President Clinton recalls Ms. Murphy as ''one of the best lawyers in the Division who was known for her fairness, integrity, smarts, legal skills, dedication and exceedingly hard work.''

Wan J. Kim, the Deputy Assistant Attorney General and Assistant Attorney General for Civil Rights under President George W. Bush recommended Ms. Murphy for the D.C. Superior Court believing that she possessed the qualities he has seen in exemplary jurists. Under Mr. Kim, Donna Murphy received the division's highest award in 2007, the John Doar Award for Excellence and Dedication, an award that was established under the first Bush administration.

So there is no rational reason at all to continue to deny this nominee an up or down vote.

A native of Norristown, PA, Ms. Murphy fell in love with Washington, DC during a visit when she was just 12 years old. She moved here to attend college at American University, where she received her Bachelor of Science in Political Science in 1986.

From American University, she went to Yale Law School—a decision I naturally admire—and received her law degree in 1989.

Since October 1990, she has worked for the Justice Department's Civil Rights Division on a variety of cases, including voting rights, discrimination in credit, housing and public accommodations, and allegations of police misconduct.

It is her work on these police cases that has brought about some criticism, but not much.

Both prior to the Committee's approval of Ms. Murphy's nomination and afterwards, Committee staff investigated the criticism and found no evidence to support the charge that she would be negative to police.

In fact, we have received letters of support for Ms. Murphy from leading police officials, including one group in Los Angeles, CA, for her work in negotiating and implementing consent decrees regarding allegations that the Los Angeles Police Department had been systematically violating people's civil rights.

The Committee received a letter from Gerald Chaleff, the Special Assistant for Constitutional Policing for the LAPD who negotiated the consent decree between the LAPD and Department of Justice. Mr. Chaleff wrote that during negotiation and implementation of the consent decree Ms. Murphy earned the respect and admiration of LAPD personnel with whom she dealt. Mr. Chaleff also notes that contrary to the vague and unsubstantiated allegations made against her, Ms. Murphy at all times acted honorably, ethically, and intelligently.

We have similar letters from law enforcement officials praising her work negotiating similar consent decrees with the Pittsburgh Bureau of Police, the city of Steubenville, OH, and the New Jersey State Police.

It is past time the Senate approve this nomination and send this qualified nominee to the bench and let her serve the city that has been her home for more than 20 years.

Mr. President, I ask unanimous consent that these letters, as well as the letters from former Justice Department officials that I cited earlier, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF JUSTICE,
CIVIL RIGHTS DIVISION,
Washington, DC, August 24, 2011.

Hon. JOSEPH LIEBERMAN,
Chairman, Senate Homeland Security and Governmental Affairs Committee, Washington, DC.

DEAR MR. CHAIRMAN: I write this letter to strongly recommend Donna Murphy to the Superior Court of Washington, DC. I started in the Civil Rights Division at the Department of Justice as an Honors Program hire in 1989, where I served as a prosecutor in the Criminal Section. I have also served as Deputy Assistant Attorney General in the Division, and I now have the privilege of serving as the Assistant Attorney General. During this extensive experience working in the Division, I have had the pleasure of working with Ms. Murphy, who joined the Division in 1990, shortly after I was hired.

Ms. Murphy has also held a variety of positions during her tenure in the Civil Rights Division, including serving as both a trial attorney and also as a manager. Although she began in the Voting Section, she has also served in the Special Litigation Section and the Housing and Civil Enforcement Section. The breadth and depth of her experience in the Division enforcing many of our nation's most cherished civil rights laws is nearly unparalleled. While working with her over the last two decades, I have witnessed her professionalism, intellect, and extraordinary judgment at work. Ms. Murphy treats everyone with respect, and has shown uncommon abilities as a leader. Her tactical and analytical legal skills have allowed her to quickly master new, and complex, areas of the law. The breadth of her experience across three different Sections of the Division illustrates her extraordinary abilities in this regard.

Her commitment to the Department of Justice and to the enforcement of our nation's promise of equal opportunity has been apparent to me from the beginning of my experiences working with her, and it has been apparent to the leadership of the Division in both Democratic and Republican administrations. For example, in 2007, she received the Division's John Doar Award, which is the Division's highest overall award. She has also received the Division's highest litigation award, the Walter W. Barnett Award, in 1995. In addition, Ms. Murphy has consistently received performance awards recognizing her outstanding contributions to the Division's work.

When I returned to the Civil Rights Division in October 2009, I was pleased to find that Ms. Murphy had remained in the Division, as I knew she was someone I could rely upon in helping to ensure full and fair enforcement of civil rights laws. I have the highest regard for her abilities and know her to be a person of great character.

Please do not hesitate to contact me if you have any questions about my experience working with Ms. Murphy.

Sincerely,

THOMAS E. PEREZ,
Assistant Attorney General.

LOS ANGELES POLICE DEPARTMENT,
Los Angeles, California, July 14, 2011.

Re Donna M. Murphy.

Hon. JOSEPH I. LIEBERMAN, *Chairman,*
Senate Homeland Security and Governmental Affairs Committee, Dirksen Senate Office Building, Washington, DC.

Hon. SUSAN M. COLLINS, *Ranking Member,*
Senate Homeland Security and Governmental Affairs Committee, Dirksen Senate Office Building Washington, DC.

DEAR SENATORS LIEBERMAN AND COLLINS: I write in strong support of the nomination of Donna M. Murphy to the Superior Court of Washington, D.C. I am a senior police executive in the Los Angeles Police Department (LAPD). I had a substantial number of dealings with Ms. Murphy in her capacity as Deputy Chief of the Special Litigation Section of the Civil Rights Division of the United States Department of Justice (DOJ) in connection with negotiation and implementation of a Consent Decree with the LAPD and the City of Los Angeles, relating to the conduct and operation of the police department. Ms. Murphy's and the DOJ objective was to improve the LAPD and she at all times acted honorably, ethically, and intelligently. She never exhibited prejudice or bias or rigidity of position. As a lawyer, I can ensure you that Ms. Murphy will have an exemplary judicial temperament, is highly intelligent, and will render equal justice to all, without bias or favor. Her decisions will be firmly based in the law and will be seen by all sides as fair and just.

I was President of the Los Angeles Board of Police Commissioners and a member of the team that conducted the negotiations with DOJ. These negotiations took six months during which Ms. Murphy conducted herself with professionalism and in the manner that all attorneys should when in a similar situation. After the negotiations concluded and the decree approved by the court, I returned to private practice. When William Bratton was appointed Chief of the Los Angeles Police Department (Department), he requested that I join the Department and assist in the Department's compliance with the decree. In that capacity I had the opportunity to observe the conduct of Ms. Murphy and again found her to be professional, intelligent and fair. It has been suggested that because Ms. Murphy worked in the Special Litigation Section, she is somehow biased against the police. Throughout the Consent Decree negotiations and implementation, she manifested a clear understanding of the issues facing the LAPD and, where possible, she suggested resolutions that demonstrated her understanding of the job of the police and the pressures facing the officers performing their duties and never exhibited any indication of prejudice against police officers

or the Department. She earned the respect and admiration of the LAPD personnel with whom she dealt. As the LAPD's executive in charge of implementation of the Consent Decree, I can assure that as difficult as it was, Ms. Murphy never did anything to cause anyone to feel anyway other than that she was fair and only trying to assist.

The Consent Decree was negotiated in perfect good faith by the Special Litigation Section and that the goals and intentions of the Consent Decree were in no way a reflection of anti-police bias. Indeed, the Decree augmented police professionalism, promoted officer safety, helped to restore public trust and confidence, and made the LAPD an even stronger law enforcement agency.

Please let me know if you have any questions about the foregoing. I am available at (213) 486–8730.

Very truly yours,

CHARLIE BECK,
Chief of Police.

GERALD L. CHALEFF,
Special Assistant for Constitutional Policing.

LEWIS, FEINBERG, LEE,
RENAKER & JACKSON, P.C.,
Oakland, California, October 28, 2011.

Re Nomination of Ms. Donna Murphy to the D.C. Superior Court.

Hon. JOSEPH LIEBERMAN, *Chairman*,
Senate Homeland security and Governmental Affairs Committee,
U.S. Senate, Washington, DC.
Hon. SUSAN COLLINS, *Ranking Member*,
Senate Homeland Security and Governmental Affairs Committee,
U.S. Senate, Washington, DC.

DEAR CHAIRMAN LIEBERMAN AND RANKING MEMBER COLLINS: I write in support of the nomination of Ms. Donna Murphy to be a judge of the Superior Court of the District of Columbia. I was Assistant Attorney General for Civil Rights from the end of 1997 to the beginning of 2001 where I became familiar with the work of Ms. Murphy who was an attorney in the Voting Rights and the Special Litigation Sections, two Sections that enforce important civil rights protections. After my time, I understand Ms. Murphy worked in the Housing and General Litigation Section, another high profile Section.

I recall Ms. Murphy as one of the best lawyers in the Division who was known for her fairness, integrity, smarts, legal skills, dedication, and exceedingly hard work. Ms. Murphy was recognized for her skills and abilities by being assigned some of the most significant and sensitive investigations and cases and for being assigned managerial duties supervising teams of other lawyers. I particularly remember her excellent work in supervising a team of lawyers who prepared and filed a police misconduct case against the Los Angeles Police Department. Back then the LAPD was a police department rife with problems that resulted in harm to minority communities as well as lack of law enforcement for those communities. Today the LAPD is appropriately lauded as a department that deals with minority communities with sensitivity and fairness. Much of the credit for the dramatic difference is attributable to the role played by the Division in the case that Ms. Murphy had so much to do with both in its beginnings, the negotiation of a pioneering consent decree and the implementation of the decree with LAPD leaders.

I am happy to join predecessors and successors as former Assistant Attorneys General for Civil Rights from several different Administrations who have joined together to support Ms. Murphy's nomination.

If I can be helpful to the Committee, please feel free to call me.

Sincerely,

BILL LANN LEE.

WHITEMAN OSTERMAN & HANNA LLP,
Albany, New York, October 7, 2011.

Re Nomination of Donna Murphy to the Superior Court of the District of Columbia.

Hon. JOSEPH LIEBERMAN, *Chairman*,
Senate Homeland Security and Governmental Affairs Committee,
U.S. Senate, Washington, DC.
Hon. SUSAN COLLINS, *Ranking Member*,
Senate Homeland Security and Governmental Affairs Committee,
U.S. Senate, Washington, DC.

DEAR CHAIRMAN LIEBERMAN AND SENATOR COLLINS: I write to support the nomination of Ms. Donna Murphy to be a Judge on the Superior Court of the District of Columbia. From 1990 until 1993 I worked with Ms. Murphy in the Civil Rights Division of the U.S. Department of Justice where I served as Assistant Attorney General of the Division. During that time, Ms. Murphy was an attorney in the Voting Rights Section and I met regularly with her, reviewing a number of her reports and recommendations concerning very complex and sensitive pre-clearance applications pursuant to Section 5 of the Voting Rights Act.

From those personal interactions, I became very impressed by her legal intellect and her knowledge and commitment to the Division's mission and work. She is extremely smart, hardworking and fair-minded.

In 2007, for her significant contributions to the work of the Division, Ms. Murphy received the Division's highest award—the John Doar Award for Excellence and Dedication. When, as Assistant Attorney General, I initiated that award, I had in mind a recipient with qualities which Ms. Murphy has faithfully demonstrated in the various assignments she has discharged with distinction.

I strongly recommend your confirmation of her nomination and, if I can be of any assistance, would welcome your request.

Respectfully,

JOHN R. DUNNE.

AUGUST 21, 2011.

Re: Donna M. Murphy.

Hon. JOSEPH I. LIEBERMAN,
Chairman, U.S. Senate Homeland Security and Governmental Affairs Committee,
Washington, DC.
Hon. SUSAN M. COLLINS,
Ranking Member, U.S. Senate Homeland Security and Governmental Affairs Committee,
Washington, DC.

I am pleased to write this letter in support of the nomination of Donna M. Murphy to the Superior Court of Washington, D.C. I am a retired police chief and a Past President of the International Association of Chiefs of Police. Since 1998 I have been working with the Special Litigation Section of the Civil Rights Division of the United States Department of Justice (DOJ) in a variety of capacities dealing with police practices and reform. It was during one such assignment that I met and worked with Donna Murphy.

In 1997, the U.S. DOJ and the City of Steubenville, Ohio entered in to a Consent Decree regarding police practices. I was appointed as an agent of the Federal Court to audit compliance with the Decree. As one can imagine, even though the Decree was negotiated and agreed upon by the parties (the City and DOJ) there was considerable institutional resistance to the changes in police practices outlined in its several requirements. Donna Murphy was the supervisor overseeing line attorneys assigned this matter during the period 2000–03, which was a time when there was heightened resistance to the Decree requirements since the easier tasks had been accomplished and we were moving into an area of serious substantive change.

There is little doubt that the persistence and leadership of Donna Murphy; moreover her patience and understanding of the issues and obstacles of concern to the City, and to the members of the Police Department, were the basis for much of the progress made with Decree compliance during her tenure. She consistently sought information to insure she had a clear understanding of the organizational and operational difficulties faced by the police and in my opinion, made decisions that were professional and fair to all concerned. Accordingly, I am pleased to add my support for her appointment to the Superior Court of Washington, D.C.

Please let me know if you have any questions regarding this information.

Very truly yours,

CHARLES D. REYNOLDS,
Police Practices Consultant.

BLACKS IN LAW ENFORCEMENT
OF AMERICA,
Washington, DC, September 26, 2011.

Re Ms. Donna M. Murphy.

Hon. JOSEPH I. LIEBERMAN,
Chairman, U.S. Senate Homeland Security and Governmental Affairs Committee, Washington, D.C. 20510
Hon. SUSAN M. COLLINS,
Ranking Member, U.S. Senate Homeland Security and Governmental Affairs Committee, Washington, DC.

I am pleased to offer this letter in support of the nomination of Ms. Donna M. Murphy to the Superior Court of Washington, D.C. I am a retired D.C. Metropolitan Police Officer and retired Executive Director of the National Black Police Association (NBPA). The NBPA is an advocacy organization established to work on behalf of African Americans in Law Enforcement involving the prevention and intervention of police abuse and misconduct as well as other criminal justice policies and practices that have a negative impact on people and communities of color.

After the establishment of the Special Litigation Section of the Civil Rights Division, the organization began to work very closely with the section and its staff attorneys. Ms. Murphy was assigned to work with a variety of cases involving the investigation of police practices in cities that the NBPA had brought to the attention of the Department of Justice.

Ms. Donna M. Murphy and her staff worked during that time against a great deal of resistance to the necessary changes needed for our nations police departments which most were the results of court ordered consent decree. The National Black Police Association was honored to work with Ms. Murphy and found her very dedicated to the creation of fairness and justice for all involved the consent decree compliance.

So, as a result of the positive and productive relationships created during my tenure as Executive Director of the National Black Police Association, I am please to add my support to the nomination of Donna M. Murphy to the Superior Court of Washington, D.C.

Please let me know if there any additional questions regarding this correspondence.

Sincerely,

RONALD E. HAMPTON,
Director.

UNANIMOUS CONSENT REQUEST

Mr. LIEBERMAN. Madam President, I ask unanimous consent that at a time to be determined by the majority leader, in consultation with the Republican leader, the Senate proceed to executive session to consider the following nominations: Calendar No. 231; that there be

2 hours for debate equally divided in the usual form; that upon the use or yielding back of time, the Senate proceed to a vote without intervening action or debate on Calendar No. 231; that the motion to reconsider be considered made and laid upon the table, with no intervening action or debate; that no further motions be in order, that any related statements be printed in the RECORD, that the President be immediately notified of the Senate's action, and the Senate then resume legislative session.

The PRESIDING OFFICER. Is there objection.

Mr. MCCONNELL. Madam President, Senator DEMINT has some concerns about this nomination. Therefore, at his request, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. LIEBERMAN. Madam President, I am going to keep returning to the floor of the Senate in fairness on this nomination. She is such a deserving nominee and at least deserves a vote up or down.

I yield the floor.

Mrs. MURRAY. Madam President, I ask unanimous consent that following my remarks, the Senator from Ohio, Mr. BROWN, be recognized, and following that, Senator WHITEHOUSE be recognized.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. The Senator from Washington is recognized.

(The remarks of Mrs. MURRAY pertaining to the introduction of S. 3340 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

THE HIGHWAY BILL

Mr. BROWN of Ohio. Madam President, I come to the floor this evening to discuss the bipartisan transportation jobs bill that has been lingering since March 14. March 14 was pretty early in the construction season. If the House had moved as quickly as they should have, if the House were not, apparently, held hostage by some tea party members who think transportation should be a State issue and the Federal Government shouldn't be involved, there would have been so many more jobs created in the Presiding Officer's State of North Carolina and in Ohio and elsewhere. Those tea party members should think about President Eisenhower's legacy when they talk about transportation being a State and not a Federal issue.

The Senate passed this job-creating economic development bill more than 100 days ago, but this historically bipartisan highway bill remains stalled. We know investments in infrastructure mean jobs directly. We know investments in infrastructure mean economic development in the future. President Eisenhower and Congress established the Interstate Highway System not too many years after I was born, in the 1950s. A generation of Americans was set to work carving freeways, paving new roads, building bridges and tunnels across our great country that allowed people and products to travel across the 48 States.

In the 1950s, the 1960s, the 1970s, and the 1980s, we had an infrastructure which was the envy of the world—an infrastructure the likes of which the world had never seen. Since then, we have not done quite so well. Our Nation used our postwar infrastructure boom to become an economic superpower, similar to how the GI bill helps millions of families who take advantage of it—soldiers, veterans, and families—yet at the same time creating prosperity for the whole country. Infrastructure building helps those men and women who are actually doing the construction, doing the work on the highways and bridges and water and sewer systems, but it also helps the companies and the workers who are manufacturing the steel and the concrete and the glass that goes into infrastructure, and it also helps the prosperity of society as a whole.

A truck leaving Toledo, OH, could be in Miami, FL, in less than a day. A family could drive from one corner of Ohio—from Conneaut, the county my wife was born in—to North Bend on the other end of the State in several hours instead of a whole day.

We know infrastructure investments are forward thinking, with payoffs that last for decades, yet also benefit our Nation—our small businesses, our workers—both today and for generations to come. So it is unacceptable that at a time of still too high unemployment—even though the unemployment rate in my State has dropped between 2 and 3 percent in the last 3 years, it is still too high—Washington politicians, for whatever reason, continue to block progress on this bill.

No one in this Congress should be proud of the condition of our roads or the safety of our bridges. No one in this Congress should be proud of the fact the world's newest airports and most modern train stations are not in the United States of America, as they were in the 1950s, 1960s, the 1970s, and the 1980s. They are being built overseas. No one in this Congress should be proud of creating new hurdles to progress, of obstruction, when the need is so great for us to create new jobs.

Historically, infrastructure has been a bipartisan issue. There is no so such thing as a Democratic or Republican bridge. The most recent extension is slated to expire Saturday at midnight. We can't afford to keep passing short-term extensions. We need to think about consequences for businesses that plan for the long term. Because Congress keeps passing inch-by-inch, month-by-month extensions, businesses can't plan, workers can't plan, State departments of transportation can't plan. It hurts the contractor, who is unsure whether she will have the funds to buy a new bulldozer; the crane operator, who is unsure of where his next job will be; and it hurts the small business owner who sells aggregate to the construction industry. We cannot afford to keep passing the buck with these short-term extensions and disrupting the ability of businesses to plan for the future.

This past weekend I visited El Meson Restaurante, a family-owned restaurant located near the I–75 modernization project in West Carrollton in Montgomery County, OH, in southwest Ohio, near Dayton. I spoke with the owner Bill Castro. I asked him: What happens if the bill expires and this project is delayed? He tells me that construction surrounding the restaurant has already cut into El Meson's profits. I have eaten at that restaurant three or four times. It has always been crowded. The food is good, the hospitality is great, and the owners are friendly and embracing. It is a great place. But because of this delay—which happens from time to time, I understand, and should—he has had to scale back his own salary, rather than lower his workers' wages and reduce the staff. He knows this is good for Montgomery County, for Dayton, and for the Miami Valley, but it is clear if this project gets delayed it will do serious damage to his restaurant and to the other small businesses in the area.

It is clear business owners in my State are doing their jobs. It is time the House of Representatives does its job and works with us to pass this highway bill, then get it back to the Senate and the House so we can vote on it. We know what is at stake: Jobs created by infrastructure investments are almost always good-paying middle-class jobs. Whether they are the construction jobs or the manufacturing jobs producing the products that go into the construction, these jobs typically provide workers with health care and retirement benefits and are the kinds of jobs our neighbors need to create a strong middle class. These jobs enable people to buy a home, to save for their children's college education, and plan for the future.

These investments not only create construction jobs, they improve our Nation's economic efficiency, obviously creating more prosperity. This bill is about rebuilding our infrastructure as much as it is about rebuilding our middle class. It is time for Congress to pass the highway bill. There is simply too much at stake not to.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. WHITEHOUSE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUPREME COURT DECISIONS

Mr. WHITEHOUSE. Madam President, this is the week for the Supreme Court to release opinions from dozens of cases that it has been considering over the past term. In most of these

important cases, the Court followed its usual practice of allowing the parties to file detailed legal briefs and to present oral arguments to make their side of the case before the Court reached its decision. In one case, however, it decided an issue vital to the ongoing function of our democracy, and it decided that case without even allowing the parties the opportunity to write legal briefs on the merits and to argue their case before the Court.

In the Montana case, American Tradition Partnership v. Bullock, the Court's five-man conservative bloc doubled down on a historic error they made 2 years ago in Citizens United. Citizens United, I am confident, will mark one of the lowest points in the Supreme Court's history.

The case will ultimately stand alongside Lochner v. New York and other such decisions in the Supreme Court gallery of horrible decisions.

A telltale of these horrible court decisions is that they create rights of the powerful against the powerless, turning the very concept of ''rights'' inside out. Ordinarily, a right is something that stands against power. That is why it is carved out as a right; it is because it offends against the power structure, and yet we value it and we defend it. And our courts have as their very purpose in our system of government the purpose to be the guardians of those rights, the guardians of those rights against whatever the structure of power is in our society. That is why we give judges long or lifetime tenure. That is why conflicts of interest in the judiciary are so particularly concerning. That is why some decisions we take away from officialdom entirely and give them to a jury of our peers. That is why it is a crime to tamper with a jury. We do all of those because we want courtrooms insulated from power so that courts can do the essential work of protecting rights against the predations of power.

Look at the Lochner decision, for instance, and see how that Court turned the whole question of rights inside out. Seeking to defend the prevailing economic power structure, the Supreme Court held that bakers had a constitutional right—under a theory of freedom to contract—to agree to work whatever hours their employers wanted to make them work, without overtime, without rest, a right on the part of the bakers to enter into a contract where their employers could tell them they could make them work whatever they wanted. Looking back now, that seems almost silly, but if you were a judge affiliated with an economic structure that saw workers as essentially disposable, this question of workers' rights to work reasonable hours seems, well, unreasonable. And the Lochner decision justifiably lies on the junk pile of judicial history, a broken monument to the prejudice and error of that Court.

Citizens United and now the Montana decision join this gallery of judicial horribles. Here, the right they turned inside out is the right of free speech, and the power structure served is the vast and unprecedented corporate power structure that exists today.

Under Citizens United, under this inside-out right they have created, you now enjoy the free speech right to hear as much corporate speech as they want to bombard you with. If you are a regular human, you are on your own. If you are a CEO, you can access your corporate treasury to drown out the voices of all of your workers. If you are a massive multinational corporation or if you are a billionaire or a multibillionaire, you now have a right to dominate the paid media airwaves, and we have the free speech right to have to listen to all of that.

At least if you are a billionaire, you are still a human being. And I don't say this judgmentally; this is a legal fact. If you are a corporation, you have no soul, you have no conscience, you have no altruism. You have none of the characteristics that are special to humankind. You are a legal fiction. You are a financial mechanism created for the massing and the efficient use of capital. In the economic sphere, the value of that corporate structure is immense, there is no doubt about it. It has provided great value to our society. But in the political sphere, it is dangerous. But for these five Justices who constantly support corporate interests, to protect the power that comes from being able to provide or promise or threaten massive anonymous expenditures on political attack ads, well, that is just how you see the world.

One day the Citizens United decision will lie next to Lochner on the junk pile of judicial error and prejudice. There is too much wrong with it for it ultimately to survive. But, sadly, today is not that day, and the five conservative Justices have chosen, instead of correcting their error, to double-down on it.

The central and deeply flawed premise of Citizens United was the conservative majority's declaration that vast corporate independent expenditures ''do not give rise to corruption or the appearance of corruption.'' They had no record on which to make that decision. None had ever run in an election before. They had no basis for making that decision, but that was the declaration they issued.

First, whether independent expenditures by corporations pose dangers of corruption or dangers of the appearance of corruption is a factual question that depends on the actual workings of the electoral system. Supreme courts aren't supposed to make findings of fact. So one of the first errors in the Citizens United decision was that they drove off the road of proper judicial procedure, across the rumble strip, and they started making findings of fact—and they did so in a very dangerous way.

The peculiar way the conservative Justices brought the Citizens United question before the Court deprived the Court of any opportunity to consider a record. Ordinarily, the Supreme Court has a record that comes up to it from the court decisions below. But, as my colleagues may recall, the parties in Citizens United did not ask the Court to consider the constitutionality of limiting corporate independent expenditures. That was not addressed below. What happened is that the conservative Supreme Court Justices took it upon themselves to ask a new question and to answer that question they themselves had asked. In doing it this way, the Justices simply declared, with no factual basis, that massive, independent corporate expenditures posed no risk of corruption to our elections. They were wrong, as is obvious to most people.

The case the Court decided today, American Tradition Partnership, created an opportunity for the Court to have dug itself out from the colossal mistake it made in Citizens United. It is an interesting background in comparison to Citizens United because the case came out of Montana, where there is an extensive record within the State of Montana of historical evidence of immense corruption created in that State by corporate influence and corporate campaign money dating all the way back to the copper barons who bought and sold Montana State government in the bad old days. The Montana court also found substantial evidence that Montana voters believe that corporate election expenditures lead to corruption and that this belief has contributed in Montana to widespread cynicism and low voter turnout. Those were findings of fact based on an actual record, and the Montana Supreme Court carefully reviewed those findings of fact. That is what it is supposed to do—not make findings of fact but review them. The Montana court concluded that the State had a compelling interest justifying the law based on the evidence in the record.

The corporations then came in and asked the U.S. Supreme Court to overrule the Montana Supreme Court's decision, arguing that it was inconsistent with Citizens United. At that point, I joined with Senator JOHN MCCAIN, who has long been a national leader on campaign finance issues, in filing a bipartisan amicus brief with the Supreme Court. In our brief, Senator MCCAIN and I challenged that central premise in Citizens United—that phony premise about the corrupting potential of outside political expenditures being nonexistent. The extensive factual record developed in Montana and the facts that have developed since Citizens United on the ground nationally provided the Court with plenty of evidence—evidence that it lacked because of the way it had approached Citizens United.

Our brief showed that Citizens United stood on a pair of false and flawed factual assumptions about our elections. First, the Citizens United decision assumed that outside political expenditures were going to be independent,

that they were not going to be coordinated with political campaigns. Second, the Citizens United majority assumed that there would be disclosure of what special interests were paying for the ads. Both of these assumptions are demonstrably wrong. The ongoing Presidential and congressional races reveal close coordination between campaigns and these so-called independent expenditures. Wealthy donors, who have maxed out their contributions to the candidate, now can use candidate-specific super PACs as convenient proxies to make the functional equivalent of excess campaign contributions. Campaigns and their super PACs have closely connected staff, they have shared consultants, they openly coordinate on fundraising, and they work together on advertising, with super PACs acting, actually, as the successful surrogates for the candidates in States where the candidate has made few appearances or spent little money on advertising. Indeed, in the Republican Presidential primary a candidate-specific super PAC for Senator Santorum spent millions and won the Minnesota primary for Senator Santorum when the candidate himself had no money to spend.

These vast expenditures are not just coordinated closely with candidates and campaigns, they are anonymous, with the special interests behind the ads keeping themselves secret from the American public. As everybody in this Chamber and every American who has a television set knows, the decision in Citizens United opened the floodgates to unlimited corporate and special interest money pouring into our elections. Using phony shell corporations, 501(c) organizations, and super PACs, outside groups can now spend—or, importantly, they can credibly threaten to spend because that can have a big effect in politics—overwhelming amounts of money in support of or against a candidate without any publicly disclosed paper trail.

Although the secretive interests behind the anonymous spending may be hidden from voters, they may be hidden from regulators, they may be hidden from prosecutors, they may be hidden from the media, they will not be hidden from the candidate. They will be well known to the candidate. That alone allows for an undetectable quid pro quo corruption, as the wealthy outside interests can award a candidate with massive, anonymous spending.

Worse than that is a type of corruption I touched on a moment ago when I talked about threats—a corruption made possible by the Citizens United decision that went completely unconsidered by the U.S. Supreme Court. They never even mentioned it. That is the ability to threaten large and secret expenditures without actually having to make them. A candidate could be quietly warned that if they don't take the right position on this issue, if they don't vote right when the amendment or the bill comes up, they will be punished with a large expenditure against them.

Now, how is that a threat under Citizens United? Before Citizens United, if a corporation wanted to threaten a politician, the threat would mean a $5,000 PAC contribution to the politician's opponent. It would mean maybe some fundraising and bundling by the corporate executives and by the corporate lobbyists. I suppose that is something a candidate wouldn't necessarily want, but it is not a very big deal. It happens all the time. And I don't think it throws much weight around here.

Today, after Citizens United, the threat isn't of $5,000 and a couple of fundraisers, the threat is of unlimited, anonymous corporate spending against you—enough to defeat or elect a candidate. And if this threat succeeds, the real danger is that there is no record whatsoever of the corrupt deal for regulators, prosecutors, and media outlets to track.

Sherlock Holmes famously talked in one of his decisions about the dog that didn't bark. In political corruption, we need to be concerned about the ad that didn't run—the ad that didn't run because the politician obediently did what he or she was told.

The brief Senator MCCAIN and I authored laid all of this before the Court. We documented the close coordination between campaigns and this so-called independent spending. We detailed the tangled web of corporate 501(C) and super PAC relationships that allow wealthy interests, special interests, to hide their spending from the public, and we explained the various ways these forms of coordinated identity laundering by special interests create the real threat of quid pro quo corruption. As we said in our brief, ''The campaign finance system assumed by Citizens United is no longer a reality, if it ever was.'' And, frankly, I don't think it ever was.

Confronted with the actual facts on the ground in Montana and nationally, the Supreme Court's conservatives decided they were going to ignore the evidence. There is a blindfold on Lady Justice. But the blindfold on Lady Justice as she holds her scales aloft is supposed to be blindness to the parties who are before her. It is supposed to be blindness to what the interests are. It is not supposed to be a considered and deliberate blindness to the evidence and the facts. But in this case, that is the blindness the Supreme Court has deliberately imposed on itself—or at least the five conservative Justices have.

This conservative bloc has decided to perpetuate the error of Citizens United without considering the facts. Montana will not have an opportunity to file briefs on the merits, explaining the importance of its laws to protect against the corruption that is its historic experience. The attorney general of Montana will not have the opportunity to stand before the Justices to defend his State's law. Once again, the Court has kept from itself any relevant record that might present uncomfortable facts.

In Citizens United, the conservative Justices asked themselves to decide a major constitutional case without any lower court record. And now that they have a fully developed lower court record to proceed on that happens to show how wrong they were, they have no interest in even looking at that record.

We need to act now to fix our broken campaign finance system. The Supreme Court had the chance to correct its error. These five conservative Justices refused to correct their error. They doubled down on their error. They have ignored the evidence of their error that we all see around us, so we cannot wait. We know why they are doing it. We know what is going on. We know it is not going to happen from this Supreme Court, not from those five Justices, so we need to fix this on our own. Americans of all political stripes, whether you are an occupier or tea party, they are disgusted by the influence of unlimited and anonymous corporate cash pouring into our elections, and by campaigns that succeed or that fail depending on how many billionaires support the candidate.

More and more, people in my home State of Rhode Island and around the country believe their government responds only to wealthy special interests. They see jobs disappear and wages stagnate and bailouts and special deals for the big guys and they lose faith that elected officials here in Washington are listening to them.

(Mr. MERKLEY assumed the Chair.)

For now we are left with one weapon in the fight against the overwhelming tide of secret special interest money, and that one weapon is disclosure. Let the sun shine in. At least let the American public know who is behind these massive expenditures.

Earlier this year I introduced the DISCLOSE Act of 2012. I had immense help from the Presiding Officer, Senator MERKLEY, in doing that work. We call it DISCLOSE 2.0. This legislation will shine a bright light on all of this spending by these powerful special interests.

With this legislation, which now has 44 Senators cosponsoring it, every citizen will know who is spending these great sums of money to get their candidates elected and to influence our elections. Passing this law would begin to remove the dark cloud of unlimited secret money that the Supreme Court has cast over our American elections.

The DISCLOSE Act includes a narrow and reasonable set of provisions. We have trimmed it down so that it should have wide support from Democrats and Republicans. A great number of my Republican colleagues in this body are on record that disclosure and transparency are essential in campaign finance, so we have made every effort to craft an effective and a fair proposal while imposing the least possible burden on the covered organizations.

As Trevor Potter, a Republican, former Chairman of the Federal Election Commission, said in a statement submitted to the Rules Committee: Disclose 2.0 is ''appropriately targeted, narrowly tailored, clearly constitutional and desperately needed.''

The same cannot be said for the conservative majority's holding in Citizens United, echoed again today in American Tradition Partnership. The conservative Justices' desire to maintain their error and to keep the corporate money flowing represents a sad, sad day in the history of the Court. It will, as I said earlier, one day be corrected. One day, Citizens United will lie next to Lochner v. New York and other decisions that have disgraced the Court in the past on the junk heap of judicial history. But until that day, it is up to all of us to work together to restore control of our elections, to restore control of our democracy, to put it back in the hands of the American people, to assure that we continue a government of the people, by the people, and for the people—not a government of the big corporations, by the big corporations, and for the big corporations.

I yield the floor.

MORNING BUSINESS

Mr. WHITEHOUSE. Mr. President, I will take a moment to go through the closing script, and in doing so I ask unanimous consent the Senate proceed to a period of morning business, with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRIBUTE TO TSA DEPUTY ADMINISTRATOR GALE ROSSIDES

Mr. LIEBERMAN. Mr. President, today I wish to pay tribute to a dedicated public servant, a talented administrator, and a tireless warrior for homeland security. Transportation Security Administration Deputy Administrator and Chief Operating Officer Gale Rossides is retiring at the end of the month, and her departure will be a significant loss not just for TSA and the Department of Homeland Security but for the American people, whom she has served so well throughout her 34-year career in the public sector.

As Chairman of the Homeland Security and Governmental Affairs Committee, I came to understand the central role Ms. Rossides played at TSA. In appearances before the Committee, she impressed me as a knowledgeable and experienced manager whose dedication to the agency helped TSA stay on track through a difficult and chaotic start up and develop into a more mature agency as the years progressed.

Ms. Rossides' institutional memory, alone, will be irreplaceable. She was one of the original six executives hired to build TSA from the ground up in 2001, and in his book ''After: How American Confronted the September 12 Era,'' Steven Brill wrote that ''no matter what was added to her plate, or what she reached out for to put on it herself, she seemed to take it in stride.'' Despite the grueling 13-hour days and 6-day weeks, Ms. Rossides stayed at TSA for 10 years—with a 1-year hiatus as senior advisor to the Under Secretary for Management at DHS. I think it is fair to say that today she is one of the department's most respected senior executives.

Ms. Rossides brought critical management experience to the nascent TSA. In the tense period after September 11, 2001, she led the team of government and private sector officials that trained and certified more than 50,000 screeners in less than 6 months—the largest public mobilization since World War II. She oversaw the debut of TSA's federalized screening force at Baltimore Washington Airport. And she led the effort to develop and implement screener technical training and certification standards.

Throughout her TSA tenure, Ms. Rossides has fostered collaborative partnerships with stakeholders; pushed for more intelligence sharing; created leadership development programs; and developed innovative workforce programs to encourage communication and conflict management. Under her watch, TSA reduced its employee injury and attrition rates and raised employee morale through innovative solutions like providing benefits to part time personnel.

Ms. Rossides moved steadily up the management ladder during her tenure at TSA. She has served as the Associate Administrator/Chief Support Systems Officer, been a Senior Advisor to the Deputy Secretary and the Under Secretary for Management at DHS, and in 2007 she was appointed acting Deputy Administrator, a position that became permanent in January 2008. She has held that position longer than any other in the agency's history.

From 2009 to January 2010, she served as Acting TSA Administrator. As such, she oversaw the implementation of Secure Flight and introduced other key security programs, including measures implemented to detect and deter improved explosives devices that could be concealed on terrorists, in the aftermath of the attempted Christmas Day terrorist attack.

This career arc more than justifies Steven Brill's description of her in his book as ''an incurable workaholic'' who would ''run over or cleverly sidestep almost any obstacle to get to the goal.'' It is a tribute to her character that she remained universally well-liked while doing so.

Before she was hand-picked to help launch TSA, Ms. Rossides had worked at the Bureau of Alcohol, Tobacco, and Firearms, within the Justice Department, for 23 years, where she started as an administrative assistant. She was co-chair of a blue ribbon panel to overhaul ATF after the 1993 siege of the Branch Davidian ranch in Waco, TX. For 8 years, she served as the first assistant director, in charge of all law enforcement, investigative, regulatory, and leadership training at ATF—the first woman to hold such a significant post at the bureau. And she was a member of the Board of Directors of the Federal Law Enforcement Training Center for 6 years.

The American people have been fortunate that Ms. Rossides has given much of her life to the Federal Government. We are certainly better off because of it.

AGRICULTURE REFORM, FOOD, AND JOBS ACT

Mr. McCAIN. Mr. President, I could not support Senate passage of S. 3240, the ''2012 Farm Bill.'' CBO estimates the Senate's Farm Bill will consume a colossal amount of taxpayer dollars—at least $966 billion over 10 years. While I agree that we need nutrition programs to assist low-income families as well as programs to ensure farmers receive a fair return on their labors, the fact remains we are living in an era of crushing national debt and runaway government spending. Ultimately, the American people, both farmers and consumers, lose under this bill.

Farm Bill programs are ripe for reform. Unfortunately, we rejected amendments to fix USDA's sugar programs which cost American consumers $3 billion annually in artificially high sugar prices. We created several new so-called ''shallow-loss'' subsidy programs, which could balloon to $14 billion each year if crop prices drop from today's record high levels and return to average prices. We implemented a new $3 billion cotton program that may exacerbate our ongoing trade dispute at the World Trade Organization. We could have eliminated the outdated mohair subsidies, but didn't, and wound up creating several new and unnecessary subsidy programs for products like popcorn and maple syrup. We've made some progress on imposing stricter payment limits on subsidies and we eliminated wasteful and duplicative USDA programs like the Catfish Inspection Office. Unfortunately, much more remains to be fixed in the Senate's farm bill before I could support it.

ADDITIONAL STATEMENTS

TRIBUTE TO IKE LIBBY

• Ms. SNOWE. Mr. President, today I wish to recognize Mr. Ike Libby, who, with his company Hometown Energy, has worked tirelessly to ease the burdens of rising home heating costs for the people of my home State.

Founded in 2004 by Ike Libby and Gene Ellis, who handles the business aspects of the company and owns a variety store next door, Hometown Energy of Dixfield, ME, supplies heating oil to a region that knows just how cold winter can be. With seven employees, Hometown Energy is a quintessential local small business. Known for its

long, harsh winter season, Maine's heating oil providers not only sell a product, they serve as barrier between Mainers and the biting cold.

Relationships and care are at the heart of the Hometown Energy service structure, where, in true neighborly spirit, it is more crucial to ensure that customers are taken care of than to adhere to a stringent payment plan. Hometown Energy will often waive service fees and structure payments to give as much leeway as possible during the coldest months when resources are at a premium and ability to pay the high costs of energy may be scarce. It is this devotion to a customer-first philosophy that embodies the entrepreneurial spirit of Maine small businesses. The flexibility and understanding exhibited by Hometown Energy has proven vital to many in these difficult economic times.

Hometown Energy's efforts to assist Mainers was given national attention this year when they were featured by the New York Times article ''In Fuel Oil Country, Cold That Cuts To The Heart,'' which detailed the difficulties of home heating during the trying northern winters. Since the article ran, donations have been pouring in to Hometown Energy to assist in covering the costs of heating oil. More than $250,000 in donations have been sent by contributors from around the world. The kindhearted response and outreach has been so great that Hometown Energy has developed a Web site specifically dedicated to receiving these contributions.

For his immeasurable compassion and commitment to serving the people of his community, Mr. Libby has been recently recognized by Dixfield's Board of Selectmen as Dixfield's Distinguished Citizen for 2012. There can be no doubt that this honor is well-deserved by Mr. Libby, who has generously given his time, energy, and very self. Through his efforts, he has profoundly touched the lives of so many in his community.

Congratulations to Ike Libby on being named Dixfield's Distinguished Citizen for 2012. Mr. Libby and everyone at Hometown Energy's kindness and selfless dedication to assisting the most vulnerable truly warms my heart. I extend my most sincere gratitude for their steadfast service and offer them my best wishes for continued success.●

TRIBUTE TO KEN DUNLAP

● Mr. MORAN. Mr. President, today I wish to remember a man who had significant impact on the lives of hundreds, maybe thousands of Kansans.

Kansans very rarely live idle lives. We are an active hard-working State, always in motion, quick to rise to a challenge. The bigger the obstacle, the faster a Kansan will be there to remove it. Our Founders seemed to know that would be the case when they chose for our State motto, ''ad astra ad aspera''—''to the stars through difficulties.'' Kenneth Orville Dunlap, who grew up and lived in and around Wichita, KS, lived up to the motto.

A little less than 40 years ago, this Nation made a commitment to disabled children—or ''differently able'' as Ken liked to say—that we were going to provide them the best possible education in the least restrictive environment. Some people saw that commitment as an obstacle. Ken saw that commitment as an opportunity to help people live fuller lives.

Ken had been a teacher and coach in Kansas public schools for a couple of years when he decided to fully commit himself to special education. In the early 1970s, Ken established Wichita Public Schools' first Adaptive Physical Education curriculum at Levy Special Education Center. He went on to teach special education for 18 years at Wichita East High School, where he developed the first community-based instruction program, assisting special students with job readiness and placement.

Some folks might have looked at those accomplishments and called themselves a success. Ken, however, wasn't done yet. He went on to serve as a special education coordinator for the Wichita School District for 5 years and as principal of three special education programs at Starkey, Ketch, and Heartspring.

Still not finished, in 1996, Ken established one of the most innovative special education programs in the country—the Chisholm Life Skills Center. Ken had a vision for a school that would serve the community of Wichita, and at the same time teach its students the skills they would need to live independently. Chisholm students care for the yards of area seniors on their way to full-time paid jobs with landscaping companies. Students cook in the school cafeteria on their way to a career in food service. The school itself contracts with local businesses like Cessna/Textron Aviation, Intrust Bank and the United Way and students go on to work at several of those businesses. Chisholm is more than just a school; it is a bridge for ''differently able'' kids from education to the workforce and community. The staff, faculty and parents still strive for every student at Chisholm to be fully equipped with the skills needed upon graduation to live the most independent life possible in the local community.

In 1999, a Kansas storm put a different obstacle in Ken's way, when a deadly tornado ripped the roof off of Chisholm. Again, Ken saw the opportunity, transitioning from his role as educator and administrator to foreman. While most educators were enjoying their summer vacation, Ken was overseeing the cleanup and rebuilding of the school. He rallied the whole community. Teachers, parents and alumni all pitched in, clearing debris, cleaning and rebuilding Chisholm. The school today stands as a testament to Ken's leadership and the whole community's persistence.

And, just as Ken's commitment to his school didn't end with the school year, his commitment to special education didn't end in the schoolyard. Ken and his wife Jan devoted countless hours to volunteering with the Special Olympics. They took students on annual camping trips and chaperoned the Chisholm Prom each year. They went to students' weddings and attended their funerals. Even after he retired from his 37 years in public education, Ken continued to serve on the Sedgwick County Physical & Developmental Disabilities Advisory Board.

For the last year, Ken has battled lung cancer and on Saturday, surrounded by his family, he took his last breath. This remarkable man's life was celebrated and remembered this week by family, friends, colleagues and former students. During the visitation on Tuesday at the funeral home, one of the last people to pay their respects to Ken was a former student. This young man shared with Ken's family that he had caused a lot of trouble to Ken when he was a student. Before he left, he walked over to the casket and put his hand on Ken's shoulder. He said simply, ''Thank you for everything, Mr. Dunlap,'' and turned to leave. Then he stopped. He asked Jan if he could leave something behind. Pulling a Special Olympics Medal from his pocket, he laid it on Ken's chest, thanked him again and left.

We will never know how many lives Ken touched nor the full impact he made—but he leaves behind a great legacy and his life stands as an example to us all. His dedication to others is a powerful reminder of what is most important in life—the people around us. May we learn from Ken's example and make a lasting difference in the lives of others.●

75TH ANNIVERSARY OF REPTILE GARDENS

● Mr. JOHNSON of South Dakota. Mr. President, today I wish to recognize a very important South Dakota business and visitor attraction that is observing its 75th anniversary this year. Reptile Gardens has been a main focal point for Black Hills area residents and the touring general public since 1937.

It all began in 1935 when 19-year-old Earl Brockelsby discovered people's interest in snakes. As a young tour guide at a local Rapid City attraction, this fearless snake enthusiast would often end his tours by removing his hat and revealing a live rattlesnake coiled on top of his head.

With the help of some friends, Earl built an 18-by-24-foot building at the top of a long hill outside of Rapid City and put a handful of specimens on display. Even then, the young entrepreneur knew the vital importance of location, location, location, as back in the 1930s cars would often overheat as they reached the top of a long hill. Earl's idea was to have the cars stop in Reptile Gardens' parking lot to cool

their radiators and maybe stay to see the gardens.

Admission when the doors opened on June 3, 1937, was 10 cents for adults and 5 cents for children. That first day of operation, Black Hills Reptile Gardens took in $3.85. For the next 2 days, no one visited, and on the following 2 days, the attraction took in only 40 cents and 50 cents respectively. Fortunately, business would improve quickly, and by 1941 the business had 15 employees and was showing a profit. Today, over a quarter million people visit Reptile Gardens each year.

Brockelsby was an acute businessman and one of the true tourism pioneers of South Dakota. He was also quite the practical joker. One of the many interesting stories prepared by Joe Maierhauser of Reptile Gardens includes Earl propping open the mouth of a dead alligator with the Sunday newspaper inside and setting it outside a friend's home. That friend happened to be the publisher of the Rapid City Journal.

The attraction would go through a move in 1965 with the construction of a new highway and a modernization that would give visitors the rare opportunity to walk amongst free-roaming reptiles and birds. It was one of the first such exhibits in the United States.

Over the many decades, Earl would become well known for his many trips to obtain various specimens to showcase at his attraction. From a one-man show in 1937, Reptile Gardens has expanded into a world-renowned team of animal specialists and conservationists. Their goal is to educate the public about important environmental issues and work closely with facilities worldwide on the preservation and care of rare specimens, not to mention educating school-aged children and the visiting public about various species and how they influence our world.

From crocodiles and alligators, lizards, snakes and spiders, birds, flowers and tortoises, Reptile Gardens offers a truly educational and entertaining experience. Decades of visitors can recall the facility's mascot Methuselah, a giant Galapagos tortoise that was brought to the facility in 1954 and passed away last summer, as well as Mac the Scarlet Macaw, who had been at the facility since the mid-1950s and could recite most of the 20-minute snake show word for word.

Reptile Gardens has a worldwide reputation amongst visitors as well as among animal specialists. In addition to the various shows and specimens on site that entertain, educate, and inform people of all ages, their workers provide important research and preservation of numerous rare species.

Reptile Gardens continues to be operated by the Brockelsby family, maintaining the attraction as one of the must-see sites among the touring public in South Dakota.

I congratulate and commend the Brockelsby family for their many years of service to the Black Hills and to South Dakota, as well as to the many workers and specialists who have worked there over the past 75 years. Sons John and Jeff Brockelsby and daughters Judee Oldham and Janet Jacobs have preserved the legacy of Earl and Maude Brockelsby with eye-popping displays, hands-on exhibits, and shows with a flair for the dramatic, all the while educating visitors on the importance of preservation and care of various species. I know Reptile Gardens will continue to be one of the most popular visitor attractions in South Dakota for many years to come, and I applaud the Brockelsby family for their lasting contributions to tourism, education, and species preservation.●

NATIONAL CANCER RESEARCH MONTH

● Mr. BROWN of Ohio. Mr. President, we recognized May as National Cancer Research Month. This year, more than 1.6 million Americans will receive a cancer diagnosis and more than half a million Americans will lose their battle with cancer. However, due to the discoveries made by cancer researchers, people are living with cancer longer and, increasingly, are beating it.

Cancer researchers—world-class scientists and clinicians—are making invaluable contributions to our health care knowledge. The National Institute of Health, NIH, and the National Cancer Institute, NCI, are the leading funders and conductors of biomedical research in the world—including cancer research. According to Families USA, approximately seven jobs are created per research grant and each dollar of NIH grant money generates about $2.21 of new business activity.

In fiscal year 2011, Ohio scientists and physicians attracted more than $710 million in grant funding, including $104 million dedicated to cancer research.

Ohio is on the cutting edge of cancer research thanks to world renowned medical institutions, including Ohio's two NCI-designated cancer centers: the Case Comprehensive Cancer Center, and the Ohio State University Comprehensive Cancer Center—the James Cancer Hospital and Solove Research Institute.

The Case Comprehensive Cancer Center, CCC, brings together the cancer research efforts at Case Western Reserve University, University Hospitals Case Medical Center, and the Cleveland Clinic. Through this collaboration, the brightest minds at Case, University Hospital, and the Cleveland Clinic partner on cutting-edge cancer research bringing together more than 300 scientists and physicians to work on research projects supported by more than $100 million in annual funding.

Case CCC also was awarded a Specialized Programs of Research Excellence, SPORE, grant—to promote translational cancer research.

The Case SPORE grant will allow Case to research gastrointestinal, GI, cancers. GI cancers are a leading cause of cancer deaths in men and women as well as disproportionately affect African Americans. African Americans are more likely to have—and die—from colon cancer. Additionally, the onset of colon cancer occurs at an earlier age for African Americans. Of the four projects that would be funded by the Case GI SPORE, several include a research emphasis on colon cancer in African Americans.

Case is also the lead center for the Barrett's Esophagus Research Network. This multiple center network allows for collaboration to develop a better understanding of Barrett's esophagus disorder and its correlation with esophageal cancer.

The Ohio State University Comprehensive Cancer Center, also referred to as ''the James,'' was the Midwest's first fully dedicated cancer hospital and research institute.

The James researchers are drawn from 12 of Ohio State's 18 colleges to collaborate and study ways to prevent and treat cancer, including the ways genetics influences cancer development and how targeted therapies based on molecular genetics can promote treatment.

Research at the James has expanded our knowledge and understanding of cancer treatment. Researchers at the James found that 1 in 35 people with colon cancer carry a genetic disease called Lynch syndrome. Of the patients who had this gene mutation, each had on average three family members with the mutation.

Thanks to the outstanding research conducted by the James, the early detection of the mutation means that through regular colonoscopies, people with Lynch syndrome will never develop colon cancer. This is remarkable— through genetic advances, people can beat cancer before it starts.

OSU scientists are also developing a medicated patch that releases a cancer-preventing drug onto precancerous oral lesions.

Other scientists are conducting clinical trials for new drugs to treat patients with advanced or recurring breast, colon, lung, or prostate cancer. These drugs may offer new hope to patients who have exhausted most—if not all—existing therapeutic options.

The James and the Ohio State Wexner Medical Center is expanding its cancer research as the result of a $100 million grant made available from the health care reform legislation.

The funding has spurred the largest construction project in university history, which will expand the Wexner Medical Center, including the James Cancer Hospital and Solove Research Institute. Slated to be completed by 2014, the expansion includes a new cancer hospital, critical care tower, outpatient center, research laboratories, and classrooms—all designed to advance the medical center's mission to

improve people's lives through innovation in patient care, education, and research.

This project put more than 5,000 Ohioans to work constructing the facility and is expected to create 10,000 full-time jobs by 2014.

The University of Cincinnati Cancer Institute is another Ohio institution making strides in combating cancer.

UC's Division of Experimental Hematology and Cancer Biology is partnering with the Cancer and Blood Diseases Institute at Cincinnati Children's Hospital to explore gene therapy for the treatment of pediatric cancers and blood disorders.

I applaud the groundbreaking work conducted every day in Ohio and across the country to increase prevention, improve treatment, and extend life-expectancies—for all constituencies.

Even though National Cancer Research Month has come to an end, I urge my Senate colleagues to continue to support cancer research. While researchers have made incredible strides in cancer research, only a mere 5 percent of Americans with pancreatic and other cancers have a 5-year survival rate. Now is the time to strengthen the investment in the revolutionary work of cancer researchers across the country.●

TRIBUTE TO YOUNG COLORADANS

● Mr. BENNET. Mr. President, today I wish to honor two young heroes from Colorado who received 9–1-1 for Kids' Medal of Honor this week. The medal is bestowed upon young people who distinguish themselves by calling 911 in an emergency and help to save someone's life or report a crime. An award is also presented to the dispatcher who processed the call and provided the appropriate emergency response.

Last year, 7-year-old Alisha Fetz and 12-year-old Matthew Diaz, both of Thornton, each found themselves in difficult situations in which they needed to protect their family members.

Alisha called 911 on June 1, 2011 when her mother was having difficulty breathing. Alisha answered dispatcher Ashley Bettschen's questions clearly and calmly, even providing her mother's cell phone number and information on her mother's medical condition. Following all of dispatcher Bettschen's instructions, Alisha ensured that her mother was treated quickly and efficiently.

On August 15, 2011, Matthew called 911 while his house was being burglarized. He locked himself and his younger sister in a bathroom and managed to whisper answers to Dispatcher Rhonda Halsey in a calm and clear manner. Because of his great descriptions of both the burglars and their vehicle, the suspects were apprehended only minutes later. The burglars were both prior convicted felons, and several other open cases were cleared because of Matthew's call.

Both of these kids knew exactly what to do. They didn't panic, and they helped ensure the safety of their family members through their actions. They and the dispatchers who helped them serve as a great example of how important it is for kids to know what to do when trouble arises.

The organization, 9–1–1 for Kids, is working to ensure that kids of all ages understand the importance and proper use of 911. It does so by raising awareness through conferences, media outreach, training activities, school events, and by highlighting the stories of kids like Alisha and Matthew.

I join all Coloradans in offering our gratitude to dispatchers Ashley Bettschen and Rhonda Halsey for their service to their communities and congratulating Alisha and Matthew for this award as well as their bravery and ability to remain calm in the face of an emergency.●

TRIBUTE TO PAUL L. PARETS

● Mr. CARPER. Mr. President, I rise today on behalf of Senator CHRIS COONS, Congressman JOHN CARNEY and myself in recognition of Mr. Paul L. Parets upon his retirement from 36 years of exemplary service at A.I. duPont High School as a nationally-recognized high school band director and 46 years as a music educator. His enthusiasm and leadership over the years has won him the respect of educators, musicians, community leaders, coworkers and students alike, and his passion for teaching music has inspired generations of Delawareans.

Growing up in Michigan, Paul Parets was not raised in a musical family. In fact, his parents expected Paul to become a doctor. But Paul had a keen interest in music from an early age, and once he joined the band in his grade school, he was hooked. Following his graduation from Melvindale High School in Melvindale, MI, Paul received a Bachelor's of Music Education from Central Michigan University and continued his graduate education at the University of Michigan and the University of Maryland. For the first 10 years of his career, Paul led the band at Croswell-Lexington High School in Michigan. Fortunately for those of us in the First State, though, he moved to Delaware in 1976 and became the Band Director at A.I. duPont High School in Greenville. There, over the course of the next 4 decades, Paul developed one of the foremost high school band programs in the country.

Under Paul's leadership, band membership rose from 90 students to well over 300, and from one band sprouted five: the Freshman Band, Symphonic Band, Jazz Band, the Symphonic Wind Ensemble and The Tiger Marching Band.

Paul's unique approach to music education has made the A.I. duPont band program a standout in Delaware and in America. Through a student-elected executive board for the band, students—not teachers—are empowered to make major decisions about music and band activities. By allowing students to decide the arrangements they would like to perform, the drills they want to execute or the trips they want to take, Paul gave his band members an important opportunity to learn how to lead, to make decisions and to become better musicians. Paul's approach also expanded the prospect of band membership to every student—from novices to the classically-trained, from football players to after-school waiters—giving all Tigers exposure to the power of music.

Paul once said in an interview with School Band & Orchestra Magazine that he has two objectives as a band director. The first is to make sure his students play ''some great music by some great composers.'' The second is that the students recognize that ''there is only one purpose for music, and that is to thrill people. Nobody listens to music that doesn't do something to them emotionally.'' And for the past 36 years, our State—and the world—has been thrilled by Paul Parets and his A.I. Tigers.

Beyond A.I. duPont and Delaware, the rest of our Nation—and other countries beyond our borders—began taking notice of Paul Parets and his talented musicians at A.I. duPont years ago. Since 1989, his bands have received first place awards in almost every category of every festival competition they have entered. Paul is the only band director, and his Tiger Marching Band is the only high school band outside California, ever to be invited to the Pasadena Tournament of Roses Parade an unprecedented five times: 1990, 1995, 1999, 2004, and 2008. The Tigers have appeared in the Orange Bowl twice, the Macy's Thanksgiving Day Parade, the Hall of Fame Bowl, the Fiesta Bowl twice, the 6ABC Thanksgiving Day Parade in Philadelphia every year since 1987 and the inaugurations of three U.S. Presidents, the most recent being Barack Obama.

Internationally, Paul's Tigers have represented the First State with honor at the London New Year's Day Parade seven times, the Rome New Year's day Parade twice, the St. Patrick's Day Parade in Dublin 4 times, and played for two of the world's most recognizable figures: Queen Elizabeth in London and Pope Benedict in St. Peter's Square. The talents of his bands have filled the music halls and legendary stages of the Ireland National Concert Hall and The Royal Albert Hall in London.

Paul was named Delaware Teacher of the Year in 1987 and was a recipient of the Ruth M. Jewell Outstanding Music Educator Award from the Music Educator's National Conference at Indianapolis in 1988. In 1989, my friend and former colleague, then-Governor Mike Castle, conferred on Paul the Order of the First State, as well. While Paul's accolades have made him legendary in the sphere of public education, his legacy will undoubtedly remain with the thousands of students—many of whom are second generation Tigers—that he has taught in his nearly 50-year career.

It is not hard to see the span of influence Paul has had on his students, who are now scattered across the globe. He has nearly 2,000 Facebook friends, mainly made up of past and current students. A quick Internet search of his name will turn up blog post after blog post of former students stating that Paul—or ''Mr. Parets''—''changed my life,'' ''made a difference,'' and that A.I. will ''never be the same'' without him. I think all of us who have experienced the thrills of any of the A.I. duPont bands echo these sentiments. As they say at A.I., ''You cannot hide that Tiger Pride,'' and I know I share that feeling of pride every time I turn on my TV and see the A.I. duPont Tigers marching down the streets of Pasadena, London or New York. Up and down Delaware, we certainly can't hide our overwhelming pride for Paul Parets, nor will we be able to hide our heartbreak when he is not on the director's podium this fall.

Upon Paul's retirement, he will leave behind a legacy that is a testament to the importance of music in public education and the pure joy—and thrill—of music. His lessons inside and outside of the classroom will remain with his students, our community, and with future generations of A.I. duPont band members. I thank him for his contribution to music education and for his commitment to public service through years as an elected member to the Delaware City Council. I also thank him for the pride he has brought to the First State and for the generations of musicians he has nurtured—a gift that will give time and time again. I wish him, his children, Tim and Meredith, and two grandchildren, Aaron and Abigail, and the rest of his family only the very best in all that lies ahead for each of them. As we say in the Navy, ''Bravo Zulu!'' to Paul Parets. You are one of a kind, and we are blessed to have known you all of these years.●

TRIBUTE TO SCOTT BLANCHARD

● Mr. THUNE. Mr. President, today I recognize Scott Blanchard, an intern in my Washington, DC, office, for all of the hard work he has done for me, my staff, and the State of South Dakota over the past several weeks.

Scott is a graduate of Aberdeen Central High School in Aberdeen, SD. Currently, he is attending Northern State University, where he is majoring in political science. He is a hard worker who has been dedicated to getting the most out of his internship experience.

I extend my sincere thanks and appreciation to Scott for all of the fine work he has done and wish him continued success in the years to come.●

TRIBUTE TO SHILOH DAY

● Mr. THUNE. Mr. President, today I recognize Shiloh Day, an intern in my Rapid City, SD, office, for all of the hard work she has done for me, my staff, and the State of South Dakota over the past couple of months.

Shiloh is a graduate of Highmore High School in Highmore, SD. Currently, she is attending the University of South Dakota, where she is majoring in political science. She is a hard worker who has been dedicated to getting the most out of her internship experience.

I extend my sincere thanks and appreciation to Shiloh for all of the fine work she has done and wish her continued success in the years to come.●

TRIBUTE TO KELLY HERRMANN

● Mr. THUNE. Mr. President, today I wish to recognize Kelly Herrmann, an intern in my Sioux Falls, SD, office, for all of the hard work she has done for me, my staff, and the State of South Dakota over the past several weeks.

Kelly is a graduate of Stevens High School in Rapid City, SD. Currently, she is attending South Dakota State University, where she is majoring in political science. She is a hard worker who has been dedicated to getting the most out of her internship experience.

I would like to extend my sincere thanks and appreciation to Kelly for all of the fine work she has done and wish her continued success in the years to come.●

TRIBUTE TO REBECCA REITER

● Mr. THUNE. Mr. President, today I recognize Rebecca Reiter, an intern in my Washington, DC, office, for all of the hard work she has done for me, my staff, and the State of South Dakota over the past several weeks.

Rebecca is a graduate of Watertown High School in Watertown, SD. Currently, she is attending the University of South Dakota, where she is majoring in political science and criminal justice. She is a hard worker who has been dedicated to getting the most out of her internship experience.

I extend my sincere thanks and appreciation to Rebecca for all of the fine work she has done and wish her continued success in the years to come.●

TRIBUTE TO KEVIN ROBB

● Mr. THUNE. Mr. President, today I recognize Kevin Robb, an intern in my Washington, DC, office, for all of the hard work he has done for me, my staff, and the State of South Dakota over the past several weeks.

Kevin is a graduate of St. Thomas More High School in Rapid City, SD. Currently, he is attending the University of South Dakota, where he is majoring in political science and philosophy. He is a hard worker who has been dedicated to getting the most out of his internship experience.

I extend my sincere thanks and appreciation to Kevin for all of the fine work he has done and wish him continued success in the years to come.●

TRIBUTE TO SHELBY SCHOON

● Mr. THUNE. Mr. President, today I recognize Shelby Schoon, an intern in my Washington, DC, office, for all of the hard work she has done for me, my staff, and the State of South Dakota over the past several weeks.

Shelby was home schooled and is a native of Brandon, SD. Currently, she is a graduate of Northwestern College where she majored in business administration and biology health professionals. She is a hard worker who has been dedicated to getting the most out of her internship experience.

I extend my sincere thanks and appreciation to Shelby for all of the fine work she has done and wish her continued success in the years to come.●

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Pate, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The messages received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

At 3:11 p.m., a message from the House of Representatives, delivered by Mr. Novotny, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 4480. An act to provide for the development of a plan to increase oil and gas exploration, development, and production under oil and gas leases of Federal lands under the jurisdiction of the Secretary of Agriculture, the Secretary of Energy, the Secretary of the Interior, and the Secretary of Defense in response to a drawdown of petroleum reserves from the Strategic Petroleum Reserve.

MEASURES REFERRED

The following bill was read the first and the second times by unanimous consent, and referred as indicated:

H.R. 4480. An act to provide for the development of a plan to increase oil and gas exploration, development, and production under oil and gas leases of Federal lands under the jurisdiction of the Secretary of Agriculture, the Secretary of Energy, the Secretary of the Interior, and the Secretary of Defense in response to a drawdown of petroleum reserves from the Strategic Petroleum Reserve; to the Committee on Energy and Natural Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LIEBERMAN, from the Committee on Homeland Security and Governmental Affairs, with an amendment:

S. 1379. A bill to amend title 11, District of Columbia Official Code, to revise certain administrative authorities of the District of Columbia courts, and to authorize the District of Columbia Public Defender Service to provide professional liability insurance for officers and employees of the Service for claims relating to services furnished within the scope of employment with the Service (Rept. No. 112–178).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. PAUL:

S. 3337. A bill to amend title XVIII of the Social Security Act to provide for the elimination of the Medicare sustainable growth rate (SGR) formula to ensure access to physicians' services for Medicare beneficiaries; to the Committee on Finance.

By Mr. WICKER (for himself, Mr. ENZI, and Mr. HARKIN):

S. 3338. A bill to amend the Public Health Service Act and title XVIII of the Social Security Act to make the provision of technical services for medical imaging examinations and radiation therapy treatments safer, more accurate, and less costly; to the Committee on Health, Education, Labor, and Pensions.

By Mr. LAUTENBERG:

S. 3339. A bill to allow certain Indonesian citizens to file a motion to reopen their asylum claims; to the Committee on the Judiciary.

By Mrs. MURRAY:

S. 3340. A bill to improve and enhance the programs and activities of the Department of Defense and the Department of Veterans Affairs regarding suicide prevention and resilience and behavioral health disorders for members of the Armed Forces and veterans, and for other purposes; to the Committee on Veterans' Affairs.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. JOHNSON of South Dakota (for himself and Mr. KIRK):

S. Res. 503. A resolution designating June 2012 as ''National Aphasia Awareness Month'' and supporting efforts to increase awareness of aphasia; considered and agreed to.

By Mrs. GILLIBRAND (for herself, Mr. RUBIO, Mr. BLUMENTHAL, Mr. KIRK, Mr. SCHUMER, Mr. MENENDEZ, Mr. INHOFE, Mr. KOHL, Mr. RISCH, Mr. LIEBERMAN, Mr. BROWN of Massachusetts, Mr. WYDEN, Mrs. BOXER, Mr. CARDIN, Ms. MIKULSKI, Mr. LEVIN, Mr. BEGICH, Ms. SNOWE, Mr. BROWN of Ohio, Mr. MORAN, Mrs. HUTCHISON, Mr. NELSON of Florida, Mr. GRASSLEY, Mr. LEE, Ms. LANDRIEU, Mr. BARRASSO, Ms. STABENOW, Mr. DURBIN, Mr. BLUNT, Mrs. FEINSTEIN, Ms. AYOTTE, Mr. ROBERTS, Mr. CASEY, and Mr. BOOZMAN):

S. Res. 504. A resolution expressing support for the International Olympic Committee to recognize with a minute of silence at the 2012 Olympics Opening Ceremony the athletes and others killed at the 1972 Munich Olympics; considered and agreed to.

ADDITIONAL COSPONSORS

S. 697

At the request of Mr. CASEY, the name of the Senator from New Jersey (Mr. MENENDEZ) was added as a cosponsor of S. 697, a bill to amend the Internal Revenue Code of 1986 to allow a credit against income tax for amounts paid by a spouse of a member of the Armed Services for a new State license or certification required by reason of a permanent change in the duty station of such member to another State.

S. 703

At the request of Mr. BARRASSO, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 703, a bill to amend the Long-Term Leasing Act, and for other purposes.

S. 1299

At the request of Mr. MORAN, the name of the Senator from North Carolina (Mrs. HAGAN) was added as a cosponsor of S. 1299, a bill to require the Secretary of the Treasury to mint coins in commemoration of the centennial of the establishment of Lions Clubs International.

S. 1616

At the request of Mr. MENENDEZ, the name of the Senator from Connecticut (Mr. LIEBERMAN) was added as a cosponsor of S. 1616, a bill to amend the Internal Revenue Code of 1986 to exempt certain stock of real estate investment trusts from the tax on foreign investments in United States real property interests, and for other purposes.

S. 1744

At the request of Ms. KLOBUCHAR, the name of the Senator from Texas (Mr. CORNYN) was added as a cosponsor of S. 1744, a bill to provide funding for State courts to assess and improve the handling of proceedings relating to adult guardianship and conservatorship, to authorize the Attorney General to carry out a pilot program for the conduct of background checks on individuals to be appointed as guardians or conservators, and to promote the widespread adoption of information technology to better monitor, report, and audit conservatorships of protected persons.

S. 1806

At the request of Mrs. BOXER, the names of the Senator from Delaware (Mr. COONS) and the Senator from Maryland (Ms. MIKULSKI) were added as cosponsors of S. 1806, a bill to amend the Internal Revenue Code of 1986 to allow taxpayers to designate overpayments of tax as contributions to the homeless veterans assistance fund.

S. 1929

At the request of Mr. BLUMENTHAL, the names of the Senator from Hawaii (Mr. AKAKA), the Senator from New Hampshire (Ms. AYOTTE), the Senator from Colorado (Mr. BENNET), the Senator from Georgia (Mr. CHAMBLISS), the Senator from Minnesota (Mr. FRANKEN), the Senator from South Carolina (Mr. GRAHAM), the Senator from North Carolina (Mrs. HAGAN), the Senator from New Jersey (Mr. LAUTENBERG), the Senator from Michigan (Mr. LEVIN), the Senator from West Virginia (Mr. MANCHIN), the Senator from Vermont (Mr. SANDERS) and the Senator from New Hampshire (Mrs. SHAHEEN) were added as cosponsors of S. 1929, a bill to require the Secretary of the Treasury to mint coins in commemoration of Mark Twain.

S. 1956

At the request of Mr. THUNE, the name of the Senator from Kansas (Mr. ROBERTS) was added as a cosponsor of S. 1956, a bill to prohibit operators of civil aircraft of the United States from participating in the European Union's emissions trading scheme, and for other purposes.

S. 2103

At the request of Mr. LEE, the name of the Senator from Oklahoma (Mr. INHOFE) was added as a cosponsor of S. 2103, a bill to amend title 18, United States Code, to protect pain-capable unborn children in the District of Columbia, and for other purposes.

S. 2189

At the request of Mr. HARKIN, the name of the Senator from Massachusetts (Mr. BROWN) was added as a cosponsor of S. 2189, a bill to amend the Age Discrimination in Employment Act of 1967 and other laws to clarify appropriate standards for Federal anti-discrimination and antiretaliation claims, and for other purposes.

S. 2239

At the request of Mr. NELSON of Florida, the names of the Senator from Maryland (Ms. MIKULSKI) and the Senator from Alaska (Mr. BEGICH) were added as cosponsors of S. 2239, a bill to direct the head of each agency to treat relevant military training as sufficient to satisfy training or certification requirements for Federal licenses.

S. 2250

At the request of Ms. STABENOW, the names of the Senator from Rhode Island (Mr. WHITEHOUSE), the Senator from Vermont (Mr. SANDERS) and the Senator from Massachusetts (Mr. BROWN) were added as cosponsors of S. 2250, a bill to prevent homeowners from being forced to pay taxes on forgiven mortgage loan debt.

S. 2342

At the request of Mr. TESTER, the name of the Senator from New Jersey (Mr. MENENDEZ) was added as a cosponsor of S. 2342, a bill to reform the National Association of Registered Agents and Brokers, and for other purposes.

S. 2347

At the request of Mr. CARDIN, the name of the Senator from Minnesota (Ms. KLOBUCHAR) was added as a cosponsor of S. 2347, a bill to amend title XVIII of the Social Security Act to ensure the continued access of Medicare beneficiaries to diagnostic imaging services.

S. 2371

At the request of Mr. RUBIO, the name of the Senator from North Dakota (Mr. HOEVEN) was added as a cosponsor of S. 2371, a bill to amend the National Labor Relations Act to permit employers to pay higher wages to their employees.

S. 2620

At the request of Mr. GRASSLEY, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 2620, a bill to amend title XVIII of the Social Security Act to provide for an extension of the Medicare-dependent hospital (MDH) program and the increased payments under the Medicare low-volume hospital program.

S. 3204

At the request of Mr. JOHANNS, the name of the Senator from Oregon (Mr. WYDEN) was added as a cosponsor of S. 3204, a bill to address fee disclosure requirements under the Electronic Fund Transfer Act, and for other purposes.

S. 3221

At the request of Mr. RUBIO, the name of the Senator from North Dakota (Mr. HOEVEN) was added as a cosponsor of S. 3221, a bill to amend the National Labor Relations Act to permit employers to pay higher wages to their employees.

S. 3237

At the request of Mr. WHITEHOUSE, the names of the Senator from New Jersey (Mr. MENENDEZ) and the Senator from Alaska (Mr. BEGICH) were added as cosponsors of S. 3237, a bill to provide for the establishment of a Commission to Accelerate the End of Breast Cancer.

S. 3263

At the request of Mrs. BOXER, the name of the Senator from New York (Mr. SCHUMER) was added as a cosponsor of S. 3263, a bill to require the Secretary of Transportation to modify the final rule relating to flightcrew member duty and rest requirements for passenger operations of air carriers to apply to all-cargo operations of air carriers, and for other purposes.

S. 3274

At the request of Mr. KERRY, the name of the Senator from Missouri (Mr. BLUNT) was added as a cosponsor of S. 3274, a bill to direct the Secretary of Commerce, in coordination with the heads of other relevant Federal departments and agencies, to produce a report on enhancing the competitiveness of the United States in attracting foreign direct investment, and for other purposes.

S. 3308

At the request of Mr. HELLER, the name of the Senator from Massachusetts (Mr. BROWN) was added as a cosponsor of S. 3308, a bill to amend title 38, United States Code, to improve the furnishing of benefits for homeless veterans who are women or who have dependents, and for other purposes.

S. 3318

At the request of Mrs. BOXER, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 3318, a bill to amend title 38, United States Code, to prohibit the use of the phrases GI Bill and Post-9/11 GI Bill to give a false impression of approval or endorsement by the Department of Veterans Affairs, and for other purposes.

S. 3322

At the request of Mr. BROWN of Ohio, the name of the Senator from Minnesota (Ms. KLOBUCHAR) was added as a cosponsor of S. 3322, a bill to strengthen enforcement and clarify certain provisions of the Servicemembers Civil Relief Act, the Uniformed and Overseas Citizens Absentee Voting Act, and chapter 43 of title 38, United States Code, and to reconcile, restore, clarify, and conform similar provisions in other related civil rights statutes, and for other purposes.

S. 3326

At the request of Mr. BAUCUS, the names of the Senator from Massachusetts (Mr. KERRY), the Senator from Mississippi (Mr. WICKER) and the Senator from California (Mrs. FEINSTEIN) were added as cosponsors of S. 3326, a bill to amend the African Growth and Opportunity Act to extend the third-country fabric program and to add South Sudan to the list of countries eligible for designation under that Act, to make technical corrections to the Harmonized Tariff Schedule of the United States relating to the textile and apparel rules of origin for the Dominican Republic-Central America-United States Free Trade Agreement, to approve the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003, and for other purposes.

S. 3328

At the request of Mr. LAUTENBERG, the name of the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 3328, a bill to provide grants for juvenile mentoring.

S.J. RES. 45

At the request of Mrs. HUTCHISON, the name of the Senator from Arkansas (Mr. PRYOR) was added as a cosponsor of S.J. Res. 45, a joint resolution amending title 36, United States Code, to designate June 19 as ''Juneteenth Independence Day''.

S. CON. RES. 48

At the request of Mr. LEAHY, the name of the Senator from Ohio (Mr. BROWN) was added as a cosponsor of S. Con. Res. 48, a concurrent resolution recognizing 375 years of service of the National Guard and affirming congressional support for a permanent Operational Reserve as a component of the Armed Forces.

S. RES. 489

At the request of Mr. JOHANNS, his name was added as a cosponsor of S. Res. 489, a resolution expressing the sense of the Senate on the appointment by the Attorney General of an outside special counsel to investigate certain recent leaks of apparently classified and highly sensitive information on United States military and intelligence plans, programs, and operations.

S. RES. 490

At the request of Mrs. BOXER, the name of the Senator from Connecticut (Mr. BLUMENTHAL) was added as a cosponsor of S. Res. 490, a resolution designating the week of September 16, 2012, as ''Mitochondrial Disease Awareness Week'', reaffirming the importance of an enhanced and coordinated research effort on mitochondrial diseases, and commending the National Institutes of Health for its efforts to improve the understanding of mitochondrial diseases.

S. RES. 494

At the request of Mr. CORNYN, the name of the Senator from Arkansas (Mr. BOOZMAN) was added as a cosponsor of S. Res. 494, a resolution condemning the Government of the Russian Federation for providing weapons to the regime of President Bashar al-Assad of Syria.

AMENDMENT NO. 2310

At the request of Mr. SANDERS, the name of the Senator from Alaska (Mr. BEGICH) was added as a cosponsor of amendment No. 2310 proposed to S. 3240, an original bill to reauthorize agricultural programs through 2017, and for other purposes.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mrs. MURRAY:

S. 3340. A bill to improve and enhance the programs and activities of the Department of Defense and the Department of Veterans Affairs regarding suicide prevention and resilience and behavioral health disorders for members of the Armed Forces and veterans, and for other purposes; to the Committee on Veterans' Affairs.

Mrs. MURRAY. Madam President, last February, in my office in Seattle, I sat down with an Iraq and Afghanistan war veteran named Stephen Davis and his wife Kim. Stephen and Kim were there to talk to me about their experiences since he returned home and about the invisible wounds of war they were struggling with together every single day.

At the meeting Kim did most of the talking. She told me about the nightmares. She told me about the lack of sleep. She talked about the confusion and the anxiety that was now a constant in their lives. But it was the way she summed up her experience since Stephen returned home that struck me hardest.

She said her husband still hadn't returned home. She said the husband she had been married to for nearly two decades—although he was sitting directly next to her—was still not back from the war.

Do you know what. Despite the fact that we often refer to these wounds as invisible, you could see it. When it came time for Stephen to describe to me his experiences, he shook as he explained how difficult the transition

home has been for him, his wife, and for their family.

The Davis family's story is no different than what thousands of other families have faced. But their story does have a tragic and frustrating twist. You see, Sergeant Davis knew when he returned home that he had a problem with post-traumatic stress, and he was courageous enough to reach out for help. He sought care and he was diagnosed with PTSD.

But just a few months later, after a visit to Madigan Army Medical Base in my State of Washington, he was told something that shocked and appalled him and his wife. After just a 10-minute meeting and a written questionnaire, Sergeant Davis was told he was exaggerating his symptoms and he didn't have PTSD. He was told, in effect, that despite serving in two war zones, despite being involved in three separate IED incidents, and despite his repeated deployments, he was making it all up.

He was then sent home with a diagnosis of adjustment disorder and told his disability rating would be lowered and that the benefits he and his family would receive would ultimately be diminished. If this sounds like an isolated, shocking incident, here is something you will find even more shocking. Sergeant Davis was one of literally hundreds of patients at that Army hospital who were told the exact same thing.

Soldiers who had been diagnosed with PTSD—not just once but several times—had their diagnosis taken away. In many instances these soldiers were told they were embellishing or even outright lying about their symptoms. In fact, so many soldiers were being accused of making up symptoms by doctors at that hospital I began to get letters and phone calls from them to my office.

Soon after that, documents came to light showing that the doctors diagnosing these soldiers were being encouraged to consider not just the best diagnosis for their patients but also the cost of care. These revelations have led to a series of internal investigations that are still underway today. Even more important, they have led to these soldiers now, thankfully, being reevaluated, and today hundreds of these soldiers, including Sergeant Davis, have had their proper PTSD diagnosis restored.

This, too, could be viewed as an isolated incident. In fact, when I first raised concerns, the problems we saw at Madigan could be happening at other bases across the country, that is exactly what I was told—it was an isolated incident at one base, at one hospital. But I knew better.

I remembered back to this Salon article that ran a few years ago. In that article, a doctor from Fort Carson in Colorado talked about how he was ''under a lot of pressure to not diagnose PTSD.''

It went on to quote a former Army psychologist named David Rudd, who said:

> Each diagnosis is an acknowledgement that psychiatric casualties are a huge price tag of this war. It is easiest to dismiss these casualties because you can't see the wounds. If they change the diagnosis, they can dismiss you at a substantially decreased rate.

Madam President, I also had my own staff launch an investigation into how the military and the VA were diagnosing mental health conditions at other bases across our country, and I was very troubled by what I found.

It became clear that there were other cases where doctors accused soldiers of exaggerating symptoms without any documentation of appropriate interview techniques. They encountered inadequate VA medical examinations, especially in relation to traumatic brain injury. They found that many VA rating decisions contained errors, which in some cases complicated the level of benefits that veterans should have received.

Now, to their credit, the Army did not run and hide as the questions about other bases continued to mount. In fact, they have now taken two important steps. First, in April, they issued a new policy for diagnosing PTSD that criticized the methods being used at Madigan and pointed out to health officials throughout the entire system that it was unlikely that soldiers were faking these symptoms. Then, in May, the Army went further and announced they would review all mental health diagnoses across the country dating back to 2001. That, in turn, has led Secretary Panetta to announce just last week that all branches of the military are now going to undergo a similar review.

Without question, these are historic steps in our efforts to right a decade of inconsistencies in how the invisible wounds of war have been evaluated. Servicemembers, veterans, and their families should never have to wade through an unending bureaucratic process. Because of this outcry from veterans and servicemembers alike, the Pentagon now has an extraordinary opportunity to go back and correct the mistakes of the past.

We have to make sure these mistakes are never repeated. We still need to fundamentally change a system that Secretary Panetta admitted to me last week has ''huge gaps'' in it.

That is why I am here this evening. Today, I am introducing the Mental Health ACCESS Act of 2012. It is a bill that seeks to make improvements to make sure that those who have served have access to consistent, quality behavioral health care.

It is a bill that strengthens oversight of military mental health care and improves the integrated disability evaluation system on which we rely. As anyone who understands these issues knows well, this is not an easy task. The mental health care, suicide prevention, and counseling programs we provide our servicemembers are spread throughout this entire Department of Defense and the VA. Too often they are entangled in a web of bureaucracy and, frankly, too often this makes them difficult to address in legislation.

In crafting this bill I identified critical changes that need to be made at both the Department of Defense and the VA, and I set up a checklist of legislative changes needed to do just that. Some provisions in the bill will likely be addressed in my Veterans Committee. Others will need to be addressed through Defense bills and work with the chairs of those committees. But all of these provisions are critical, and today I want to share with you some of the most important ones.

High atop the list of changes this bill makes is addressing military suicides which, as we all know, is an epidemic that now outpaces combat deaths in this country. My bill will require the Pentagon to create comprehensive standardized suicide prevention programs. It would also require the Department to better oversee mental health services for servicemembers.

It will expand eligibility for a variety of VA mental health services to family members so we can help families and spouses to cope with the stress of deployment and strengthen the support network that is critical to servicemembers who are returning from deployment.

Third, my bill will improve training and education for our health care providers. Oftentimes our servicemembers seek out help from chaplains, medics, or others who may be unprepared to offer counseling. This bill will help prepare them through continuing education programs.

Fourth, my bill will create more peer-to-peer counseling opportunities. It would do it by requiring VA to offer peer support services at all medical centers and by supporting opportunities to train vets to provide peer services.

Finally, this bill will require VA to establish accurate and reliable measures for mental health services. This will help ensure that the VA understands the problems they face so that veterans can get into the care we know they can provide.

All of these are critical steps at a pivotal time, because the truth is, right now the Department of Defense and the VA are losing the battle against the mental and behavioral wounds of these wars.

To see that, you don't need to look any farther than the tragic fact that already this year over 150 active-duty servicemembers have taken their own lives or the fact that one veteran commits suicide in this country every 80 minutes. And while we all know there are a number of factors that contribute to suicide—repeated deployments, lack of employment security, isolation in their communities, and difficulty transitioning back to their families—not having access to quality and timely mental health care is vital.

When our veterans cannot get the care they need, they often self-medicate. When they wait endlessly for a proper diagnosis, they lose hope. Last year at this time, I held a hearing in my veterans committee on the mental health disability system this bill seeks to strengthen, and I heard two stories that illustrate that despair.

Andrea Sawyer, the wife of Army SGT Lloyd Sawyer, testified about her husband, who is an Iraq veteran and spent years searching for care. Together, they hit barriers and they hit redtape so often that at one point, she said, he held a knife to his throat in front of both her and an Army psychiatrist before being talked out of it.

Later, in that very same hearing, Daniel Williams, an Iraq combat veteran, testified about how his struggle to find care led him to stick the gun in his mouth while his wife begged him to stop, only to see his gun misfire.

Those are the stories that define this problem. These are men and women we must be there for. They have served and sacrificed and done everything this country has asked of them. They have left their families, left their homes. They have served multiple times and protected our Nation's interests at home and abroad. This bill will make a difference for them, but we have to make these changes now.

Today I am asking Members of the Senate from both sides of the aisle to please join me in this effort. We owe our veterans a medical evaluation system that treats them fairly, that gives them the proper diagnosis, and that provides access to the mental health care they have earned and they deserve. We need to join together to get this legislation passed, and I ask every Member of the Senate to help me get this through. It is critical, as thousands of men and women come home today and thousands of them are waiting on care.

Madam President, I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. BROWN of Ohio. Madam President, let me begin by thanking the chair of the Senate veterans committee for her incredible leadership on one of the most tragic issues of our times—the suicide rate among active-duty personnel in our Armed Forces, and especially among veterans.

Last week I spoke to the Disabled American Veterans in Columbus. I hear these same issues all the time, particularly among men and women who are sent for their second, third, fourth, and fifth deployments. One veteran, active in the DAV, told me about an Ohio soldier who has had a seventh deployment. That is not what we should be doing, and so I appreciate Senator MURRAY's leadership.

I am a member of that committee—the first Ohioan to ever serve on the veterans committee for a full term—and I am on this committee because of these problems. So I am thankful for the leadership we have on that committee and for what Senator MURRAY has done.

I remember when I was presiding some years ago, and she was talking on the Senate Floor about her dad, who is a veteran, and I know that is a big part of why she does what she does.

I thank the Senator from Washington State.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 503—DESIGNATING JUNE 2012 AS ''NATIONAL APHASIA AWARENESS MONTH'' AND SUPPORTING EFFORTS TO INCREASE AWARENESS OF APHASIA

Mr. JOHNSON of South Dakota (for himself and Mr. KIRK) submitted the following resolution; which was considered and agreed to:

S. RES. 503

Whereas aphasia is a communication impairment caused by brain damage that typically results from a stroke;

Whereas aphasia can also occur with other neurological disorders, such as a brain tumor;

Whereas many people with aphasia also have weakness or paralysis in the right leg and right arm, usually due to damage to the left hemisphere of the brain, which controls language and movement on the right side of the body;

Whereas the effects of aphasia may include a loss of, or reduction in, the ability to speak, comprehend, read, and write, but the intelligence of a person with aphasia remains intact;

Whereas, according to the National Institute of Neurological Disorders and Stroke (referred to in this preamble as the ''NINDS''), strokes are the third-leading cause of death in the United States, ranking behind heart disease and cancer;

Whereas strokes are a leading cause of serious, long-term disability in the United States;

Whereas the NINDS estimates that there are approximately 5,000,000 stroke survivors in the United States;

Whereas the NINDS estimates that people in the United States suffer approximately 750,000 strokes per year, with about ⅓ of the strokes resulting in aphasia;

Whereas, according to the NINDS, aphasia affects at least 1,000,000 people in the United States;

Whereas the NINDS estimates that more than 200,000 people in the United States acquire aphasia each year;

Whereas the people of the United States should strive to learn more about aphasia and to promote research, rehabilitation, and support services for people with aphasia and aphasia caregivers throughout the United States; and

Whereas people with aphasia and their caregivers envision a world that recognizes the ''silent'' disability of aphasia and provides opportunity and fulfillment for people affected by aphasia: Now, therefore, be it

Resolved, That the Senate—

(1) designates June 2012 as ''National Aphasia Awareness Month'';

(2) supports efforts to increase awareness of aphasia;

(3) recognizes that strokes, a primary cause of aphasia, are the third-largest cause of death and disability in the United States;

(4) acknowledges that aphasia deserves more attention and study to find new solutions for people experiencing aphasia and their caregivers;

(5) supports efforts to make the voices of people with aphasia heard, because people with aphasia are often unable to communicate with others; and

(6) encourages all people in the United States to observe National Aphasia Awareness Month with appropriate events and activities.

SENATE RESOLUTION 504—EXPRESSING SUPPORT FOR THE INTERNATIONAL OLYMPIC COMMITTEE TO RECOGNIZE WITH A MINUTE OF SILENCE AT THE 2012 OLYMPICS OPENING CEREMONY THE ATHLETES AND OTHERS KILLED AT THE 1972 MUNICH OLYMPICS

Mrs. GILLIBRAND (for herself, Mr. RUBIO, Mr. BLUMENTHAL, Mr. KIRK, Mr. SCHUMER, Mr. MENENDEZ, Mr. INHOFE, Mr. KOHL, Mr. RISCH, Mr. LIEBERMAN, Mr. BROWN of Massachusetts, Mr. WYDEN, Mrs. BOXER, Mr. CARDIN, Ms. MIKULSKI, Mr. LEVIN, Mr. BEGICH, Ms. SNOWE, Mr. BROWN of Ohio, Mr. MORAN, Mrs. HUTCHISON, Mr. NELSON of Florida, Mr. GRASSLEY, Mr. LEE, Ms. LANDRIEU, Mr. BARRASSO, Ms. STABENOW, Mr. DURBIN, Mr. BLUNT, Mrs. FEINSTEIN, Ms. AYOTTE, Mr. ROBERTS, Mr. CASEY, and Mr. BOOZMAN) submitted the following resolution; which was considered and agreed to:

S. RES. 504

Whereas, in September 1972, in the midst of the Munich Olympics, the core spirit of the Olympics was violated when members of the Black September Palestinian terrorist group murdered eleven members of the Israeli Olympic Team consisting of athletes, coaches, and referees;

Whereas one West German police officer was also killed in the terrorist attack;

Whereas the international community was deeply touched by the brutal murders at the Munich Olympics and memorials have been placed around the world, including in Rockland County, New York, United States; Manchester, United Kingdom; Tel Aviv, Israel; and Munich, Germany;

Whereas the International Olympic Committee has an obligation and the ability to fully and publicly promote the ideals embodied in the Olympic Charter, which states, ''The goal of Olympism is to place sport at the service of the harmonious development of humankind, with a view to promoting a peaceful society concerned with the preservation of human dignity.''

Whereas no opening ceremonies of any Olympics since 1972 have marked an official recognition of the terrorist attack that brutally betrayed the vision of the Olympic Games; and

Whereas the London Olympic Games in 2012 will mark four decades since this act of terror took place without a full and public commemoration of the gravity of this tragic event for all Olympians and all humankind: Now, therefore, be it

Resolved, That the Senate—

(1) should observe a minute of silence to commemorate the 40th anniversary of the 1972 Munich Olympics terrorist attack and remember those who lost their lives;

(2) urges the International Olympic Committee to take the opportunity afforded by the 40th anniversary of the 1972 Munich Olympics terrorist attack to remind the world that the Olympics were established to

send a message of hope and peace through sport and athletic competition; and

(3) urges the International Olympic Committee to recognize with a minute of silence at the 2012 Olympics Opening Ceremony those who lost their lives at the 1972 Munich Olympics in an effort to reject and repudiate terrorism as antithetical to the Olympic goal of peaceful competition.

AMENDMENTS SUBMITTED AND PROPOSED

SA 2468. Mr. REID (for Mr. JOHNSON of South Dakota (for himself and Mr. SHELBY)) proposed an amendment to the bill S. 1940, to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes.

SA 2469. Mr. REID (for Mr. PRYOR (for himself and Mr. HOEVEN)) proposed an amendment to amendment SA 2468 proposed by Mr. REID (for Mr. JOHNSON of South Dakota (for himself and Mr. SHELBY)) to the bill S. 1940, supra.

SA 2470. Mr. REID proposed an amendment to amendment SA 2469 proposed by Mr. REID (for Mr. PRYOR (for himself and Mr. HOEVEN)) to the amendment SA 2468 proposed by Mr. REID (for Mr. JOHNSON of South Dakota (for himself and Mr. SHELBY)) to the bill S. 1940, supra.

SA 2471. Mr. REID proposed an amendment to the bill S. 1940, supra.

SA 2472. Mr. REID proposed an amendment to amendment SA 2471 proposed by Mr. REID to the bill S. 1940, supra.

SA 2473. Mr. REID proposed an amendment to the bill S. 1940, supra.

SA 2474. Mr. REID proposed an amendment to amendment SA 2473 proposed by Mr. REID to the bill S. 1940, supra.

SA 2475. Mr. REID proposed an amendment to amendment SA 2474 proposed by Mr. REID to the amendment SA 2473 proposed by Mr. REID to the bill S. 1940, supra.

SA 2476. Mr. LEE submitted an amendment intended to be proposed by him to the bill S. 1940, supra; which was ordered to lie on the table.

SA 2477. Mr. MERKLEY (for himself and Ms. LANDRIEU) submitted an amendment intended to be proposed by him to the bill S. 1940, supra; which was ordered to lie on the table.

SA 2478. Mr. MERKLEY (for himself and Mrs. BOXER) submitted an amendment intended to be proposed by him to the bill S. 1940, supra; which was ordered to lie on the table.

SA 2479. Mr. PAUL submitted an amendment intended to be proposed by him to the bill S. 1940, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 2468. Mr. REID (for Mr. JOHNSON of South Dakota (for himself and Mr. SHELBY)) proposed an amendment to the bill S. 1940, to amend the National Flood Insurance Act of 1968, to restore the financial solvency to the flood insurance fund, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Table of contents.

TITLE I—FLOOD INSURANCE REFORM AND MODERNIZATION

Sec. 101. Short title.
Sec. 102. Findings.
Sec. 103. Definitions.
Sec. 104. Extension of National Flood Insurance Program.
Sec. 105. Availability of insurance for multifamily properties.
Sec. 106. Reform of premium rate structure.
Sec. 107. Areas of residual risk.
Sec. 108. Premium adjustment.
Sec. 109. State chartered financial institutions.
Sec. 110. Enforcement.
Sec. 111. Escrow of flood insurance payments.
Sec. 112. Minimum deductibles for claims under the National Flood Insurance Program.
Sec. 113. Considerations in determining chargeable premium rates.
Sec. 114. Reserve fund.
Sec. 115. Repayment plan for borrowing authority.
Sec. 116. Payment of condominium claims.
Sec. 117. Technical mapping advisory council.
Sec. 118. National flood mapping program.
Sec. 119. Scope of appeals.
Sec. 120. Scientific Resolution Panel.
Sec. 121. Removal of limitation on State contributions for updating flood maps.
Sec. 122. Coordination.
Sec. 123. Interagency coordination study.
Sec. 124. Nonmandatory participation.
Sec. 125. Notice of flood insurance availability under RESPA.
Sec. 126. Participation in State disaster claims mediation programs.
Sec. 127. Additional authority of FEMA to collect information on claims payments.
Sec. 128. Oversight and expense reimbursements of insurance companies.
Sec. 129. Mitigation.
Sec. 130. Flood Protection Structure Accreditation Task Force.
Sec. 131. Flood in progress determinations.
Sec. 132. Clarification of residential and commercial coverage limits.
Sec. 133. Local data requirement.
Sec. 134. Eligibility for flood insurance for persons residing in communities that have made adequate progress on the construction, reconstruction, or improvement of a flood protection system.
Sec. 135. Studies and reports.
Sec. 136. Reinsurance.
Sec. 137. GAO study on business interruption and additional living expenses coverages.
Sec. 138. Policy disclosures.
Sec. 139. Report on inclusion of building codes in floodplain management criteria.
Sec. 140. Study of participation and affordability for certain policyholders.
Sec. 141. Study and report concerning the participation of Indian tribes and members of Indian tribes in the National Flood Insurance Program.
Sec. 142. Technical corrections.
Sec. 143. Private flood insurance policies.

TITLE II—COMMISSION ON NATURAL CATASTROPHE RISK MANAGEMENT AND INSURANCE

Sec. 201. Short title.
Sec. 202. Findings.
Sec. 203. Establishment.
Sec. 204. Membership.
Sec. 205. Duties of the commission.
Sec. 206. Report.
Sec. 207. Powers of the commission.
Sec. 208. Commission personnel matters.
Sec. 209. Termination.
Sec. 210. Authorization of appropriations.

TITLE III—ALTERNATIVE LOSS ALLOCATION

Sec. 301. Short title.
Sec. 302. Assessing and modeling named storms over coastal States.
Sec. 303. Alternative loss allocation system for indeterminate claims.

TITLE I—FLOOD INSURANCE REFORM AND MODERNIZATION

SEC. 101. SHORT TITLE.

This title may be cited as the ''Flood Insurance Reform and Modernization Act of 2012''.

SEC. 102. FINDINGS.

Congress finds that—

(1) the flood insurance claims resulting from the hurricane season of 2005 exceeded all previous claims paid by the National Flood Insurance Program;

(2) in order to pay the legitimate claims of policyholders from the hurricane season of 2005, the Federal Emergency Management Agency has borrowed $19,000,000,000 from the Treasury;

(3) the interest alone on this debt has been as high as $800,000,000 annually, and that the Federal Emergency Management Agency has indicated that it will be unable to pay back this debt;

(4) the flood insurance program must be strengthened to ensure it can pay future claims;

(5) while flood insurance is mandatory in the 100-year floodplain, substantial flooding occurs outside of existing special flood hazard areas;

(6) events throughout the country involving areas behind flood control structures, known as ''residual risk'' areas, have produced catastrophic losses;

(7) although such flood control structures produce an added element of safety and therefore lessen the probability that a disaster will occur, they are nevertheless susceptible to catastrophic loss, even though such areas at one time were not included within the 100-year floodplain; and

(8) voluntary participation in the National Flood Insurance Program has been minimal and many families residing outside the 100-year floodplain remain unaware of the potential risk to their lives and property.

SEC. 103. DEFINITIONS.

(a) IN GENERAL.—In this title, the following definitions shall apply:

(1) 100-YEAR FLOODPLAIN.—The term ''100-year floodplain'' means that area which is subject to inundation from a flood having a 1-percent chance of being equaled or exceeded in any given year.

(2) 500-YEAR FLOODPLAIN.—The term ''500-year floodplain'' means that area which is subject to inundation from a flood having a 0.2-percent chance of being equaled or exceeded in any given year.

(3) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of the Federal Emergency Management Agency.

(4) NATIONAL FLOOD INSURANCE PROGRAM.—The term ''National Flood Insurance Program'' means the program established under the National Flood Insurance Act of 1968 (42 U.S.C. 4011 et seq.).

(5) WRITE YOUR OWN.—The term ''Write Your Own'' means the cooperative undertaking between the insurance industry and the Federal Insurance Administration which allows participating property and casualty insurance companies to write and service standard flood insurance policies.

(b) COMMON TERMINOLOGY.—Except as otherwise provided in this title, any terms used in this title shall have the meaning given to such terms under section 1370 of the National Flood Insurance Act of 1968 (42 U.S.C. 4121).

SEC. 104. EXTENSION OF NATIONAL FLOOD INSURANCE PROGRAM.

(a) FINANCING.—Section 1309(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4016(a)) is amended by striking ''July 31, 2012'' and inserting ''September 30, 2017''.

(b) PROGRAM EXPIRATION.—Section 1319 of the National Flood Insurance Act of 1968 (42 U.S.C. 4026) is amended by striking ''July 31, 2012'' and inserting ''September 30, 2017''.

SEC. 105. AVAILABILITY OF INSURANCE FOR MULTIFAMILY PROPERTIES.

Section 1305 of the National Flood Insurance Act of 1968 (42 U.S.C. 4012) is amended—

(1) in subsection (b)(2)(A), by inserting ''not described in subsection (a) or (d)'' after ''properties''; and

(2) by adding at the end the following:

''(d) AVAILABILITY OF INSURANCE FOR MULTIFAMILY PROPERTIES.—

''(1) IN GENERAL.—The Administrator shall make flood insurance available to cover residential properties of 5 or more residences. Notwithstanding any other provision of law, the maximum coverage amount that the Administrator may make available under this subsection to such residential properties shall be equal to the coverage amount made available to commercial properties.

''(2) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to limit the ability of individuals residing in residential properties of 5 or more residences to obtain insurance for the contents and personal articles located in such residences.''.

SEC. 106. REFORM OF PREMIUM RATE STRUCTURE.

(a) TO EXCLUDE CERTAIN PROPERTIES FROM RECEIVING SUBSIDIZED PREMIUM RATES.—

(1) IN GENERAL.—Section 1307 of the National Flood Insurance Act of 1968 (42 U.S.C. 4014) is amended—

(A) in subsection (a)(2), by striking ''for any residential property which is not the primary residence of an individual; and'' and inserting the following: ''for—

''(A) any residential property which is not the primary residence of an individual;

''(B) any severe repetitive loss property;

''(C) any property that has incurred flood-related damage in which the cumulative amounts of payments under this title equaled or exceeded the fair market value of such property;

''(D) any business property; or

''(E) any property which on or after the date of enactment of the Flood Insurance Reform and Modernization Act of 2012 has experienced or sustained—

''(i) substantial damage exceeding 50 percent of the fair market value of such property; or

''(ii) substantial improvement exceeding 30 percent of the fair market value of such property; and''; and

(B) by adding at the end the following:

''(g) NO EXTENSION OF SUBSIDY TO NEW POLICIES OR LAPSED POLICIES.—The Administrator shall not provide flood insurance to prospective insureds at rates less than those estimated under subsection (a)(1), as required by paragraph (2) of that subsection, for—

''(1) any property not insured by the flood insurance program as of the date of enactment of the Flood Insurance Reform and Modernization Act of 2012;

''(2) any policy under the flood insurance program that has lapsed in coverage, as a result of the deliberate choice of the holder of such policy; or

''(3) any prospective insured who refuses to accept any offer for mitigation assistance by the Administrator (including an offer to relocate), including an offer of mitigation assistance—

''(A) following a major disaster, as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122); or

''(B) in connection with—

''(i) a repetitive loss property; or

''(ii) a severe repetitive loss property.

''(h) DEFINITION.—In this section, the term 'severe repetitive loss property' has the following meaning:

''(1) SINGLE-FAMILY PROPERTIES.—In the case of a property consisting of 1 to 4 residences, such term means a property that—

''(A) is covered under a contract for flood insurance made available under this title; and

''(B) has incurred flood-related damage—

''(i) for which 4 or more separate claims payments have been made under flood insurance coverage under this chapter, with the amount of each such claim exceeding $5,000, and with the cumulative amount of such claims payments exceeding $20,000; or

''(ii) for which at least 2 separate claims payments have been made under such coverage, with the cumulative amount of such claims exceeding the value of the property.

''(2) MULTIFAMILY PROPERTIES.—In the case of a property consisting of 5 or more residences, such term shall have such meaning as the Director shall by regulation provide.''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall become effective 90 days after the date of enactment of this Act.

(b) ESTIMATES OF PREMIUM RATES.—Section 1307(a)(1)(B) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(a)(1)(B)) is amended—

(1) in clause (ii), by striking ''and'' at the end;

(2) in clause (iii), by adding ''and'' at the end; and

(3) by inserting after clause (iii) the following:

''(iv) all costs, as prescribed by principles and standards of practice in ratemaking adopted by the American Academy of Actuaries and the Casualty Actuarial Society, including—

''(I) an estimate of the expected value of future costs,

''(II) all costs associated with the transfer of risk, and

''(III) the costs associated with an individual risk transfer with respect to risk classes, as defined by the Administrator,''.

(c) INCREASE IN ANNUAL LIMITATION ON PREMIUM INCREASES.—Section 1308(e) of the National Flood Insurance Act of 1968 (42 U.S.C. 4015(e)) is amended—

(1) in the matter preceding paragraph (1)—

(A) by striking ''or (3)''; and

(B) by inserting ''any properties'' after ''under this title for'';

(2) in paragraph (1)—

(A) by striking ''any properties within any single'' and inserting ''within any single''; and

(B) by striking ''10 percent'' and inserting ''15 percent''; and

(3) by striking paragraph (2) and inserting the following:

''(2) described in subparagraphs (A) through (E) of section 1307(a)(2) shall be increased by 25 percent each year, until the average risk premium rate for such properties is equal to the average of the risk premium rates for properties described under paragraph (1).''.

(d) PREMIUM PAYMENT FLEXIBILITY FOR NEW AND EXISTING POLICYHOLDERS.—Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015) is amended by adding at the end the following:

''(g) FREQUENCY OF PREMIUM COLLECTION.—With respect to any chargeable premium rate prescribed under this section, the Administrator shall provide policyholders that are not required to escrow their premiums and fees for flood insurance as set forth under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a) with the option of paying their premiums either annually or in more frequent installments.''.

(e) RULE OF CONSTRUCTION.—Nothing in this section or the amendments made by this section may be construed to affect the requirement under section 2(c) of the Act entitled ''An Act to extend the National Flood Insurance Program, and for other purposes'', approved May 31, 2012 (Public Law 112–123), that the first increase in chargeable risk premium rates for residential properties which are not the primary residence of an individual take effect on July 1, 2012.

SEC. 107. AREAS OF RESIDUAL RISK.

(a) IN GENERAL.—Chapter III of the National Flood Insurance Act of 1968 (42 U.S.C. 4101 et seq.) is amended by adding at the end the following:

''SEC. 1368. AREAS OF RESIDUAL RISK.

''(a) DEFINITIONS.—

''(1) AREA OF RESIDUAL RISK.—Not later than 18 months after the date of enactment of the Flood Insurance Reform and Modernization Act of 2012, the Administrator shall establish a definition of the term 'area of residual risk' for purposes of the national flood insurance program that is limited to areas that—

''(A) the Administrator determines are located—

''(i) behind a levee or near a dam or other flood control structure; and

''(ii) in an unimpeded 100-year floodplain; and

''(B) are not areas having special flood hazards.

''(2) OTHER DEFINITIONS.—In this section—

''(A) the term 'hydrographic subdivision' means a subdivision of an area of residual risk that is determined based on unique hydrographic characteristics; and

''(B) the term 'unimpeded 100-year floodplain' means that area which, if no levee, dam, or other flood control structure were present, would be subject to inundation from a flood having a 1-percent chance of being equaled or exceeded in any given year.

''(b) TREATMENT OF AREAS OF RESIDUAL RISK.—Except as otherwise provided in this section, this title, the Flood Disaster Protection Act of 1973 (42 U.S.C. 4002 et seq.), and the Flood Insurance Reform and Modernization Act of 2012 shall apply to an area of residual risk as if it were an area having special flood hazards.

''(c) EXEMPTION FROM FLOODPLAIN MANAGEMENT REQUIREMENTS.—A State or local government with jurisdiction of an area of residual risk (or subdivision thereof) shall not be required to adopt land use and control measures in the area of residual risk (or subdivision thereof) that are consistent with the comprehensive criteria for land management and use developed by the Administrator under section 1361.

''(d) PRICING IN AREAS OF RESIDUAL RISK.—In carrying out section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a), the Administrator shall ensure that the risk premium rate for flood insurance policies for a hydrographic subdivision does not exceed a rate that adequately reflects—

''(1) the level of flood protection provided to the hydrographic subdivision by any levee, dam, or other flood control structure, regardless of the certification status of the flood control structure; and

''(2) any historical flooding event in the area.

''(e) WAIVER OF MANDATORY PURCHASE REQUIREMENTS FOR DE MINIMIS RISK.—The requirements under sections 102 and 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a and 4106) shall not apply to any

property in an area of residual risk for which the risk premium, as established in accordance with subsection (d), is less than the equivalent of $1 per day, as determined by the Administrator.

''(f) DECERTIFICATION.—Upon decertification of any levee, dam, or flood control structure under the jurisdiction of the United States Army Corps of Engineers, the Chief of Engineers shall immediately provide notice to the Administrator.''.

(b) DEFINITION.—In this section, the term ''area of residual risk'' has the meaning given that term under section 1368 of the National Flood Insurance Act of 1968, as added by this section.

(c) EFFECTIVE DATE FOR MANDATORY PURCHASE REQUIREMENT.—The requirements under sections 102 and 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a and 4106) shall not apply to any area of residual risk, until—

(1) the Administrator submits to Congress a certification that the Administrator has completed a study of levels of flood risk that provides adequate methodologies for the Administrator to estimate varying levels of flood risk for areas of residual risk;

(2) the mapping of all areas of residual risk in the United States that are essential in order to administer the National Flood Insurance Program, as required under section 118 of this Act, is in the maintenance phase; and

(3) in the case of areas of residual risk behind levees, the Administrator submits to Congress a certification that the Administrator is able to adequately estimate varying levels of residual risk behind levees based on—

(A) the design of the levees;

(B) the soundness of the levees;

(C) the hydrography of the areas of residual risk; and

(D) appropriate consideration of historical flooding events in the areas of residual risk.

(d) STUDY AND REPORT ON MANDATORY PURCHASE REQUIREMENTS IN RESIDUAL RISK AREAS.—

(1) STUDY.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct a study assessing the impact and effectiveness of applying the mandatory purchase requirements under sections 102 and 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a and 4106) to properties located in areas of residual risk.

(B) AREAS OF STUDY.—In carrying out the study required under subparagraph (A), the Comptroller General shall evaluate—

(i) the regulatory, financial, and economic impact of applying the mandatory purchase requirements described in subparagraph (A) to areas of residual risk on—

(I) the costs of homeownership;

(II) the actuarial soundness of the National Flood Insurance Program;

(III) the Federal Emergency Management Agency;

(IV) communities located in areas of residual risk;

(V) insurance companies participating in the National Flood Insurance Program; and

(VI) the Disaster Relief Fund;

(ii) the effectiveness of the mandatory purchase requirements in protecting—

(I) homeowners and taxpayers in the United States from financial loss; and

(II) the financial soundness of the National Flood Insurance Program;

(iii) the impact on lenders of complying with or enforcing the mandatory purchase requirements;

(iv) the methodology that the Administrator uses to adequately estimate the varying levels of residual risk behind levees and other flood control structures; and

(v) the extent to which the risk premium rates under the National Flood Insurance Program for property in the areas of residual risk behind levees adequately account for—

(I) the design of the levees;

(II) the soundness of the levees;

(III) the hydrography of the areas of residual risk; and

(IV) any historical flooding in the areas of residual risk.

(2) REPORTS.—

(A) INITIAL REPORT.—Not later than 12 months after the effective date described in subsection (c), the Comptroller General shall submit to Congress a report that—

(i) contains the results of the study required under paragraph (1); and

(ii) provides recommendations to the Administrator on improvements that may result in more accurate estimates of varying levels of residual risk behind levees and other flood control structures.

(B) UPDATED REPORT.—Not later than 5 years after the date on which the Comptroller General submits the report under subparagraph (A), the Comptroller General shall—

(i) update the study conducted under paragraph (1); and

(ii) submit to Congress an updated report that—

(I) contains the results of the updated study required under clause (i); and

(II) provides recommendations to the Administrator on improvements that may result in more accurate estimates of varying levels of residual risk behind levees and other flood control structures.

(3) ADJUSTMENT OF METHODOLOGIES.—The Administrator shall, to the extent practicable, adjust the methodologies used to estimate the varying levels of residual risk behind levees and other flood control structures based on the recommendations submitted by the Comptroller General under subparagraphs (A)(ii) and (B)(ii)(II).

(e) STUDY OF VOLUNTARY COMMUNITY-BASED FLOOD INSURANCE OPTIONS.—

(1) STUDY.—

(A) STUDY REQUIRED.—The Administrator shall conduct a study to assess options, methods, and strategies for making available voluntary community-based flood insurance policies through the National Flood Insurance Program.

(B) CONSIDERATIONS.—The study conducted under subparagraph (A) shall —

(i) take into consideration and analyze how voluntary community-based flood insurance policies—

(I) would affect communities having varying economic bases, geographic locations, flood hazard characteristics or classifications, and flood management approaches; and

(II) could satisfy the applicable requirements under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a); and

(ii) evaluate the advisability of making available voluntary community-based flood insurance policies to communities, subdivisions of communities, and areas of residual risk.

(C) CONSULTATION.—In conducting the study required under subparagraph (A), the Administrator may consult with the Comptroller General of the United States, as the Administrator determines is appropriate.

(2) REPORT BY THE ADMINISTRATOR.—

(A) REPORT REQUIRED.—Not later than 18 months after the date of enactment of this Act, the Administrator shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that contains the results and conclusions of the study conducted under paragraph (1).

(B) CONTENTS.—The report submitted under subparagraph (A) shall include recommendations for—

(i) the best manner to incorporate voluntary community-based flood insurance policies into the National Flood Insurance Program; and

(ii) a strategy to implement voluntary community-based flood insurance policies that would encourage communities to undertake flood mitigation activities, including the construction, reconstruction, or improvement of levees, dams, or other flood control structures.

(3) REPORT BY COMPTROLLER GENERAL.—Not later than 6 months after the date on which the Administrator submits the report required under paragraph (2), the Comptroller General of the United States shall—

(A) review the report submitted by the Administrator; and

(B) submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that contains—

(i) an analysis of the report submitted by the Administrator;

(ii) any comments or recommendations of the Comptroller General relating to the report submitted by the Administrator; and

(iii) any other recommendations of the Comptroller General relating to community-based flood insurance policies.

SEC. 108. PREMIUM ADJUSTMENT.

Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015), as amended by section 106, is further amended by adding at the end the following:

''(h) PREMIUM ADJUSTMENT TO REFLECT CURRENT RISK OF FLOOD.—Notwithstanding subsection (f), upon the effective date of any revised or updated flood insurance rate map under this Act, the Flood Disaster Protection Act of 1973, or the Flood Insurance Reform and Modernization Act of 2012, any property located in an area that is participating in the national flood insurance program shall have the risk premium rate charged for flood insurance on such property adjusted to accurately reflect the current risk of flood to such property, subject to any other provision of this Act. Any increase in the risk premium rate charged for flood insurance on any property that is covered by a flood insurance policy on the effective date of such an update that is a result of such updating shall be phased in over a 4-year period, at the rate of 40 percent for the first year following such effective date and 20 percent for each of the second, third, and fourth years following such effective date. In the case of any area that was not previously designated as an area having special flood hazards and that, pursuant to any issuance, revision, updating, or other change in a flood insurance map, becomes designated as such an area, the chargeable risk premium rate for flood insurance under this title that is purchased on or after the date of enactment of this subsection with respect to any property that is located within such area shall be phased in over a 4-year period, at the rate of 40 percent for the first year following the effective date of such issuance, revision, updating, or change and 20 percent for each of the second, third, and fourth years following such effective date.''.

SEC. 109. STATE CHARTERED FINANCIAL INSTITUTIONS.

Section 1305(c) of the National Flood Insurance Act of 1968 (42 U.S.C. 4012(c)) is amended—

(1) in paragraph (1), by striking '', and'' and inserting a semicolon;

(2) in paragraph (2), by striking the period at the end and inserting ''; and'';

(3) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(4) by inserting after subparagraph (B), as so redesignated, the following:

''(C) given satisfactory assurance that by the date that is 6 months after the date of enactment of the Flood Insurance Reform and Modernization Act of 2012, State lending institutions, as defined in section 3 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4003), shall be subject to regulations by that State that are consistent with the requirements of section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a).'';

(5) in the matter preceding subparagraph (A), as so redesignated, by striking ''The Director'' and inserting the following:

''(1) IN GENERAL.—The Administrator''; and

(6) by adding at the end the following:

''(2) SHORT-TERM WAIVERS.—

''(A) IN GENERAL.—The Administrator may, upon the request of a State, not later than 6 months after the date of enactment of this paragraph, grant a temporary waiver of the requirements under paragraph (1)(C) with respect to a State entity for lending regulation, as defined in section 3 of the Flood Disaster Protection Act of 1973, that does not have the authority under State law to comply with paragraph (1)(C).

''(B) CONSIDERATIONS.—In determining the length of time a waiver under subparagraph (A) will be in effect, the Administrator shall consider the time anticipated for—

''(i) the State to enact a law to grant the authority necessary to comply with paragraph (1)(C); and

''(ii) the State entity for lending regulation to issue regulations necessary to comply with paragraph (1)(C).''.

SEC. 110. ENFORCEMENT.

Section 102(f)(5) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(f)(5)) is amended—

(1) in the first sentence, by striking ''$350'' and inserting ''$2,000''; and

(2) by striking the second sentence.

SEC. 111. ESCROW OF FLOOD INSURANCE PAYMENTS.

(a) IN GENERAL.—

(1) DEFINITIONS.—Section 3 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4003) is amended—

(A) in paragraph (10), by striking ''and'' at the end;

(B) in paragraph (11), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

''(12) 'State entity for lending regulation' means the State entity or agency with primary responsibility for the supervision or regulation of State lending institutions in a State; and

''(13) 'State lending institution' means any bank, savings and loan association, credit union, farm credit bank, production credit association, or similar lending institution subject to the supervision or regulation of a State entity for lending regulation.''.

(2) ESCROW REQUIREMENTS.—Paragraph (1) of section 102(d) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(d)) is amended to read as follows:

''(1) REGULATED LENDING INSTITUTIONS AND STATE LENDING INSTITUTIONS.—

''(A) FEDERAL ENTITIES RESPONSIBLE FOR LENDING REGULATIONS.—Each Federal entity for lending regulation (after consultation and coordination with the Federal Financial Institutions Examination Council) shall, by regulation, direct that all premiums and fees for flood insurance under the National Flood Insurance Act of 1968, for improved real estate or a mobile home, shall be paid to the regulated lending institution or servicer for any loan secured by the improved real estate or mobile home, with the same frequency as payments on the loan are made, for the duration of the loan. Except as provided in subparagraph (C), upon receipt of any premiums or fees, the regulated lending institution or servicer shall deposit such premiums and fees in an escrow account on behalf of the borrower. Upon receipt of a notice from the Administrator or the provider of the flood insurance that insurance premiums are due, the premiums deposited in the escrow account shall be paid to the provider of the flood insurance.

''(B) STATE ENTITIES RESPONSIBLE FOR LENDING REGULATIONS.—In order to continue to participate in the flood insurance program, each State shall direct that its State entity for lending regulation require that premiums and fees for flood insurance under the National Flood Insurance Act of 1968, for improved real estate or a mobile home shall be paid to the State lending institution or servicer for any loan secured by the improved real estate or mobile home, with the same frequency as payments on the loan are made, for the duration of the loan. Except as provided in subparagraph (C), upon receipt of any premiums or fees, the State lending institution or servicer shall deposit such premiums and fees in an escrow account on behalf of the borrower. Upon receipt of a notice from the Administrator or the provider of the flood insurance that insurance premiums are due, the premiums deposited in the escrow account shall be paid to the provider of the flood insurance.

''(C) LIMITATION.—Except as may be required under applicable State law, neither a Federal entity for lending regulation nor a State entity for lending regulation may direct or require a regulated lending institution or State lending institution to deposit premiums or fees for flood insurance under the National Flood Insurance Act of 1968 in an escrow account on behalf of a borrower under subparagraph (A) or (B), if—

''(i) the regulated lending institution or State lending institution has total assets of less than $1,000,000,000; and

''(ii) on or before the date of enactment of the Flood Insurance Reform and Modernization Act of 2012, the regulated lending institution or State lending institution—

''(I) in the case of a loan secured by residential improved real estate or a mobile home, was not required under Federal or State law to deposit taxes, insurance premiums, fees, or any other charges in an escrow account for the entire term of the loan; and

''(II) did not have a policy of consistently and uniformly requiring the deposit of taxes, insurance premiums, fees, or any other charges in an escrow account for loans secured by residential improved real estate or a mobile home.''.

(b) APPLICABILITY.—The amendment made by subsection (a)(2) shall apply to any mortgage outstanding or entered into on or after the expiration of the 2-year period beginning on the date of enactment of this Act.

SEC. 112. MINIMUM DEDUCTIBLES FOR CLAIMS UNDER THE NATIONAL FLOOD INSURANCE PROGRAM.

Section 1312 of the National Flood Insurance Act of 1968 (42 U.S.C. 4019) is amended—

(1) by striking ''The Director is'' and inserting the following:

''(a) IN GENERAL.—The Administrator is''; and

(2) by adding at the end the following:

''(b) MINIMUM ANNUAL DEDUCTIBLE.—

''(1) PRE-FIRM PROPERTIES.—For any structure which is covered by flood insurance under this title, and on which construction or substantial improvement occurred on or before December 31, 1974, or before the effective date of an initial flood insurance rate map published by the Administrator under section 1360 for the area in which such structure is located, the minimum annual deductible for damage to such structure shall be—

''(A) $1,500, if the flood insurance coverage for such structure covers loss of, or physical damage to, such structure in an amount equal to or less than $100,000; and

''(B) $2,000, if the flood insurance coverage for such structure covers loss of, or physical damage to, such structure in an amount greater than $100,000.

''(2) POST-FIRM PROPERTIES.—For any structure which is covered by flood insurance under this title, and on which construction or substantial improvement occurred after December 31, 1974, or after the effective date of an initial flood insurance rate map published by the Administrator under section 1360 for the area in which such structure is located, the minimum annual deductible for damage to such structure shall be—

''(A) $1,000, if the flood insurance coverage for such structure covers loss of, or physical damage to, such structure in an amount equal to or less than $100,000; and

''(B) $1,250, if the flood insurance coverage for such structure covers loss of, or physical damage to, such structure in an amount greater than $100,000.''.

SEC. 113. CONSIDERATIONS IN DETERMINING CHARGEABLE PREMIUM RATES.

Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015), as amended by this Act, is amended—

(1) in subsection (a), by striking '', after consultation with'' and all that follows through ''by regulation'' and inserting ''prescribe, after providing notice'';

(2) in subsection (b)—

(A) in paragraph (1), by striking the period at the end and inserting a semicolon;

(B) in paragraph (2), by striking the comma at the end and inserting a semicolon;

(C) in paragraph (3), by striking '', and'' and inserting a semicolon;

(D) in paragraph (4), by striking the period at the end and inserting ''; and''; and

(E) by adding at the end the following:

''(5) adequate, on the basis of accepted actuarial principles, to cover the average historical loss year obligations incurred by the National Flood Insurance Fund.''; and

(3) by adding at the end the following:

''(i) RULE OF CONSTRUCTION.—For purposes of this section, the calculation of an 'average historical loss year'—

''(1) includes catastrophic loss years; and

''(2) shall be computed in accordance with generally accepted actuarial principles.''.

SEC. 114. RESERVE FUND.

Chapter I of the National Flood Insurance Act of 1968 (42 U.S.C. 4011 et seq.) is amended by inserting after section 1310 (42 U.S.C. 4017) the following:

''SEC. 1310A. RESERVE FUND.

''(a) ESTABLISHMENT OF RESERVE FUND.—In carrying out the flood insurance program authorized by this chapter, the Administrator shall establish in the Treasury of the United States a National Flood Insurance Reserve Fund (in this section referred to as the 'Reserve Fund') which shall—

''(1) be an account separate from any other accounts or funds available to the Administrator; and

''(2) be available for meeting the expected future obligations of the flood insurance program.

''(b) RESERVE RATIO.—Subject to the phase-in requirements under subsection (d), the Reserve Fund shall maintain a balance equal to—

''(1) 1 percent of the sum of the total potential loss exposure of all outstanding flood

insurance policies in force in the prior fiscal year; or

''(2) such higher percentage as the Administrator determines to be appropriate, taking into consideration any circumstance that may raise a significant risk of substantial future losses to the Reserve Fund.

''(c) MAINTENANCE OF RESERVE RATIO.—

''(1) IN GENERAL.—The Administrator shall have the authority to establish, increase, or decrease the amount of aggregate annual insurance premiums to be collected for any fiscal year necessary—

''(A) to maintain the reserve ratio required under subsection (b); and

''(B) to achieve such reserve ratio, if the actual balance of such reserve is below the amount required under subsection (b).

''(2) CONSIDERATIONS.—In exercising the authority granted under paragraph (1), the Administrator shall consider—

''(A) the expected operating expenses of the Reserve Fund;

''(B) the insurance loss expenditures under the flood insurance program;

''(C) any investment income generated under the flood insurance program; and

''(D) any other factor that the Administrator determines appropriate.

''(3) LIMITATIONS.—In exercising the authority granted under paragraph (1), the Administrator shall be subject to all other provisions of this Act, including any provisions relating to chargeable premium rates or annual increases of such rates.

''(d) PHASE-IN REQUIREMENTS.—The phase-in requirements under this subsection are as follows:

''(1) IN GENERAL.—Beginning in fiscal year 2013 and not ending until the fiscal year in which the ratio required under subsection (b) is achieved, in each such fiscal year the Administrator shall place in the Reserve Fund an amount equal to not less than 7.5 percent of the reserve ratio required under subsection (b).

''(2) AMOUNT SATISFIED.—As soon as the ratio required under subsection (b) is achieved, and except as provided in paragraph (3), the Administrator shall not be required to set aside any amounts for the Reserve Fund.

''(3) EXCEPTION.—If at any time after the ratio required under subsection (b) is achieved, the Reserve Fund falls below the required ratio under subsection (b), the Administrator shall place in the Reserve Fund for that fiscal year an amount equal to not less than 7.5 percent of the reserve ratio required under subsection (b).

''(e) LIMITATION ON RESERVE RATIO.—In any given fiscal year, if the Administrator determines that the reserve ratio required under subsection (b) cannot be achieved, the Administrator shall submit a report to Congress that—

''(1) describes and details the specific concerns of the Administrator regarding the consequences of the reserve ratio not being achieved;

''(2) demonstrates how such consequences would harm the long-term financial soundness of the flood insurance program; and

''(3) indicates the maximum attainable reserve ratio for that particular fiscal year.''.

SEC. 115. REPAYMENT PLAN FOR BORROWING AUTHORITY.

Section 1309 of the National Flood Insurance Act of 1968 (42 U.S.C. 4016) is amended by adding at the end the following:

''(c) Upon the exercise of the authority established under subsection (a), the Administrator shall transmit a schedule for repayment of such amounts to—

''(1) the Secretary of the Treasury;

''(2) the Committee on Banking, Housing, and Urban Affairs of the Senate; and

''(3) the Committee on Financial Services of the House of Representatives.

''(d) In connection with any funds borrowed by the Administrator under the authority established in subsection (a), the Administrator, beginning 6 months after the date on which such funds are borrowed, and continuing every 6 months thereafter until such borrowed funds are fully repaid, shall submit a report on the progress of such repayment to—

''(1) the Secretary of the Treasury;

''(2) the Committee on Banking, Housing, and Urban Affairs of the Senate; and

''(3) the Committee on Financial Services of the House of Representatives.''.

SEC. 116. PAYMENT OF CONDOMINIUM CLAIMS.

Section 1312 of the National Flood Insurance Act of 1968 (42 U.S.C. 4019), as amended by section 112, is amended by adding at the end the following:

''(c) PAYMENT OF CLAIMS TO CONDOMINIUM OWNERS.—The Administrator may not deny payment for any damage to or loss of property which is covered by flood insurance to condominium owners who purchased such flood insurance separate and apart from the flood insurance purchased by the condominium association in which such owner is a member, based solely, or in any part, on the flood insurance coverage of the condominium association or others on the overall property owned by the condominium association.''.

SEC. 117. TECHNICAL MAPPING ADVISORY COUNCIL.

(a) ESTABLISHMENT.—There is established a council to be known as the Technical Mapping Advisory Council (in this section referred to as the ''Council'').

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Council shall consist of—

(A) the Administrator (or the designee thereof);

(B) the Secretary of the Interior (or the designee thereof);

(C) the Secretary of Agriculture (or the designee thereof);

(D) the Under Secretary of Commerce for Oceans and Atmosphere (or the designee thereof); and

(E) 14 additional members appointed by the Administrator or the designee of the Administrator, who shall be—

(i) a member of a recognized professional surveying association or organization;

(ii) a member of a recognized professional mapping association or organization;

(iii) a member of a recognized professional engineering association or organization;

(iv) a member of a recognized professional association or organization representing flood hazard determination firms;

(v) a representative of the United States Geological Survey;

(vi) a representative of a recognized professional association or organization representing State geographic information;

(vii) a representative of State national flood insurance coordination offices;

(viii) a representative of the Corps of Engineers;

(ix) a member of a recognized regional flood and storm water management organization;

(x) a representative of a State agency that has entered into a cooperating technical partnership with the Administrator and has demonstrated the capability to produce flood insurance rate maps;

(xi) a representative of a local government agency that has entered into a cooperating technical partnership with the Administrator and has demonstrated the capability to produce flood insurance rate maps;

(xii) a member of a recognized floodplain management association or organization;

(xiii) a member of a recognized risk management association or organization; and

(xiv) a State mitigation officer.

(2) QUALIFICATIONS.—Members of the Council shall be appointed based on their demonstrated knowledge and competence regarding surveying, cartography, remote sensing, geographic information systems, or the technical aspects of preparing and using flood insurance rate maps.

(c) DUTIES.—The Council shall—

(1) recommend to the Administrator how to improve in a cost-effective manner the—

(A) accuracy, general quality, ease of use, and distribution and dissemination of flood insurance rate maps and risk data; and

(B) performance metrics and milestones required to effectively and efficiently map flood risk areas in the United States;

(2) recommend to the Administrator mapping standards and guidelines for—

(A) flood insurance rate maps; and

(B) data accuracy, data quality, data currency, and data eligibility;

(3) recommend to the Administrator how to maintain, on an ongoing basis, flood insurance rate maps and flood risk identification;

(4) recommend procedures for delegating mapping activities to State and local mapping partners;

(5) recommend to the Administrator and other Federal agencies participating in the Council—

(A) methods for improving interagency and intergovernmental coordination on flood mapping and flood risk determination; and

(B) a funding strategy to leverage and coordinate budgets and expenditures across Federal agencies; and

(6) submit an annual report to the Administrator that contains—

(A) a description of the activities of the Council;

(B) an evaluation of the status and performance of flood insurance rate maps and mapping activities to revise and update flood insurance rate maps, as required under section 118; and

(C) a summary of recommendations made by the Council to the Administrator.

(d) FUTURE CONDITIONS RISK ASSESSMENT AND MODELING REPORT.—

(1) IN GENERAL.—The Council shall consult with scientists and technical experts, other Federal agencies, States, and local communities to—

(A) develop recommendations on how to—

(i) ensure that flood insurance rate maps incorporate the best available climate science to assess flood risks; and

(ii) ensure that the Federal Emergency Management Agency uses the best available methodology to consider the impact of—

(I) the rise in the sea level; and

(II) future development on flood risk; and

(B) not later than 1 year after the date of enactment of this Act, prepare written recommendations in a future conditions risk assessment and modeling report and to submit such recommendations to the Administrator.

(2) RESPONSIBILITY OF THE ADMINISTRATOR.—The Administrator, as part of the ongoing program to review and update National Flood Insurance Program rate maps under section 118, shall incorporate any future risk assessment submitted under paragraph (1)(B) in any such revision or update.

(e) CHAIRPERSON.—The members of the Council shall elect 1 member to serve as the chairperson of the Council (in this section referred to as the ''Chairperson'').

(f) COORDINATION.—To ensure that the Council's recommendations are consistent, to the maximum extent practicable, with national digital spatial data collection and management standards, the Chairperson shall consult with the Chairperson of the

Federal Geographic Data Committee (established pursuant to Office of Management and Budget Circular A–16).

(g) COMPENSATION.—Members of the Council shall receive no additional compensation by reason of their service on the Council.

(h) MEETINGS AND ACTIONS.—

(1) IN GENERAL.—The Council shall meet not less frequently than twice each year at the request of the Chairperson or a majority of its members, and may take action by a vote of the majority of the members.

(2) INITIAL MEETING.—The Administrator, or a person designated by the Administrator, shall request and coordinate the initial meeting of the Council.

(i) OFFICERS.—The Chairperson may appoint officers to assist in carrying out the duties of the Council under subsection (c).

(j) STAFF.—

(1) STAFF OF FEMA.—Upon the request of the Chairperson, the Administrator may detail, on a nonreimbursable basis, personnel of the Federal Emergency Management Agency to assist the Council in carrying out its duties.

(2) STAFF OF OTHER FEDERAL AGENCIES.—Upon request of the Chairperson, any other Federal agency that is a member of the Council may detail, on a nonreimbursable basis, personnel to assist the Council in carrying out its duties.

(k) POWERS.—In carrying out this section, the Council may hold hearings, receive evidence and assistance, provide information, and conduct research, as it considers appropriate.

(l) REPORT TO CONGRESS.—The Administrator, on an annual basis, shall report to the Committee on Banking, Housing, and Urban Affairs of the Senate, the Committee on Financial Services of the House of Representatives, and the Office of Management and Budget on the—

(1) recommendations made by the Council;

(2) actions taken by the Federal Emergency Management Agency to address such recommendations to improve flood insurance rate maps and flood risk data; and

(3) any recommendations made by the Council that have been deferred or not acted upon, together with an explanatory statement.

SEC. 118. NATIONAL FLOOD MAPPING PROGRAM.

(a) REVIEWING, UPDATING, AND MAINTAINING MAPS.—The Administrator, in coordination with the Technical Mapping Advisory Council established under section 117, shall establish an ongoing program under which the Administrator shall review, update, and maintain National Flood Insurance Program rate maps in accordance with this section.

(b) MAPPING.—

(1) IN GENERAL.—In carrying out the program established under subsection (a), the Administrator shall—

(A) identify, review, update, maintain, and publish National Flood Insurance Program rate maps with respect to—

(i) all populated areas and areas of possible population growth located within the 100-year floodplain;

(ii) all populated areas and areas of possible population growth located within the 500-year floodplain;

(iii) areas of residual risk, including areas that are protected by levees, dams, and other flood control structures;

(iv) areas that could be inundated as a result of the failure of a levee, dam, or other flood control structure; and

(v) the level of protection provided by flood control structures;

(B) establish or update flood-risk zone data in all such areas, and make estimates with respect to the rates of probable flood caused loss for the various flood risk zones for each such area; and

(C) use, in identifying, reviewing, updating, maintaining, or publishing any National Flood Insurance Program rate map required under this section or under the National Flood Insurance Act of 1968 (42 U.S.C. 4011 et seq.), the most accurate topography and elevation data available.

(2) MAPPING ELEMENTS.—Each map updated under this section shall—

(A) assess the accuracy of current ground elevation data used for hydrologic and hydraulic modeling of flooding sources and mapping of the flood hazard and wherever necessary acquire new ground elevation data utilizing the most up-to-date geospatial technologies in accordance with guidelines and specifications of the Federal Emergency Management Agency; and

(B) develop National Flood Insurance Program flood data on a watershed basis—

(i) to provide the most technically effective and efficient studies and hydrologic and hydraulic modeling; and

(ii) to eliminate, to the maximum extent possible, discrepancies in base flood elevations between adjacent political subdivisions.

(3) OTHER INCLUSIONS.—In updating maps under this section, the Administrator shall include—

(A) any relevant information on coastal inundation from—

(i) an applicable inundation map of the Corps of Engineers; and

(ii) data of the National Oceanic and Atmospheric Administration relating to storm surge modeling;

(B) any relevant information of the United States Geological Survey on stream flows, watershed characteristics, and topography that is useful in the identification of flood hazard areas, as determined by the Administrator;

(C) any relevant information on land subsidence, coastal erosion areas, and other flood-related hazards;

(D) any relevant information or data of the National Oceanic and Atmospheric Administration and the United States Geological Survey relating to the best available climate science and the potential for future inundation from sea level rise, increased precipitation, and increased intensity of hurricanes due to global warming; and

(E) any other relevant information as may be recommended by the Technical Mapping Advisory Committee.

(c) STANDARDS.—In updating and maintaining maps under this section, the Administrator shall—

(1) establish standards to—

(A) ensure that maps are adequate for—

(i) flood risk determinations; and

(ii) use by State and local governments in managing development to reduce the risk of flooding; and

(B) facilitate identification and use of consistent methods of data collection and analysis by the Administrator, in conjunction with State and local governments, in developing maps for communities with similar flood risks, as determined by the Administrator; and

(2) publish maps in a format that is—

(A) digital geospatial data compliant;

(B) compliant with the open publishing and data exchange standards established by the Open Geospatial Consortium; and

(C) aligned with official data defined by the National Geodetic Survey.

(d) COMMUNICATION AND OUTREACH.—

(1) IN GENERAL.—The Administrator shall—

(A) work to enhance communication and outreach to States, local communities, and property owners about the effects—

(i) of any potential changes to National Flood Insurance Program rate maps that may result from the mapping program required under this section; and

(ii) that any such changes may have on flood insurance purchase requirements; and

(B) engage with local communities to enhance communication and outreach to the residents of such communities on the matters described under subparagraph (A).

(2) REQUIRED ACTIVITIES.—The communication and outreach activities required under paragraph (1) shall include—

(A) notifying property owners when their properties become included in, or when they are excluded from, an area covered by the mandatory flood insurance purchase requirement under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a);

(B) educating property owners regarding the flood risk and reduction of this risk in their community, including the continued flood risks to areas that are no longer subject to the flood insurance mandatory purchase requirement;

(C) educating property owners regarding the benefits and costs of maintaining or acquiring flood insurance, including, where applicable, lower-cost preferred risk policies under the National Flood Insurance Act of 1968 (42 U.S.C. 4011 et seq.) for such properties and the contents of such properties;

(D) educating property owners about flood map revisions and the process available to such owners to appeal proposed changes in flood elevations through their community; and

(E) encouraging property owners to maintain or acquire flood insurance coverage.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Administrator to carry out this section $400,000,000 for each of fiscal years 2013 through 2017.

SEC. 119. SCOPE OF APPEALS.

Section 1363 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104) is amended—

(1) in subsection (a)—

(A) by inserting ''and designating areas having special flood hazards'' after ''flood elevations''; and

(B) by striking ''such determinations'' and inserting ''such determinations and designations''; and

(2) in subsection (b)—

(A) in the first sentence, by inserting ''and designations of areas having special flood hazards'' after ''flood elevation determinations''; and

(B) by amending the third sentence to read as follows: ''The sole grounds for appeal shall be the possession of knowledge or information indicating that (1) the elevations being proposed by the Administrator with respect to an identified area having special flood hazards are scientifically or technically incorrect, or (2) the designation of an identified special flood hazard area is scientifically or technically incorrect.''.

SEC. 120. SCIENTIFIC RESOLUTION PANEL.

(a) ESTABLISHMENT.—Chapter III of the National Flood Insurance Act of 1968 (42 U.S.C. 4101 et seq.) is amended by inserting after section 1363 (42 U.S.C. 4104) the following:

''SEC. 1363A. SCIENTIFIC RESOLUTION PANEL.

''(a) AVAILABILITY.—

''(1) IN GENERAL.—Pursuant to the authority provided under section 1363(e), the Administrator shall make available an independent review panel, to be known as the Scientific Resolution Panel, to any community—

''(A) that has—

''(i) filed a timely map appeal in accordance with section 1363;

''(ii) completed 60 days of consultation with the Federal Emergency Management Agency on the appeal; and

''(iii) not allowed more than 120 days, or such longer period as may be provided by the

Administrator by waiver, to pass since the end of the appeal period; or

''(B) that has received an unsatisfactory ruling under the map revision process established pursuant to section 1360(f).

''(2) APPEALS BY OWNERS AND LESSEES.—If a community and an owner or lessee of real property within the community appeal a proposed determination of a flood elevation under section 1363(b), upon the request of the community—

''(A) the owner or lessee shall submit scientific and technical data relating to the appeals to the Scientific Resolution Panel; and

''(B) the Scientific Resolution Panel shall make a determination with respect to the appeals in accordance with subsection (c).

''(3) DEFINITION.—For purposes of paragraph (1)(B), an 'unsatisfactory ruling' means that a community—

''(A) received a revised Flood Insurance Rate Map from the Federal Emergency Management Agency, via a Letter of Final Determination, after September 30, 2008, and prior to the date of enactment of this section;

''(B) has subsequently applied for a Letter of Map Revision or Physical Map Revision with the Federal Emergency Management Agency; and

''(C) has received an unfavorable ruling on their request for a map revision.

''(b) MEMBERSHIP.—The Scientific Resolution Panel made available under subsection (a) shall consist of 5 members with expertise that relates to the creation and study of flood hazard maps and flood insurance. The Scientific Resolution Panel may include representatives from Federal agencies not involved in the mapping study in question and from other impartial experts. Employees of the Federal Emergency Management Agency may not serve on the Scientific Resolution Panel.

''(c) DETERMINATION.—

''(1) IN GENERAL.—Following deliberations, and not later than 90 days after its formation, the Scientific Resolution Panel shall issue a determination of resolution of the dispute. Such determination shall set forth recommendations for the base flood elevation determination or the designation of an area having special flood hazards that shall be reflected in the Flood Insurance Rate Maps.

''(2) BASIS.—The determination of the Scientific Resolution Panel shall be based on—

''(A) data previously provided to the Administrator by the community, and, in the case of a dispute submitted under subsection (a)(2), an owner or lessee of real property in the community; and

''(B) data provided by the Administrator.

''(3) NO ALTERNATIVE DETERMINATIONS PERMISSIBLE.—The Scientific Resolution Panel—

''(A) shall provide a determination of resolution of a dispute that—

''(i) is either in favor of the Administrator or in favor of the community on each distinct element of the dispute; or

''(ii) in the case of a dispute submitted under subsection (a)(2), is in favor of the Administrator, in favor of the community, or in favor of the owner or lessee of real property in the community on each distinct element of the dispute; and

''(B) may not offer as a resolution any other alternative determination.

''(4) EFFECT OF DETERMINATION.—

''(A) BINDING.—The recommendations of the Scientific Resolution Panel shall be binding on all appellants and not subject to further judicial review unless the Administrator determines that implementing the determination of the panel would—

''(i) pose a significant threat due to failure to identify a substantial risk of special flood hazards; or

''(ii) violate applicable law.

''(B) WRITTEN JUSTIFICATION NOT TO ENFORCE.—If the Administrator elects not to implement the determination of the Scientific Resolution Panel pursuant to subparagraph (A), then not later than 60 days after the issuance of the determination, the Administrator shall issue a written justification explaining such election.

''(C) APPEAL OF DETERMINATION NOT TO ENFORCE.—If the Administrator elects not to implement the determination of the Scientific Resolution Panel pursuant to subparagraph (A), the community may appeal the determination of the Administrator as provided for under section 1363(g).

''(d) MAPS USED FOR INSURANCE AND MANDATORY PURCHASE REQUIREMENTS.—With respect to any community that has a dispute that is being considered by the Scientific Resolution Panel formed pursuant to this subsection, the Federal Emergency Management Agency shall ensure that for each such community that—

''(1) the Flood Insurance Rate Map described in the most recently issued Letter of Final Determination shall be in force and effect with respect to such community; and

''(2) flood insurance shall continue to be made available to the property owners and residents of the participating community.''.

(b) CONFORMING AMENDMENTS.—

(1) ADMINISTRATIVE REVIEW.—Section 1363(e) of the National Flood Insurance Act of 1968 (42 U.S.C. 4104(e)) is amended, in the second sentence, by striking ''an independent scientific body or appropriate Federal agency for advice'' and inserting ''the Scientific Resolution Panel provided for in section 1363A''.

(2) JUDICIAL REVIEW.—The first sentence of section 1363(g) of the National Flood Insurance Act of 1968 (42 U.S.C. 4104(g)) is amended by striking ''Any appellant'' and inserting ''Except as provided in section 1363A, any appellant''.

SEC. 121. REMOVAL OF LIMITATION ON STATE CONTRIBUTIONS FOR UPDATING FLOOD MAPS.

Section 1360(f)(2) of the National Flood Insurance Act of 1968 (42 U.S.C. 4101(f)(2)) is amended by striking '', but which may not exceed 50 percent of the cost of carrying out the requested revision or update''.

SEC. 122. COORDINATION.

(a) INTERAGENCY BUDGET CROSSCUT AND COORDINATION REPORT.—

(1) IN GENERAL.—The Secretary of Homeland Security, the Administrator, the Director of the Office of Management and Budget, and the heads of each Federal department or agency carrying out activities under sections 117 and 118 shall work together to ensure that flood risk determination data and geospatial data are shared among Federal agencies in order to coordinate the efforts of the Nation to reduce its vulnerability to flooding hazards.

(2) REPORT.—Not later than 30 days after the submission of the budget of the United States Government by the President to Congress, the Director of the Office of Management and Budget, in coordination with the Federal Emergency Management Agency, the United States Geological Survey, the National Oceanic and Atmospheric Administration, the Corps of Engineers, and other Federal agencies, as appropriate, shall submit to the appropriate authorizing and appropriating committees of the Senate and the House of Representatives an interagency budget crosscut and coordination report, certified by the Secretary or head of each such agency, that—

(A) contains an interagency budget crosscut report that displays relevant sections of the budget proposed for each of the Federal agencies working on flood risk determination data and digital elevation models, including any planned interagency or intra-agency transfers; and

(B) describes how the efforts aligned with such sections complement one another.

(b) DUTIES OF THE ADMINISTRATOR.—In carrying out sections 117 and 118, the Administrator shall—

(1) participate, pursuant to section 216 of the E–Government Act of 2002 (44 U.S.C. 3501 note), in the establishment of such standards and common protocols as are necessary to assure the interoperability of geospatial data for all users of such information;

(2) coordinate with, seek assistance and cooperation of, and provide a liaison to the Federal Geographic Data Committee pursuant to the Office of Management and Budget Circular A–16 and Executive Order 12906 (43 U.S.C. 1457 note; relating to the National Spatial Data Infrastructure) for the implementation of and compliance with such standards;

(3) integrate with, leverage, and coordinate funding of, to the maximum extent practicable, the current flood mapping activities of each unit of State and local government;

(4) integrate with, leverage, and coordinate, to the maximum extent practicable, the current geospatial activities of other Federal agencies and units of State and local government; and

(5) develop a funding strategy to leverage and coordinate budgets and expenditures, and to maintain or establish joint funding and other agreement mechanisms with other Federal agencies and units of State and local government to share in the collection and utilization of geospatial data among all governmental users.

SEC. 123. INTERAGENCY COORDINATION STUDY.

(a) IN GENERAL.—The Administrator shall enter into a contract with the National Academy of Public Administration to conduct a study on how the Federal Emergency Management Agency—

(1) should improve interagency and intergovernmental coordination on flood mapping, including a funding strategy to leverage and coordinate budgets and expenditures; and

(2) can establish joint funding mechanisms with other Federal agencies and units of State and local government to share the collection and utilization of data among all governmental users.

(b) TIMING.—A contract entered into under subsection (a) shall require that, not later than 180 days after the date of enactment of this title, the National Academy of Public Administration shall report the findings of the study required under subsection (a) to—

(1) the Committee on Banking, Housing, and Urban Affairs of the Senate;

(2) the Committee on Financial Services of the House of Representatives;

(3) the Committee on Appropriations of the Senate; and

(4) the Committee on Appropriations of the House of Representatives.

SEC. 124. NONMANDATORY PARTICIPATION.

(a) NONMANDATORY PARTICIPATION IN NATIONAL FLOOD INSURANCE PROGRAM FOR 500-YEAR FLOODPLAIN.—Any area that is within the 500-year floodplain and is not an area having special flood hazards shall not be subject to the mandatory purchase requirements of sections 102 or 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a and 4106).

(b) NOTICE.—

(1) BY ADMINISTRATOR.—In carrying out the National Flood Insurance Program, the Administrator shall provide notice to any community located in an area that is within the 500-year floodplain and is not an area having special flood hazards.

(2) TIMING OF NOTICE.—The notice required under paragraph (1) shall be made not later than 6 months after the date of completion of the initial mapping of the 500-year floodplain, as required under section 118.

(3) LENDER REQUIRED NOTICE.—

(A) REGULATED LENDING INSTITUTIONS.—

(i) FEDERAL LENDING INSTITUTIONS.—Each Federal entity for lending regulation (after consultation and coordination with the Federal Financial Institutions Examination Council) shall, by regulation, require regulated lending institutions, as a condition of making, increasing, extending, or renewing any loan secured by property located in an area that is within the 500-year floodplain and is not an area having special flood hazards, to notify the purchaser or lessee (or obtain satisfactory assurances that the seller or lessor has notified the purchaser or lessee) and the servicer of the loan that such property is located in an area that is within the 500-year floodplain, in a manner that is consistent with, and substantially identical to, the notice required under section 1364(a)(1) of the National Flood Insurance Act of 1968 (42 U.S.C. 4104a(a)(1)).

(ii) STATE LENDING INSTITUTIONS.—In order to continue to participate in the flood insurance program, each State shall direct that its State entity for lending regulation require State lending institutions (as such terms are defined in section 3 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4003)), as a condition of making, increasing, extending, or renewing any loan secured by property located in an area that is within the 500-year floodplain and is not an area having special flood hazards, to notify the purchaser or lessee (or obtain satisfactory assurances that the seller or lessor has notified the purchaser or lessee) and the servicer of the loan that such property is located in an area that is within the 500-year floodplain, in a manner that is consistent with, and substantially identical to, the notice required under section 1364(a)(1) of the National Flood Insurance Act of 1968 (42 U.S.C. 4104a(a)(1)).

(B) FEDERAL AND STATE AGENCY LENDERS.—

(i) FEDERAL AGENCY LENDERS.—Each Federal agency lender shall, by regulation, require notification in the same manner as provided under subparagraph (A) with respect to any loan that is made by a Federal agency lender and secured by property located in an area that is within the 500-year floodplain and is not an area having special flood hazards.

(ii) STATE AGENCY LENDERS.—In order to continue to participate in the flood insurance program, each State shall require any State agency lender to provide notification in the same manner as provided under subparagraph (A) with respect to any loan that is made by the State agency lender and secured by property located in an area that is within the 500-year floodplain and is not an area having special flood hazards.

(C) PENALTY FOR NONCOMPLIANCE.—Any regulated lending institution or Federal or State agency lender that fails to comply with the notice requirements established by this paragraph shall be subject to the penalties prescribed under section 102(f)(5) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a(f)(5)).

SEC. 125. NOTICE OF FLOOD INSURANCE AVAILABILITY UNDER RESPA.

Section 5(b) of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2604(b)), as amended by section 1450 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203; 124 Stat. 2174), is amended by adding at the end the following:

''(14) An explanation of flood insurance and the availability of flood insurance under the National Flood Insurance Program, whether or not the real estate is located in an area having special flood hazards.''.

SEC. 126. PARTICIPATION IN STATE DISASTER CLAIMS MEDIATION PROGRAMS.

Chapter I of the National Flood Insurance Act of 1968 (42 U.S.C. 4011 et seq.) is amended by inserting after section 1313 (42 U.S.C. 4020) the following:

''SEC. 1314. PARTICIPATION IN STATE DISASTER CLAIMS MEDIATION PROGRAMS.

''(a) REQUIREMENT TO PARTICIPATE.—In the case of the occurrence of a major disaster, as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122), that may have resulted in flood damage covered under the national flood insurance program established under this title and other personal lines residential property insurance coverage offered by a State regulated insurer, upon a request made by the insurance commissioner of a State (or such other official responsible for regulating the business of insurance in the State) for the participation of representatives of the Administrator in a program sponsored by such State for nonbinding mediation of insurance claims resulting from a major disaster, the Administrator shall cause representatives of the national flood insurance program to participate in such a State program where claims under the national flood insurance program are involved to expedite settlement of flood damage claims resulting from such disaster.

''(b) EXTENT OF PARTICIPATION.—In satisfying the requirements of subsection (a), the Administrator shall require that each representative of the Administrator—

''(1) be certified for purposes of the national flood insurance program to settle claims against such program resulting from such disaster in amounts up to the limits of policies under such program;

''(2) attend State-sponsored mediation meetings regarding flood insurance claims resulting from such disaster at such times and places as may be arranged by the State;

''(3) participate in good-faith negotiations toward the settlement of such claims with policyholders of coverage made available under the national flood insurance program; and

''(4) finalize the settlement of such claims on behalf of the national flood insurance program with such policyholders.

''(c) COORDINATION.—Representatives of the Administrator shall at all times coordinate their activities with insurance officials of the State and representatives of insurers for the purposes of consolidating and expediting settlement of claims under the national flood insurance program resulting from such disaster.

''(d) QUALIFICATIONS OF MEDIATORS.—Each State mediator participating in State-sponsored mediation under this section shall be—

''(1)(A) a member in good standing of the State bar in the State in which the mediation is to occur with at least 2 years of practical experience; and

''(B) an active member of such bar for at least 1 year prior to the year in which such mediator's participation is sought; or

''(2) a retired trial judge from any United States jurisdiction who was a member in good standing of the bar in the State in which the judge presided for at least 5 years prior to the year in which such mediator's participation is sought.

''(e) MEDIATION PROCEEDINGS AND DOCUMENTS PRIVILEGED.—As a condition of participation, all statements made and documents produced pursuant to State-sponsored mediation involving representatives of the Administrator shall be deemed privileged and confidential settlement negotiations made in anticipation of litigation.

''(f) LIABILITY, RIGHTS, OR OBLIGATIONS NOT AFFECTED.—Participation in State-sponsored mediation, as described in this section does not—

''(1) affect or expand the liability of any party in contract or in tort; or

''(2) affect the rights or obligations of the parties, as established—

''(A) in any regulation issued by the Administrator, including any regulation relating to a standard flood insurance policy;

''(B) under this title; and

''(C) under any other provision of Federal law.

''(g) EXCLUSIVE FEDERAL JURISDICTION.—Participation in State-sponsored mediation shall not alter, change, or modify the original exclusive jurisdiction of United States courts, as set forth in this title.

''(h) COST LIMITATION.—Nothing in this section shall be construed to require the Administrator or a representative of the Administrator to pay additional mediation fees relating to flood insurance claims associated with a State-sponsored mediation program in which such representative of the Administrator participates.

''(i) EXCEPTION.—In the case of the occurrence of a major disaster that results in flood damage claims under the national flood insurance program and that does not result in any loss covered by a personal lines residential property insurance policy—

''(1) this section shall not apply; and

''(2) the provisions of the standard flood insurance policy under the national flood insurance program and the appeals process established under section 205 of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (42 U.S.C. 4011 note) and the regulations issued pursuant to such section shall apply exclusively.

''(j) REPRESENTATIVES OF THE ADMINISTRATOR.—For purposes of this section, the term 'representatives of the Administrator' means representatives of the national flood insurance program who participate in the appeals process established under section 205 of the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (42 U.S.C. 4011 note).''.

SEC. 127. ADDITIONAL AUTHORITY OF FEMA TO COLLECT INFORMATION ON CLAIMS PAYMENTS.

(a) IN GENERAL.—The Administrator shall collect, from property and casualty insurance companies that are authorized by the Administrator to participate in the Write Your Own program, any information and data needed to determine the accuracy of the resolution of flood claims filed on any property insured with a standard flood insurance policy obtained under the program that was subject to a flood.

(b) TYPE OF INFORMATION TO BE COLLECTED.—The information and data to be collected under subsection (a) may include—

(1) any adjuster estimates made as a result of flood damage, and if the insurance company also insures the property for wind damage—

(A) any adjuster estimates for both wind and flood damage;

(B) the amount paid to the property owner for wind and flood claims; and

(C) the total amount paid to the policyholder for damages as a result of the event that caused the flooding and other losses;

(2) any amounts paid to the policyholder by the insurance company for damages to the insured property other than flood damages; and

(3) the total amount paid to the policyholder by the insurance company for all damages incurred to the insured property as a result of the flood.

SEC. 128. OVERSIGHT AND EXPENSE REIMBURSEMENTS OF INSURANCE COMPANIES.

(a) SUBMISSION OF BIENNIAL REPORTS.—

(1) TO THE ADMINISTRATOR.—Not later than 20 days after the date of enactment of this Act, each property and casualty insurance company participating in the Write Your Own program shall submit to the Administrator any biennial report required by the Federal Emergency Management Agency to be prepared in the prior 5 years by such company.

(2) TO GAO.—Not later than 10 days after the submission of the biennial reports under paragraph (1), the Administrator shall submit all such reports to the Comptroller General of the United States.

(3) NOTICE TO CONGRESS OF FAILURE TO COMPLY.—The Administrator shall notify and report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives on any property and casualty insurance company participating in the Write Your Own program that failed to submit its biennial reports as required under paragraph (1).

(4) FAILURE TO COMPLY.—A property and casualty insurance company participating in the Write Your Own program which fails to comply with the reporting requirement under this subsection or the requirement under section 62.23(j)(1) of title 44, Code of Federal Regulations (relating to biennial audit of the flood insurance financial statements) shall be subject to a civil penalty in an amount equal to $1,000 per day for each day that the company remains in noncompliance with either such requirement.

(b) METHODOLOGY TO DETERMINE REIMBURSED EXPENSES.—Not later than 180 days after the date of enactment of this Act, the Administrator shall develop a methodology for determining the appropriate amounts that property and casualty insurance companies participating in the Write Your Own program should be reimbursed for selling, writing, and servicing flood insurance policies and adjusting flood insurance claims on behalf of the National Flood Insurance Program. The methodology shall be developed using actual expense data for the flood insurance line and can be derived from—

(1) flood insurance expense data produced by the property and casualty insurance companies;

(2) flood insurance expense data collected by the National Association of Insurance Commissioners; or

(3) a combination of the methodologies described in paragraphs (1) and (2).

(c) SUBMISSION OF EXPENSE REPORTS.—To develop the methodology established under subsection (b), the Administrator may require each property and casualty insurance company participating in the Write Your Own program to submit a report to the Administrator, in a format determined by the Administrator and within 60 days of the request, that details the expense levels of each such company for selling, writing, and servicing standard flood insurance policies and adjusting and servicing claims.

(d) FEMA RULEMAKING ON REIMBURSEMENT OF EXPENSES UNDER THE WRITE YOUR OWN PROGRAM.—Not later than 12 months after the date of enactment of this Act, the Administrator shall issue a rule to formulate revised expense reimbursements to property and casualty insurance companies participating in the Write Your Own program for their expenses (including their operating and administrative expenses for adjustment of claims) in selling, writing, and servicing standard flood insurance policies, including how such companies shall be reimbursed in both catastrophic and noncatastrophic years. Such reimbursements shall be structured to ensure reimbursements track the actual expenses, including standard business costs and operating expenses, of such companies as closely as practicably possible.

(e) REPORT OF THE ADMINISTRATOR.—Not later than 60 days after the effective date of the final rule issued pursuant to subsection (d), the Administrator shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report containing—

(1) the specific rationale and purposes of such rule;

(2) the reasons for the adoption of the policies contained in such rule; and

(3) the degree to which such rule accurately represents the true operating costs and expenses of property and casualty insurance companies participating in the Write Your Own program.

(f) GAO STUDY AND REPORT ON EXPENSES OF WRITE YOUR OWN PROGRAM.—

(1) STUDY.—Not later than 180 days after the effective date of the final rule issued pursuant to subsection (d), the Comptroller General of the United States shall—

(A) conduct a study on the efficacy, adequacy, and sufficiency of the final rules issued pursuant to subsection (d); and

(B) report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives on the findings of the study conducted under subparagraph (A).

(2) GAO AUTHORITY.—In conducting the study and report required under paragraph (1), the Comptroller General—

(A) may use any previous findings, studies, or reports that the Comptroller General previously completed on the Write Your Own program;

(B) shall determine if—

(i) the final rule issued pursuant to subsection (d) allows the Federal Emergency Management Agency to access adequate information regarding the actual expenses of property and casualty insurance companies participating in the Write Your Own program; and

(ii) the actual reimbursements paid out under the final rule issued pursuant to subsection (d) accurately reflect the expenses reported by property and casualty insurance companies participating in the Write Your Own program, including the standard business costs and operating expenses of such companies; and

(C) shall analyze the effect of the final rule issued pursuant to subsection (d) on the level of participation of property and casualty insurers in the Write Your Own program.

SEC. 129. MITIGATION.

(a) MITIGATION ASSISTANCE GRANTS.—Section 1366 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104c) is amended—

(1) by striking subsections (b), (d), (f), (g), (h), (k), and (m);

(2) by redesignating subsections (c), (e), (i), and (j) as subsections (b), (c), (e), and (f), respectively;

(3) in subsection (a), by striking the last sentence and inserting the following: ''Such financial assistance shall be made available—

''(1) to States and communities in the form of grants under this section for carrying out mitigation activities;

''(2) to States and communities in the form of grants under this section for carrying out mitigation activities that reduce flood damage to severe repetitive loss structures; and

''(3) to property owners in the form of direct grants under this section for carrying out mitigation activities that reduce flood damage to individual structures for which 2 or more claim payments for losses have been made under flood insurance coverage under this title if the Administrator, after consultation with the State and community, determines that neither the State nor community in which such a structure is located has the capacity to manage such grants.'';

(4) in subsection (b), as so redesignated, in the first sentence—

(A) by striking ''and provides protection against'' and inserting ''provides for reduction of''; and

(B) by inserting before the period at the end the following: '', and may be included in a multihazard mitigation plan'';

(5) in subsection (c), as so redesignated—

(A) in paragraph (1), by striking ''(1) USE OF AMOUNTS.—'' and all that follows through the end of the first sentence and inserting the following:

''(1) REQUIREMENT OF CONSISTENCY WITH APPROVED MITIGATION PLAN.—Amounts provided under this section may be used only for mitigation activities that are consistent with mitigation plans that are approved by the Administrator and identified under paragraph (4).'';

(B) by striking paragraphs (2), (3), and (4) and inserting the following new paragraphs:

''(2) REQUIREMENTS OF TECHNICAL FEASIBILITY, COST EFFECTIVENESS, AND INTEREST OF NFIF.—The Administrator may approve only mitigation activities that the Administrator determines are technically feasible and cost effective and in the interest of, and represent savings to, the National Flood Insurance Fund. In making such determinations, the Administrator shall take into consideration recognized ancillary benefits.

''(3) PRIORITY FOR MITIGATION ASSISTANCE.—In providing grants under this section for mitigation activities, the Administrator shall give priority for funding to activities that the Administrator determines will result in the greatest savings to the National Flood Insurance Fund, including activities for—

''(A) severe repetitive loss structures;

''(B) repetitive loss structures; and

''(C) other subsets of structures as the Administrator may establish.'';

(C) by redesignating paragraph (5) as paragraph (4);

(D) in paragraph (4), as so redesignated—

(i) in the matter preceding subparagraph (A), by striking ''The Director'' and all that follows through ''Such activities may'' and inserting ''Eligible activities under a mitigation plan may'';

(ii) by striking subparagraphs (E) and (H);

(iii) by redesignating subparagraphs (D), (F), and (G) as subparagraphs (E), (G), and (H), respectively;

(iv) by inserting after subparagraph (C) the following new subparagraph:

''(D) elevation, relocation, or floodproofing of utilities (including equipment that serves structures);'';

(v) by inserting after subparagraph (E), as so redesignated, the following new subparagraph:

''(F) the development or update of mitigation plans by a State or community which meet the planning criteria established by the Administrator, except that the amount from grants under this section that may be used under this subparagraph may not exceed $50,000 for any mitigation plan of a State or $25,000 for any mitigation plan of a community;'';

(vi) in subparagraph (H); as so redesignated, by striking ''and'' at the end; and

(vii) by adding at the end the following new subparagraphs:

''(I) other mitigation activities not described in subparagraphs (A) through (G) or the regulations issued under subparagraph (H), that are described in the mitigation plan of a State or community; and

''(J) without regard to the requirements under paragraphs (1) and (2) of subsection (d), and if the State applied for and was awarded at least $1,000,000 in grants available under

this section in the prior fiscal year, technical assistance to communities to identify eligible activities, to develop grant applications, and to implement grants awarded under this section, not to exceed $50,000 to any 1 State in any fiscal year.'';

(E) by adding at the end the following new paragraph:

''(5) ELIGIBILITY OF DEMOLITION AND REBUILDING OF PROPERTIES.—The Administrator shall consider as an eligible activity the demolition and rebuilding of properties to at least base flood elevation or greater, if required by the Administrator or if required by any State regulation or local ordinance, and in accordance with criteria established by the Administrator.''; and

(6) by inserting after subsection (c), as so redesignated, the following new subsection:

''(d) MATCHING REQUIREMENT.—The Administrator may provide grants for eligible mitigation activities as follows:

''(1) SEVERE REPETITIVE LOSS STRUCTURES.—In the case of mitigation activities to severe repetitive loss structures, in an amount up to 100 percent of all eligible costs.

''(2) REPETITIVE LOSS STRUCTURES.—In the case of mitigation activities to repetitive loss structures, in an amount up to 90 percent of all eligible costs.

''(3) OTHER MITIGATION ACTIVITIES.—In the case of all other mitigation activities, in an amount up to 75 percent of all eligible costs.'';

(7) in subsection (e)(2), as so redesignated—

(A) by striking ''certified under subsection (g)'' and inserting ''required under subsection (d)''; and

(B) by striking ''3 times the amount'' and inserting ''the amount'';

(8) in subsection (f), as so redesignated, by striking ''Riegle Community Development and Regulatory Improvement Act of 1994'' and inserting ''Flood Insurance Reform and Modernization Act of 2012''; and

(9) by adding at the end the following new subsections:

''(g) FAILURE TO MAKE GRANT AWARD WITHIN 5 YEARS.—For any application for a grant under this section for which the Administrator fails to make a grant award within 5 years of the date of the application, the grant application shall be considered to be denied and any funding amounts allocated for such grant applications shall remain in the National Flood Mitigation Fund under section 1367 of this title and shall be made available for grants under this section.

''(h) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

''(1) COMMUNITY.—The term 'community' means—

''(A) a political subdivision that—

''(i) has zoning and building code jurisdiction over a particular area having special flood hazards; and

''(ii) is participating in the national flood insurance program; or

''(B) a political subdivision of a State, or other authority, that is designated by political subdivisions, all of which meet the requirements of subparagraph (A), to administer grants for mitigation activities for such political subdivisions.

''(2) REPETITIVE LOSS STRUCTURE.—The term 'repetitive loss structure' has the meaning given such term in section 1370.

''(3) SEVERE REPETITIVE LOSS STRUCTURE.—The term 'severe repetitive loss structure' means a structure that—

''(A) is covered under a contract for flood insurance made available under this title; and

''(B) has incurred flood-related damage—

''(i) for which 4 or more separate claims payments have been made under flood insurance coverage under this title, with the amount of each such claim exceeding $5,000, and with the cumulative amount of such claims payments exceeding $20,000; or

''(ii) for which at least 2 separate claims payments have been made under such coverage, with the cumulative amount of such claims exceeding the value of the insured structure.''.

(b) ELIMINATION OF GRANTS PROGRAM FOR REPETITIVE INSURANCE CLAIMS PROPERTIES.—Chapter I of the National Flood Insurance Act of 1968 is amended by striking section 1323 (42 U.S.C. 4030).

(c) ELIMINATION OF PILOT PROGRAM FOR MITIGATION OF SEVERE REPETITIVE LOSS PROPERTIES.—Chapter III of the National Flood Insurance Act of 1968 is amended by striking section 1361A (42 U.S.C. 4102a).

(d) NATIONAL FLOOD INSURANCE FUND.—Section 1310(a) of the National Flood Insurance Act of 1968 (42 U.S.C. 4017(a)) is amended—

(1) in paragraph (6), by inserting ''and'' after the semicolon;

(2) in paragraph (7), by striking the semicolon and inserting a period; and

(3) by striking paragraphs (8) and (9).

(e) NATIONAL FLOOD MITIGATION FUND.—Section 1367 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104d) is amended—

(1) in subsection (b)—

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

''(1) in each fiscal year, amounts from the National Flood Insurance Fund not to exceed $90,000,000 and to remain available until expended, of which—

''(A) not more than $40,000,000 shall be available pursuant to subsection (a) of this section for assistance described in section 1366(a)(1);

''(B) not more than $40,000,000 shall be available pursuant to subsection (a) of this section for assistance described in section 1366(a)(2); and

''(C) not more than $10,000,000 shall be available pursuant to subsection (a) of this section for assistance described in section 1366(a)(3);''; and

(B) in paragraph (3), by striking ''section 1366(i)'' and inserting ''section 1366(e)'';

(2) in subsection (c), by striking ''sections 1366 and 1323'' and inserting ''section 1366'';

(3) by redesignating subsections (d) and (e) as subsections (f) and (g), respectively; and

(4) by inserting after subsection (c) the following new subsections:

''(d) PROHIBITION ON OFFSETTING COLLECTIONS.—Notwithstanding any other provision of this title, amounts made available pursuant to this section shall not be subject to offsetting collections through premium rates for flood insurance coverage under this title.

''(e) CONTINUED AVAILABILITY AND REALLOCATION.—Any amounts made available pursuant to subparagraph (A), (B), or (C) of subsection (b)(1) that are not used in any fiscal year shall continue to be available for the purposes specified in the subparagraph of subsection (b)(1) pursuant to which such amounts were made available, unless the Administrator determines that reallocation of such unused amounts to meet demonstrated need for other mitigation activities under section 1366 is in the best interest of the National Flood Insurance Fund.''.

(f) INCREASED COST OF COMPLIANCE COVERAGE.—Section 1304(b)(4) of the National Flood Insurance Act of 1968 (42 U.S.C. 4011(b)(4)) is amended—

(1) by striking subparagraph (B); and

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

SEC. 130. FLOOD PROTECTION STRUCTURE ACCREDITATION TASK FORCE.

(a) DEFINITIONS.—In this section—

(1) the term ''flood protection structure accreditation requirements'' means the requirements established under section 65.10 of title 44, Code of Federal Regulations, for levee systems to be recognized on maps created for purposes of the National Flood Insurance Program;

(2) the term ''National Committee on Levee Safety'' means the Committee on Levee Safety established under section 9003 of the National Levee Safety Act of 2007 (33 U.S.C. 3302); and

(3) the term ''task force'' means the Flood Protection Structure Accreditation Task Force established under subsection (b).

(b) ESTABLISHMENT.—

(1) IN GENERAL.—The Administrator and the Secretary of the Army, acting through the Chief of Engineers, in cooperation with the National Committee on Levee Safety, shall jointly establish a Flood Protection Structure Accreditation Task Force.

(2) DUTIES.—

(A) DEVELOPING PROCESS.—The task force shall develop a process to better align the information and data collected by or for the Corps of Engineers under the Inspection of Completed Works Program with the flood protection structure accreditation requirements so that—

(i) information and data collected for either purpose can be used interchangeably; and

(ii) information and data collected by or for the Corps of Engineers under the Inspection of Completed Works Program is sufficient to satisfy the flood protection structure accreditation requirements.

(B) GATHERING RECOMMENDATIONS.—The task force shall gather, and consider in the process developed under subparagraph (A), recommendations from interested persons in each region relating to the information, data, and accreditation requirements described in subparagraph (A).

(3) CONSIDERATIONS.—In developing the process under paragraph (2), the task force shall consider changes to—

(A) the information and data collected by or for the Corps of Engineers under the Inspection of Completed Works Program; and

(B) the flood protection structure accreditation requirements.

(4) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to require a reduction in the level of public safety and flood control provided by accredited levees, as determined by the Administrator for purposes of this section.

(c) IMPLEMENTATION.—The Administrator and the Secretary of the Army, acting through the Chief of Engineers, shall implement the process developed by the task force under subsection (b).

(d) REPORTS.—The Administrator and the Secretary of the Army, acting through the Chief of Engineers, in cooperation with the National Committee on Levee Safety, shall jointly submit to the Committee on Banking, Housing, and Urban Affairs and the Committee on Environment and Public Works of the Senate and the Committee on Financial Services, the Committee on Transportation and Infrastructure, and the Committee on Natural Resources of the House of Representatives reports concerning the activities of the task force and the implementation of the process developed by the task force under subsection (b), including—

(1) an interim report, not later than 180 days after the date of enactment of this Act; and

(2) a final report, not later than 1 year after the date of enactment of this Act.

(e) TERMINATION.—The task force shall terminate on the date of submission of the report under subsection (d)(2).

SEC. 131. FLOOD IN PROGRESS DETERMINATIONS.

(a) REPORT.—

(1) REVIEW.—The Administrator shall review—

(A) the processes and procedures for determining that a flood event has commenced or is in progress for purposes of flood insurance coverage made available under the National Flood Insurance Program;

(B) the processes and procedures for providing public notification that such a flood event has commenced or is in progress;

(C) the processes and procedures regarding the timing of public notification of flood insurance requirements and availability; and

(D) the effects and implications that weather conditions, including rainfall, snowfall, projected snowmelt, existing water levels, and other conditions, have on the determination that a flood event has commenced or is in progress.

(2) REPORT.—Not later than 6 months after the date of enactment of this Act, the Administrator shall submit a report to Congress that describes—

(A) the results and conclusions of the review under paragraph (1); and

(B) any actions taken, or proposed actions to be taken, by the Administrator to provide for more precise and technical processes and procedures for determining that a flood event has commenced or is in progress.

(b) EFFECTIVE DATE OF POLICIES COVERING PROPERTIES AFFECTED BY FLOODING OF THE MISSOURI RIVER IN 2011.—

(1) ELIGIBLE COVERAGE.—For purposes of this subsection, the term ''eligible coverage'' means coverage under a new contract for flood insurance coverage under the National Flood Insurance Program, or a modification to coverage under an existing flood insurance contract, for property damaged by the flooding of the Missouri River that commenced on June 1, 2011, that was purchased or made during the period beginning May 1, 2011, and ending June 6, 2011.

(2) EFFECTIVE DATES.—Notwithstanding section 1306(c) of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(c)), or any other provision of law, any eligible coverage shall—

(A) be deemed to take effect on the date that is 30 days after the date on which all obligations for the eligible coverage (including completion of the application and payment of any initial premiums owed) are satisfactorily completed; and

(B) cover damage to property occurring after the effective date described in subparagraph (A) that resulted from the flooding of the Missouri River that commenced on June 1, 2011, if the property did not suffer damage or loss as a result of such flooding before the effective date described in subparagraph (A).

SEC. 132. CLARIFICATION OF RESIDENTIAL AND COMMERCIAL COVERAGE LIMITS.

Section 1306(b) of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(b)) is amended—

(1) in paragraph (2)—

(A) by striking ''in the case of any residential property'' and inserting ''in the case of any residential building designed for the occupancy of from 1 to 4 families''; and

(B) by striking ''shall be made available to every insured upon renewal and every applicant for insurance so as to enable such insured or applicant to receive coverage up to a total amount (including such limits specified in paragraph (1)(A)(i)) of $250,000'' and inserting ''shall be made available, with respect to any single such building, up to an aggregate liability (including such limits specified in paragraph (1)(A)(i)) of $250,000''; and

(2) in paragraph (4)—

(A) by striking ''in the case of any nonresidential property, including churches,'' and inserting ''in the case of any nonresidential building, including a church,''; and

(B) by striking ''shall be made available to every insured upon renewal and every applicant for insurance, in respect to any single structure, up to a total amount (including such limit specified in subparagraph (B) or (C) of paragraph (1), as applicable) of $500,000 for each structure and $500,000 for any contents related to each structure'' and inserting ''shall be made available with respect to any single such building, up to an aggregate liability (including such limits specified in subparagraph (B) or (C) of paragraph (1), as applicable) of $500,000, and coverage shall be made available up to a total of $500,000 aggregate liability for contents owned by the building owner and $500,000 aggregate liability for each unit within the building for contents owned by the tenant''.

SEC. 133. LOCAL DATA REQUIREMENT.

(a) IN GENERAL.—Notwithstanding any other provision of this title, no area or community participating in the National Flood Insurance Program that is or includes a community that is identified by the Administrator as Community Identification Number 360467 and impacted by the Jamaica Bay flooding source or identified by the Administrator as Community Identification Number 360495 may be or become designated as an area having special flood hazards for purposes of the National Flood Insurance Program, unless the designation is made on the basis of—

(1) flood hazard analyses of hydrologic, hydraulic, or coastal flood hazards that have been properly calibrated and validated, and are specific and directly relevant to the geographic area being studied; and

(2) ground elevation information of sufficient accuracy and precision to meet the guidelines of the Administration for accuracy at the 95 percent confidence level.

(b) REMAPPING.—

(1) REMAPPING REQUIRED.—If the Administrator determines that an area described in subsection (a) has been designated as an area of special flood hazard on the basis of information that does not comply with the requirements under subsection (a), the Administrator shall revise and update any National Flood Insurance Program rate map for the area—

(A) using information that complies with the requirements under subsection (a); and

(B) in accordance with the procedures established under section 1363 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104) for flood elevation determinations.

(2) INTERIM PERIOD.—A National Flood Insurance Program rate map in effect on the date of enactment of this Act for an area for which the Administrator has made a determination under paragraph (1) shall continue in effect with respect to the area during the period—

(A) beginning on the date of enactment of this Act; and

(B) ending on the date on which the Administrator determines that the requirements under section 1363 of the National Flood Insurance Act of 1968 (42 U.S.C. 4104) for flood elevation determinations have been met with respect to a revision and update under paragraph (1) of a National Flood Insurance Program rate map for the area.

(3) DEADLINE.—The Administrator shall issue a preliminary National Flood Insurance Program rate map resulting from a revision and update required under paragraph (1) not later than 1 year after the date of enactment of this Act.

(4) RISK PREMIUM RATE CLARIFICATION.—

(A) IN GENERAL.—If a revision and update required under paragraph (1) results in a reduction in the risk premium rate for a property in an area for which the Administrator has made a determination under paragraph (1), the Administrator shall—

(i) calculate the difference between the reduced risk premium rate and the risk premium rate paid by a policyholder with respect to the property during the period—

(I) beginning on the date on which the National Flood Insurance Program rate map in effect for the area on the date of enactment of this Act took effect; and

(II) ending on the date on which the revised or updated National Flood Insurance Program rate map takes effect; and

(ii) reimburse the policyholder an amount equal to such difference.

(B) FUNDING.—Notwithstanding section 1310 of the National Flood Insurance Act of 1968 (42 U.S.C. 4017), there shall be available to the Administrator from premiums deposited in the National Flood Insurance Fund pursuant to subsection (d) of such section 1310, of amounts not otherwise obligated, the amount necessary to carry out this paragraph.

(c) TERMINATION.—

(1) IN GENERAL.—Except as provided in paragraph (2), this section shall cease to have effect on the effective date of a National Flood Insurance Program rate map revised and updated under subsection (b)(1).

(2) REIMBURSEMENTS.—Subsection (b)(4) shall cease to have effect on the date on which the Administrator has made all reimbursements required under subsection (b)(4).

SEC. 134. ELIGIBILITY FOR FLOOD INSURANCE FOR PERSONS RESIDING IN COMMUNITIES THAT HAVE MADE ADEQUATE PROGRESS ON THE CONSTRUCTION, RECONSTRUCTION, OR IMPROVEMENT OF A FLOOD PROTECTION SYSTEM.

(a) ELIGIBILITY FOR FLOOD INSURANCE COVERAGE.—

(1) IN GENERAL.—Notwithstanding any other provision of law (including section 1307(e) of the National Flood Insurance Act of 1968 (42 U.S.C. 4014(e))), a person residing in a community that the Administrator determines has made adequate progress on the reconstruction or improvement of a flood protection system that will afford flood protection for a 100-year floodplain (without regard to the level of Federal funding of or participation in the construction, reconstruction, or improvement), shall be eligible for flood insurance coverage under the National Flood Insurance Program—

(A) if the person resides in a community that is a participant in the National Flood Insurance Program; and

(B) at a risk premium rate that does not exceed the risk premium rate that would be chargeable if the flood protection system had been completed.

(2) ADEQUATE PROGRESS.—

(A) RECONSTRUCTION OR IMPROVEMENT.—For purposes of paragraph (1), the Administrator shall determine that a community has made adequate progress on the reconstruction or improvement of a flood protection system if—

(i) 100 percent of the project cost has been authorized;

(ii) not less than 60 percent of the project cost has been secured or appropriated;

(iii) not less than 50 percent of the flood protection system has been assessed as being without deficiencies; and

(iv) the reconstruction or improvement has a project schedule that does not exceed 5 years, beginning on the date on which the reconstruction or construction of the improvement commences.

(B) CONSIDERATIONS.—In determining whether a flood protection system has been assessed as being without deficiencies, the Administrator shall consider the requirements under section 65.10 of chapter 44, Code of Federal Regulations, or any successor thereto.

(b) TERMINATION OF ELIGIBILITY.—

(1) ADEQUATE CONTINUING PROGRESS.—The Administrator shall issue rules to establish a method of determining whether a community has made adequate continuing progress on the reconstruction or improvement of a flood protection system that includes—

(A) a requirement that the Administrator shall—

(i) consult with the owner of the flood protection system—

(I) 6 months after the date of a determination under subsection (a);

(II) 18 months after the date of a determination under subsection (a); and

(III) 36 months after the date of a determination under subsection (a); and

(ii) after each consultation under clause (i), determine whether the reconstruction or improvement is reasonably likely to be completed in accordance with the project schedule described in subsection (a)(2)(A)(iv); and

(B) a requirement that, if the Administrator makes a determination under subparagraph (A)(ii) that reconstruction or improvement is not reasonably likely to be completed in accordance with the project schedule, the Administrator shall—

(i) not later than 30 days after the date of the determination, notify the owner of the flood protection system of the determination and provide the rationale and evidence for the determination; and

(ii) provide the owner of the flood protection system the opportunity to appeal the determination.

(2) TERMINATION.—The Administrator shall terminate the eligibility for flood insurance coverage under the National Flood Insurance Program of persons residing in a community with respect to which the Administrator made a determination under subsection (a) if—

(A) the Administrator determines that the community has not made adequate continuing progress; or

(B) on the date that is 5 years after the date on which the reconstruction or construction of the improvement commences, the project has not been completed.

(3) WAIVER.—A person whose eligibility would otherwise be terminated under paragraph (2)(B) shall continue to be eligible to purchase flood insurance coverage described in subsection (a) if the Administrator determines—

(A) the community has made adequate continuing progress on the reconstruction or improvement of a flood protection system; and

(B) there is a reasonable expectation that the reconstruction or improvement of the flood protection system will be completed not later than 1 year after the date of the determination under this paragraph.

(4) RISK PREMIUM RATE.—If the Administrator terminates the eligibility of persons residing in a community to purchase flood insurance coverage described in subsection (a), the Administrator shall establish an appropriate risk premium rate for flood insurance coverage under the National Flood Insurance Program for persons residing in the community that purchased flood insurance coverage before the date on which the termination of eligibility takes effect, taking into consideration the then-current state of the flood protection system.

SEC. 135. STUDIES AND REPORTS.

(a) REPORT ON EXPANDING THE NATIONAL FLOOD INSURANCE PROGRAM.—Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall conduct a study and submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, on—

(1) the number of flood insurance policy holders currently insuring—

(A) a residential structure up to the maximum available coverage amount, as established in section 61.6 of title 44, Code of Federal Regulations, of—

(i) $250,000 for the structure; and

(ii) $100,000 for the contents of such structure; or

(B) a commercial structure up to the maximum available coverage amount, as established in section 61.6 of title 44, Code of Federal Regulations, of $500,000;

(2) the increased losses the National Flood Insurance Program would have sustained during the 2004 and 2005 hurricane season if the National Flood Insurance Program had insured all policyholders up to the maximum conforming loan limit for fiscal year 2006 of $417,000, as established under section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2));

(3) the availability in the private marketplace of flood insurance coverage in amounts that exceed the current limits of coverage amounts established in section 61.6 of title 44, Code of Federal Regulations; and

(4) what effect, if any—

(A) raising the current limits of coverage amounts established in section 61.6 of title 44, Code of Federal Regulations, would have on the ability of private insurers to continue providing flood insurance coverage; and

(B) reducing the current limits of coverage amounts established in section 61.6 of title 44, Code of Federal Regulations, would have on the ability of private insurers to provide sufficient flood insurance coverage to effectively replace the current level of flood insurance coverage being provided under the National Flood Insurance Program.

(b) REPORT OF THE ADMINISTRATOR ON ACTIVITIES UNDER THE NATIONAL FLOOD INSURANCE PROGRAM.—

(1) IN GENERAL.—The Administrator shall, on an annual basis, submit a full report on the operations, activities, budget, receipts, and expenditures of the National Flood Insurance Program for the preceding 12-month period to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives.

(2) TIMING.—Each report required under paragraph (1) shall be submitted to the committees described in paragraph (1) not later than 3 months following the end of each fiscal year.

(3) CONTENTS.—Each report required under paragraph (1) shall include—

(A) the current financial condition and income statement of the National Flood Insurance Fund established under section 1310 of the National Flood Insurance Act of 1968 (42 U.S.C. 4017), including—

(i) premiums paid into such Fund;

(ii) policy claims against such Fund; and

(iii) expenses in administering such Fund;

(B) the number and face value of all policies issued under the National Flood Insurance Program that are in force;

(C) a description and summary of the losses attributable to repetitive loss structures;

(D) a description and summary of all losses incurred by the National Flood Insurance Program due to—

(i) hurricane related damage; and

(ii) nonhurricane related damage;

(E) the amounts made available by the Administrator for mitigation assistance under section 1366(c)(4) of the National Flood Insurance Act of 1968 (42 U.S.C. 4104c(c)(4)), as so redesignated by this Act, for the purchase of properties substantially damaged by flood for that fiscal year, and the actual number of flood damaged properties purchased and the total cost expended to purchase such properties;

(F) the estimate of the Administrator as to the average historical loss year, and the basis for that estimate;

(G) the estimate of the Administrator as to the maximum amount of claims that the National Flood Insurance Program would have to expend in the event of a catastrophic year;

(H) the average—

(i) amount of insurance carried per flood insurance policy;

(ii) premium per flood insurance policy; and

(iii) loss per flood insurance policy; and

(I) the number of claims involving damages in excess of the maximum amount of flood insurance available under the National Flood Insurance Program and the sum of the amount of all damages in excess of such amount.

(c) GAO STUDY ON PRE-FIRM STRUCTURES.—Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall conduct a study and submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, on the—

(1) composition of the remaining pre-FIRM structures that are explicitly receiving discounted premium rates under section 1307 of the National Flood Insurance Act of 1968 (42 U.S.C. 4014), including the historical basis for the receipt of such subsidy and the extent to which pre-FIRM structures are currently owned by the same owners of the property at the time of the original National Flood Insurance Program rate map;

(2) number and fair market value of such structures;

(3) respective income level of the owners of such structures;

(4) number of times each such structure has been sold since 1968, including specific dates, sales price, and any other information the Secretary determines appropriate;

(5) total losses incurred by such structures since the establishment of the National Flood Insurance Program compared to the total losses incurred by all structures that are charged a nondiscounted premium rate;

(6) total cost of foregone premiums since the establishment of the National Flood Insurance Program, as a result of the subsidies provided to such structures;

(7) annual cost as a result of the subsidies provided to such structures;

(8) the premium income collected and the losses incurred by the National Flood Insurance Program as a result of such explicitly subsidized structures compared to the premium income collected and the losses incurred by such Program as a result of structures that are charged a nondiscounted premium rate, on a State-by-State basis; and

(9) the options for eliminating the subsidy to such structures.

(d) GAO REVIEW OF FEMA CONTRACTORS.—The Comptroller General of the United States, in conjunction with the Office of the Inspector General of the Department of Homeland Security, shall—

(1) conduct a review of the 3 largest contractors the Administrator uses in administering the National Flood Insurance Program; and

(2) not later than 18 months after the date of enactment of this Act, submit a report on the findings of such review to the Administrator, the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Committee on Financial Services of the House of Representatives.

SEC. 136. REINSURANCE.

(a) REINSURANCE ASSESSMENT.—

(1) PRIVATE MARKET PRICING ASSESSMENT.—Not later than 12 months after the date of enactment of this Act, the Administrator shall submit to Congress a report that—

(A) assesses the capacity of the private reinsurance, capital, and financial markets to assist communities, on a voluntary basis, in managing the full range of financial risks associated with flooding by requesting proposals to assume a portion of the insurance risk of the National Flood Insurance Program;

(B) describes any responses to the request for proposals under subparagraph (A);

(C) assesses whether the rates and terms contained in any proposals received by the Administrator are—

(i) reasonable and appropriate; and

(ii) in an amount sufficient to maintain the ability of the National Flood Insurance Program to pay claims;

(D) describes the extent to which carrying out the proposals received by the Administrator would minimize the likelihood that the Administrator would use the borrowing authority under section 1309 of the National Flood Insurance Act of 1968 (42 U.S.C. 4016);

(E) describes fluctuations in historical reinsurance rates; and

(F) includes an economic cost-benefit analysis of the impact on the National Flood Insurance Program if the Administrator were to exercise the authority under section 1335(a)(2) of the National Flood Insurance Act of 1968 (42 U.S.C. 4055(a)(2)), as added by this section, to secure reinsurance of coverage provided by the National Flood Insurance Program from the private market.

(2) PROTOCOL FOR RELEASE OF DATA.—The Administrator shall develop a protocol, including adequate privacy protections, to provide for the release of data sufficient to conduct the assessment required under paragraph (1).

(b) REINSURANCE.—The National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.) is amended—

(1) in section 1331(a)(2) (42 U.S.C. 4051(a)(2)), by inserting ", including as reinsurance of coverage provided by the flood insurance program" before ", on such terms";

(2) in section 1332(c)(2) (42 U.S.C. 4052(c)(2)), by inserting "or reinsurance" after "flood insurance coverage";

(3) in section 1335(a) (42 U.S.C. 4055(a))—

(A) by striking "The Director" and inserting the following:

"(1) IN GENERAL.—The Administrator"; and

(B) by adding at the end the following:

"(2) PRIVATE REINSURANCE.—The Administrator is authorized to secure reinsurance of coverage provided by the flood insurance program from the private market at rates and on terms determined by the Administrator to be reasonable and appropriate, in an amount sufficient to maintain the ability of the program to pay claims.";

(4) in section 1346(a) (42 U.S.C. 4082(a))—

(A) in the matter preceding paragraph (1), by inserting after "for the purpose of" the following: "securing reinsurance of insurance coverage provided by the program or for the purpose of";

(B) in paragraph (1)—

(i) by striking "estimating" and inserting "Estimating"; and

(ii) by striking the semicolon at the end and inserting a period;

(C) in paragraph (2)—

(i) by striking "receiving" and inserting "Receiving"; and

(ii) by striking the semicolon at the end and inserting a period;

(D) in paragraph (3)—

(i) by striking "making" and inserting "Making"; and

(ii) by striking "'; and'" and inserting a period;

(E) by redesignating paragraph (4) as paragraph (5);

(F) in paragraph (5), as so redesignated, by striking "otherwise" and inserting "Otherwise"; and

(G) by inserting after paragraph (3) the following new paragraph:

"(4) Placing reinsurance coverage on insurance provided by such program."; and

(5) in section 1370(a)(3) (42 U.S.C. 4121(a)(3)), by striking "include any" and all that follows and inserting the following: "include any organization or person that is authorized to engage in the business of insurance under the laws of any State, subject to the reporting requirements of the Securities Exchange Act of 1934 pursuant to section 13(a) or 15(d) of such Act (15 U.S.C. 78m(a) and 78o(d)), or authorized by the Administrator to assume reinsurance on risks insured by the flood insurance program;".

(c) ASSESSMENT OF CLAIMS-PAYING ABILITY.—

(1) ASSESSMENT.—

(A) ASSESSMENT REQUIRED.—

(i) IN GENERAL.—Not later than September 30 of each year, the Administrator shall conduct an assessment of the ability of the National Flood Insurance Program to pay claims.

(ii) PRIVATE MARKET REINSURANCE.—The assessment under this paragraph for any year in which the Administrator exercises the authority under section 1335(a)(2) of the National Flood Insurance Act of 1968 (42 U.S.C. 4055(a)(2)), as added by this section, to secure reinsurance of coverage provided by the National Flood Insurance Program from the private market shall include information relating the use of private sector reinsurance and reinsurance equivalents by the Administrator, whether or not the Administrator used the borrowing authority under section 1309 of the National Flood Insurance Act of 1968 (42 U.S.C. 4016).

(iii) FIRST ASSESSMENT.—The Administrator shall conduct the first assessment required under this paragraph not later than September 30, 2012.

(B) CONSIDERATIONS.—In conducting an assessment under subparagraph (A), the Administrator shall take into consideration regional concentrations of coverage written by the National Flood Insurance Program, peak flood zones, and relevant mitigation measures.

(2) ANNUAL REPORT OF THE ADMINISTRATOR OF ACTIVITIES UNDER THE NATIONAL FLOOD INSURANCE PROGRAM.—The Administrator shall—

(A) include the results of each assessment in the report required under section 135(b); and

(B) not later than 30 days after the date on which the Administrator completes an assessment required under paragraph (1), make the results of the assessment available to the public.

SEC. 137. GAO STUDY ON BUSINESS INTERRUPTION AND ADDITIONAL LIVING EXPENSES COVERAGES.

(a) STUDY.—The Comptroller General of the United States shall conduct a study concerning—

(1) the availability of additional living expenses and business interruption coverage in the private marketplace for flood insurance;

(2) the feasibility of allowing the National Flood Insurance Program to offer such coverage at the option of the consumer;

(3) the estimated cost to consumers if the National Flood Insurance Program priced such optional coverage at true actuarial rates;

(4) the impact such optional coverage would have on consumer participation in the National Flood Insurance Program; and

(5) the fiscal impact such optional coverage would have upon the National Flood Insurance Fund if such optional coverage were included in the National Flood Insurance Program, as described in paragraph (2), at the price described in paragraph (3).

(b) REPORT.—Not later than 1 year after the date of enactment of this Act, the Comptroller General shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report containing the results of the study under subsection (a).

SEC. 138. POLICY DISCLOSURES.

(a) IN GENERAL.—Notwithstanding any other provision of law, in addition to any other disclosures that may be required, each policy under the National Flood Insurance Program shall state all conditions, exclusions, and other limitations pertaining to coverage under the subject policy, regardless of the underlying insurance product, in plain English, in boldface type, and in a font size that is twice the size of the text of the body of the policy.

(b) VIOLATIONS.—The Administrator may impose a civil penalty of not more than $50,000 on any person that fails to comply with subsection (a).

SEC. 139. REPORT ON INCLUSION OF BUILDING CODES IN FLOODPLAIN MANAGEMENT CRITERIA.

Not later than 6 months after the date of enactment of this Act, the Administrator of the Federal Emergency Management Agency shall conduct a study and submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives regarding the impact, effectiveness, and feasibility of amending section 1361 of the National Flood Insurance Act of 1968 (42 U.S.C. 4102) to include widely used and nationally recognized building codes as part of the floodplain management criteria developed under such section, and shall determine—

(1) the regulatory, financial, and economic impacts of such a building code requirement on homeowners, States and local communities, local land use policies, and the Federal Emergency Management Agency;

(2) the resources required of State and local communities to administer and enforce such a building code requirement;

(3) the effectiveness of such a building code requirement in reducing flood-related damage to buildings and contents;

(4) the impact of such a building code requirement on the actuarial soundness of the National Flood Insurance Program;

(5) the effectiveness of nationally recognized codes in allowing innovative materials and systems for flood-resistant construction;

(6) the feasibility and effectiveness of providing an incentive in lower premium rates for flood insurance coverage under such Act for structures meeting whichever of such widely used and nationally recognized building codes or any applicable local building codes provides greater protection from flood damage;

(7) the impact of such a building code requirement on rural communities with different building code challenges than urban communities; and

(8) the impact of such a building code requirement on Indian reservations.

SEC. 140. STUDY OF PARTICIPATION AND AFFORDABILITY FOR CERTAIN POLICYHOLDERS.

(a) FEMA STUDY.—The Administrator shall conduct a study of—

(1) methods to encourage and maintain participation in the National Flood Insurance Program;

(2) methods to educate consumers about the National Flood Insurance Program and the flood risk associated with their property;

(3) methods for establishing an affordability framework for the National Flood Insurance Program, including methods to aid individuals to afford risk-based premiums under the National Flood Insurance Program through targeted assistance rather than generally subsidized rates, including means-tested vouchers; and

(4) the implications for the National Flood Insurance Program and the Federal budget of using each such method.

(b) NATIONAL ACADEMY OF SCIENCES ECONOMIC ANALYSIS.—To inform the Administrator in the conduct of the study under subsection (a), the Administrator shall enter into a contract under which the National Academy of Sciences, in consultation with the Comptroller General of the United States, shall conduct and submit to the Administrator an economic analysis of the costs and benefits to the Federal Government of a flood insurance program with full risk-based premiums, combined with means-tested Federal assistance to aid individuals who cannot afford coverage, through an insurance voucher program. The analysis shall compare the costs of a program of risk-based rates and means-tested assistance to the current system of subsidized flood insurance rates and federally funded disaster relief for people without coverage.

(c) REPORT.—Not later than 270 days after the date of enactment of this Act, the Administrator shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that contains the results of the study and analysis under this section.

(d) FUNDING.—Notwithstanding section 1310 of the National Flood Insurance Act of 1968 (42 U.S.C. 4017), there shall be available to the Administrator from the National Flood Insurance Fund, of amounts not otherwise obligated, not more than $750,000 to carry out this section.

SEC. 141. STUDY AND REPORT CONCERNING THE PARTICIPATION OF INDIAN TRIBES AND MEMBERS OF INDIAN TRIBES IN THE NATIONAL FLOOD INSURANCE PROGRAM.

(a) DEFINITION.—In this section, the term ''Indian tribe'' has the meaning given that term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(b) FINDINGS.—Congress finds that participation by Indian tribes in the National Flood Insurance Program is low. Only 45 of 565 Indian tribes participate in the National Flood Insurance Program.

(c) STUDY.—The Comptroller General of the United States, in coordination and consultation with Indian tribes and members of Indian tribes throughout the United States, shall carry out a study that examines—

(1) the factors contributing to the current rates of participation by Indian tribes and members of Indian tribes in the National Flood Insurance Program; and

(2) methods of encouraging participation by Indian tribes and members of Indian tribes in the National Flood Insurance Program.

(d) REPORT.—Not later than 6 months after the date of enactment of this Act, the Comptroller General shall submit to Congress a report that—

(1) contains the results of the study carried out under subsection (c);

(2) describes the steps that the Administrator should take to increase awareness and encourage participation by Indian tribes and members of Indian tribes in the National Flood Insurance Program; and

(3) identifies any legislative changes that would encourage participation by Indian tribes and members of Indian tribes in the National Flood Insurance Program.

SEC. 142. TECHNICAL CORRECTIONS.

(a) FLOOD DISASTER PROTECTION ACT OF 1973.—The Flood Disaster Protection Act of 1973 (42 U.S.C. 4002 et seq.) is amended—

(1) by striking ''Director'' each place that term appears, except in section 102(f)(3) (42 U.S.C. 4012a(f)(3)), and inserting ''Administrator''; and

(2) in section 201(b) (42 U.S.C. 4105(b)), by striking ''Director's'' and inserting ''Administrator's''.

(b) NATIONAL FLOOD INSURANCE ACT OF 1968.—The National Flood Insurance Act of 1968 (42 U.S.C. 4001 et seq.) is amended—

(1) by striking ''Director'' each place that term appears and inserting ''Administrator'';

(2) in section 1363 (42 U.S.C. 4104), by striking ''Director's'' each place that term appears and inserting ''Administrator's''; and

(3) in section 1370(a)(9) (42 U.S.C. 4121(a)(9)), by striking ''the Office of Thrift Supervision,''.

(c) FEDERAL FLOOD INSURANCE ACT OF 1956.—Section 15(e) of the Federal Flood Insurance Act of 1956 (42 U.S.C. 2414(e)) is amended by striking ''Director'' each place that term appears and inserting ''Administrator''.

SEC. 143. PRIVATE FLOOD INSURANCE POLICIES.

(a) DEFINITIONS.—In this section the following definitions shall apply:

(1) GUIDELINES.—The term ''Guidelines'' means the Mandatory Purchase of Flood Insurance Guidelines issued by the Administrator.

(2) STATE ENTITY FOR LENDING REGULATION.—The term ''State entity for lending regulation'' means, with respect to a State, the entity or agency with primary responsibility for the supervision of lending institutions chartered by the State and not insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(b) AMENDMENTS REQUIRED.—

(1) IN GENERAL.—Not later than 120 days after the date of enactment of this Act, the Administrator shall amend the Guidelines to clarify that a lender or a lending institution chartered by a State and not insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration may accept a private primary flood insurance policy in lieu of a National Flood Insurance Program flood policy to satisfy the mandatory purchase requirements under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a), if the private primary flood insurance policy—

(A) is available for sale under the laws of the State in which the private primary flood insurance policy is to be written;

(B) meets the minimum requirements for flood insurance coverage under subsections (a) and (b) of such section 102; and

(C) meets any applicable Federal regulations.

(2) STATE LAW CONSIDERATIONS.—Neither the Guidelines nor the amendments made under paragraph (1) shall preempt any State insurance law, regulation, or guidance.

(c) NOTIFICATION.—

(1) TO FEDERAL AND STATE ENTITIES FOR LENDING REGULATION.—Not later than 30 days after the date on which the Administrator amends the Guidelines under subsection (b), the Administrator shall notify the Federal entities for lending regulation and the State entities for lending regulation of the amendment, in order to encourage the acceptance of private primary flood insurance in lieu of a National Flood Insurance Program flood policy to satisfy the mandatory purchase requirements under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a).

(2) TO LENDERS.—The Administrator and each Federal entity for lending regulation shall include the notification required under paragraph (1) in any edition of a publication that the Administrator or Federal entity for lending regulation provides to lenders that is published after the date of enactment of this Act.

(d) TRAINING.—Not later than 60 days after the date on which the Administrator makes the notification under subsection (c), the Federal entities for lending regulation shall train each employee having responsibility for compliance audits to implement the amendments to the Guidelines under subsection (b).

TITLE II—COMMISSION ON NATURAL CATASTROPHE RISK MANAGEMENT AND INSURANCE

SEC. 201. SHORT TITLE.

This title may be cited as the ''Commission on Natural Catastrophe Risk Management and Insurance Act of 2012''.

SEC. 202. FINDINGS.

Congress finds that—

(1) Hurricanes Katrina, Rita, and Wilma, which struck the United States in 2005, caused, by some estimates, in excess of $200,000,000,000 in total economic losses;

(2) many meteorologists predict that the United States is in a period of increased hurricane activity;

(3) the Federal Government and State governments have provided billions of dollars to pay for losses from natural catastrophes, including hurricanes, earthquakes, volcanic eruptions, tsunamis, tornados, flooding, wildfires, droughts, and other natural catastrophes;

(4) many Americans are finding it increasingly difficult to obtain and afford property and casualty insurance coverage;

(5) some insurers are not renewing insurance policies, are excluding certain risks, such as wind damage, and are increasing rates and deductibles in some markets;

(6) the inability of property and business owners in vulnerable areas to obtain and afford property and casualty insurance coverage endangers the national economy and public health and safety;

(7) almost every State in the United States is at risk of a natural catastrophe, including hurricanes, earthquakes, volcanic eruptions, tsunamis, tornados, flooding, wildfires, droughts, and other natural catastrophes;

(8) building codes and land use regulations play an indispensable role in managing catastrophe risks, by preventing building in high risk areas and ensuring that appropriate mitigation efforts are completed where building has taken place;

(9) several proposals have been introduced in Congress to address the affordability and availability of natural catastrophe insurance across the United States, but there is no consensus on what, if any, role the Federal Government should play; and

(10) an efficient and effective approach to assessing natural catastrophe risk management and insurance is to establish a nonpartisan commission to study the management of natural catastrophe risk, and to require such commission to timely report to Congress on its findings.

SEC. 203. ESTABLISHMENT.

There is established a nonpartisan Commission on Natural Catastrophe Risk Management and Insurance (in this title referred to as the ''Commission'').

SEC. 204. MEMBERSHIP.

(a) APPOINTMENT.—The Commission shall be composed of 16 members, of whom—

(1) 2 members shall be appointed by the majority leader of the Senate;

(2) 2 members shall be appointed by the minority leader of the Senate;

(3) 2 members shall be appointed by the Speaker of the House of Representatives;

(4) 2 members shall be appointed by the minority leader of the House of Representatives;

(5) 2 members shall be appointed by the Chairman of the Committee on Banking, Housing, and Urban Affairs of the Senate;

(6) 2 members shall be appointed by the Ranking Member of the Committee on Banking, Housing, and Urban Affairs of the Senate;

(7) 2 members shall be appointed by the Chairman of the Committee on Financial Services of the House of Representatives; and

(8) 2 members shall be appointed by the Ranking Member of the Committee on Financial Services of the House of Representatives.

(b) QUALIFICATION OF MEMBERS.—

(1) IN GENERAL.—Members of the Commission shall be appointed under subsection (a) from among persons who—

(A) have expertise in insurance, reinsurance, insurance regulation, policyholder concerns, emergency management, risk management, public finance, financial markets, actuarial analysis, flood mapping and planning, structural engineering, building standards, land use planning, natural catastrophes, meteorology, seismology, environmental issues, or other pertinent qualifications or experience; and

(B) are not officers or employees of the United States Government or of any State or local government.

(2) DIVERSITY.—In making appointments to the Commission—

(A) every effort shall be made to ensure that the members are representative of a broad cross section of perspectives within the United States; and

(B) each member of Congress described in subsection (a) shall appoint not more than 1 person from any single primary area of expertise described in paragraph (1)(A) of this subsection.

(c) PERIOD OF APPOINTMENT.—

(1) IN GENERAL.—Each member of the Commission shall be appointed for the duration of the Commission.

(2) VACANCIES.—A vacancy on the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(d) QUORUM.—

(1) MAJORITY.—A majority of the members of the Commission shall constitute a quorum, but a lesser number, as determined by the Commission, may hold hearings.

(2) APPROVAL ACTIONS.—All recommendations and reports of the Commission required by this title shall be approved only by a majority vote of all of the members of the Commission.

(e) CHAIRPERSON.—The Commission shall, by majority vote of all of the members, select 1 member to serve as the Chairperson of the Commission (in this title referred to as the ''Chairperson'').

(f) MEETINGS.—The Commission shall meet at the call of its Chairperson or a majority of the members.

SEC. 205. DUTIES OF THE COMMISSION.

The Commission shall examine the risks posed to the United States by natural catastrophes, and means for mitigating those risks and for paying for losses caused by natural catastrophes, including assessing—

(1) the condition of the property and casualty insurance and reinsurance markets prior to and in the aftermath of Hurricanes Katrina, Rita, and Wilma in 2005, and the 4 major hurricanes that struck the United States in 2004;

(2) the current condition of, as well as the outlook for, the availability and affordability of insurance in all regions of the country;

(3) the current ability of States, communities, and individuals to mitigate their natural catastrophe risks, including the affordability and feasibility of such activities;

(4) the ongoing exposure of the United States to natural catastrophes, including hurricanes, earthquakes, volcanic eruptions, tsunamis, tornados, flooding, wildfires, droughts, and other natural catastrophes;

(5) the catastrophic insurance and reinsurance markets and the relevant practices in providing insurance protection to different sectors of the American population;

(6) implementation of a catastrophic insurance system that can resolve key obstacles currently impeding broader implementation of catastrophic risk management and financing with insurance;

(7) the financial feasibility and sustainability of a national, regional, or other pooling mechanism designed to provide adequate insurance coverage and increased underwriting capacity to insurers and reinsurers, including private-public partnerships to increase insurance capacity in constrained markets;

(8) methods to promote public or private insurance policies to reduce losses caused by natural catastrophes in the uninsured sectors of the American population;

(9) approaches for implementing a public or private insurance scheme for low-income communities, in order to promote risk reduction and insurance coverage in such communities;

(10) the impact of Federal and State laws, regulations, and policies (including rate regulation, market access requirements, reinsurance regulations, accounting and tax policies, State residual markets, and State catastrophe funds) on—

(A) the affordability and availability of catastrophe insurance;

(B) the capacity of the private insurance market to cover losses inflicted by natural catastrophes;

(C) the commercial and residential development of high-risk areas; and

(D) the costs of natural catastrophes to Federal and State taxpayers;

(11) the present and long-term financial condition of State residual markets and catastrophe funds in high-risk regions, including the likelihood of insolvency following a natural catastrophe, the concentration of risks within such funds, the reliance on post-event assessments and State funding, and the adequacy of rates;

(12) the role that innovation in financial services could play in improving the affordability and availability of natural catastrophe insurance, specifically addressing measures that would foster the development of financial products designed to cover natural catastrophe risk, such as risk-linked securities;

(13) the need for strengthened land use regulations and building codes in States at high risk for natural catastrophes, and methods to strengthen the risk assessment and enforcement of structural mitigation and vulnerability reduction measures, such as zoning and building code compliance;

(14) the benefits and costs of proposed Federal natural catastrophe insurance programs (including the Federal Government's provision of reinsurance to State catastrophe funds, private insurers, or other entities), specifically addressing the costs to taxpayers, tax equity considerations, and the record of other government insurance programs (particularly with regard to charging actuarially sound prices);

(15) the ability of the United States private insurance market—

(A) to cover insured losses caused by natural catastrophes, including an estimate of the maximum amount of insured losses that could be sustained during a single year and the probability of natural catastrophes occurring in a single year that would inflict more insured losses than the United States insurance and reinsurance markets could sustain; and

(B) to recover after covering substantial insured losses caused by natural catastrophes;

(16) the impact that demographic trends could have on the amount of insured losses inflicted by future natural catastrophes;

(17) the appropriate role, if any, for the Federal Government in stabilizing the property and casualty insurance and reinsurance markets; and

(18) the role of the Federal, State, and local governments in providing incentives for feasible risk mitigation efforts.

SEC. 206. REPORT.

(a) IN GENERAL.—Not later than 9 months after the date of enactment of this Act, the Commission shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a final report containing—

(1) a detailed statement of the findings and assessments conducted by the Commission pursuant to section 205; and

(2) any recommendations for legislative, regulatory, administrative, or other actions at the Federal, State, or local levels that the Commission considers appropriate, in accordance with the requirements of section 205.

(b) EXTENSION OF TIME.—The Commission may request Congress to extend the period of time for the submission of the report required under subsection (a) for an additional 3 months.

SEC. 207. POWERS OF THE COMMISSION.

(a) MEETINGS; HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission considers necessary to carry out the purposes of this title. Members may attend meetings of the Commission and vote in person, via telephone conference, or via video conference.

(b) AUTHORITY OF MEMBERS OR AGENTS OF THE COMMISSION.—Any member or agent of the Commission may, if authorized by a vote of the Commission, take any action which the Commission is authorized to take by this title.

(c) OBTAINING OFFICIAL DATA.—

(1) AUTHORITY.—Notwithstanding any provision of section 552a of title 5, United States Code, the Commission may secure directly from any department or agency of the United States any information necessary to enable the Commission to carry out this title.

(2) PROCEDURE.—Upon the request of the Chairperson, the head of such department or agency shall furnish to the Commission the information requested.

(d) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(e) ADMINISTRATIVE SUPPORT SERVICES.—Upon the request of the Commission, the Administrator of General Services shall provide to the Commission, on a reimbursable basis, any administrative support services necessary for the Commission to carry out its responsibilities under this title.

(f) ACCEPTANCE OF GIFTS.—The Commission may accept, hold, administer, and utilize gifts, donations, and bequests of property, both real and personal, for the purposes of aiding or facilitating the work of the Commission. The Commission shall issue internal guidelines governing the receipt of donations of services or property.

(g) VOLUNTEER SERVICES.—Notwithstanding the provisions of section 1342 of title 31, United States Code, the Commission may accept and utilize the services of volunteers serving without compensation. The Commission may reimburse such volunteers for local travel and office supplies, and for other travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code.

(h) FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949.—Subject to the Federal Property and Administrative Services Act of 1949, the Commission may enter into contracts with Federal and State agencies, private firms, institutions, and individuals for the conduct of activities necessary to the discharge of its duties and responsibilities.

(i) LIMITATION ON CONTRACTS.—A contract or other legal agreement entered into by the Commission may not extend beyond the date of the termination of the Commission.

SEC. 208. COMMISSION PERSONNEL MATTERS.

(a) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(b) SUBCOMMITTEES.—The Commission may establish subcommittees and appoint members of the Commission to such subcommittees as the Commission considers appropriate.

(c) STAFF.—Subject to such policies as the Commission may prescribe, the Chairperson may appoint and fix the pay of such additional personnel as the Chairperson considers appropriate to carry out the duties of the Commission. The Commission shall confirm the appointment of the executive director by majority vote of all of the members of the Commission.

(d) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—Staff of the Commission may be—

(1) appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service; and

(2) paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, except that an individual so appointed may not receive pay in excess of the annual rate of basic pay prescribed for GS–15 of the General Schedule under section 5332 of that title.

(e) EXPERTS AND CONSULTANTS.—In carrying out its objectives, the Commission may procure temporary and intermittent services of consultants and experts under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for GS–15 of the General Schedule under section 5332 of that title.

(f) DETAIL OF GOVERNMENT EMPLOYEES.—Upon request of the Chairperson, any Federal Government employee may be detailed to the Commission to assist in carrying out the duties of the Commission—

(1) on a reimbursable basis; and

(2) such detail shall be without interruption or loss of civil service status or privilege.

SEC. 209. TERMINATION.

The Commission shall terminate 90 days after the date on which the Commission submits its report under section 206.

SEC. 210. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Commission, such sums as may be necessary to carry out this title, to remain available until expended.

TITLE III—ALTERNATIVE LOSS ALLOCATION

SEC. 301. SHORT TITLE.

This title may be cited as the ''Consumer Option for an Alternative System to Allocate Losses Act of 2012'' or the ''COASTAL Act of 2012''.

SEC. 302. ASSESSING AND MODELING NAMED STORMS OVER COASTAL STATES.

Subtitle C of title XII of the Omnibus Public Land Management Act of 2009 (33 U.S.C. 3601 et seq.) (also known as the ''Integrated Coastal and Ocean Observation System Act of 2009'') is amended by adding at the end the following:

''SEC. 12312. ASSESSING AND MODELING NAMED STORMS OVER COASTAL STATES.

''(a) DEFINITIONS.—In this section:

''(1) COASTAL FORMULA.—The term 'COASTAL Formula' has the meaning given the term in section 1337(a) of the National Flood Insurance Act of 1968.

''(2) COASTAL STATE.—The term 'coastal State' has the meaning given the term 'coastal state' in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453).

''(3) COASTAL WATERS.—The term 'coastal waters' has the meaning given the term in such section.

''(4) COVERED DATA.—The term 'covered data' means, with respect to a named storm identified by the Administrator under subsection (b)(2)(A), empirical data that are—

''(A) collected before, during, or after such storm; and

''(B) necessary to determine magnitude and timing of wind speeds, rainfall, the barometric pressure, river flows, the extent, height, and timing of storm surge, topographic and bathymetric data, and other measures required to accurately model and assess damage from such storm.

''(5) INDETERMINATE LOSS.—The term 'indeterminate loss' has the meaning given the term in section 1337(a) of the National Flood Insurance Act of 1968.

''(6) NAMED STORM.—The term 'named storm' means any organized weather system with a defined surface circulation and maximum winds of at least 39 miles per hour which the National Hurricane Center of the United States National Weather Service names as a tropical storm or a hurricane.

''(7) NAMED STORM EVENT MODEL.—The term 'Named Storm Event Model' means the official meteorological and oceanographic computerized model, developed by the Administrator under subsection (b)(1)(A), which utilizes covered data to replicate the magnitude, timing, and spatial variations of winds, rainfall, and storm surges associated with named storms that threaten any portion of a coastal State.

''(8) PARTICIPANT.—The term 'participant' means a Federal, State, or private entity that chooses to cooperate with the Administrator in carrying out the provisions of this section by collecting, contributing, and maintaining covered data.

''(9) POST-STORM ASSESSMENT.—The term 'post-storm assessment' means a scientific assessment produced and certified by the Administrator to determine the magnitude, timing, and spatial variations of winds, rainfall, and storm surges associated with a specific named storm to be used in the COASTAL Formula.

''(10) STATE.—The term 'State' means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

''(b) NAMED STORM EVENT MODEL AND POST-STORM ASSESSMENT.—

''(1) ESTABLISHMENT OF NAMED STORM EVENT MODEL.—

''(A) IN GENERAL.—Not later than 540 days after the date of the enactment of the Consumer Option for an Alternative System to Allocate Losses Act of 2012, the Administrator shall develop by regulation the Named Storm Event Model.

''(B) ACCURACY.—The Named Storm Event Model shall be designed to generate post-storm assessments, as provided in paragraph (2), that have a degree of accuracy of not less than 90 percent for every indeterminate loss for which a post-storm assessment is utilized.

''(2) POST-STORM ASSESSMENT.—

''(A) IDENTIFICATION OF NAMED STORMS THREATENING COASTAL STATES.—After the establishment of the COASTAL Formula, the Administrator shall, in consultation with the Secretary of Homeland Security, identify named storms that may reasonably constitute a threat to any portion of a coastal State.

''(B) POST-STORM ASSESSMENT REQUIRED.—Upon identification of a named storm under subparagraph (A), the Administrator shall develop a post-storm assessment for such named storm using the Named Storm Event Model and covered data collected for such named storm pursuant to the protocol established under subsection (c)(1).

''(C) SUBMITTAL OF POST-STORM ASSESSMENT.—Not later than 90 days after an identification of a named storm is made under subparagraph (A), the Administrator shall submit to the Secretary of Homeland Security the post-storm assessment developed for such storm under subparagraph (B).

''(3) ACCURACY.—The Administrator shall ensure, to the greatest extent practicable, that each post-storm assessment developed under paragraph (2) has a degree of accuracy of not less than 90 percent.

''(4) CERTIFICATION.—For each post-storm assessment carried out under paragraph (2), the Administrator shall—

''(A) certify the degree of accuracy for such assessment, including specific reference to any segments or geographic areas for which the assessment is less than 90 percent accurate; and

''(B) report such certification to the Secretary of Homeland Security for the purposes of use with indeterminate loss claims under section 1337 of the National Flood Insurance Act of 1968.

''(5) FINALITY OF DETERMINATIONS.—A certification of the degree of accuracy of a post-storm assessment under this subsection by the Administrator shall be final and shall not be subject to judicial review.

''(6) AVAILABILITY.—The Administrator shall make available to the public the Named Storm Event Model and any post-storm assessment developed under this subsection.

''(c) ESTABLISHMENT OF A PROTOCOL FOR POST-STORM ASSESSMENT.—

''(1) IN GENERAL.—Not later than 540 days after the date of the enactment of the Consumer Option for an Alternative System to Allocate Losses Act of 2012, the Administrator shall establish a protocol, based on the plan submitted under subsection (d)(3), to collect and assemble all covered data required by the Administrator to produce post-storm assessments required by subsection (b), including assembling data collected by participants and stored in the database established under subsection (f) and from such

other sources as the Administrator considers appropriate.

''(2) ACQUISITION OF SENSORS AND STRUCTURES.—If the Administrator is unable to use a public or private asset to obtain covered data as part of the protocol established under paragraph (1), the Administrator may acquire such sensors and structures for the placement of sensors as may be necessary to obtain such data.

''(3) USE OF FEDERAL ASSETS.—If the protocol requires placement of a sensor to develop assessments pursuant to subsection (b), the Administrator shall, to the extent practicable, use Federal assets for the placement of such sensors.

''(4) USE OF ACQUIRED STRUCTURES.—

''(A) IN GENERAL.—If the Administrator acquires a structure for the placement of a sensor for purposes of such protocol, the Administrator shall to the extent practical permit other public and private entities to place sensors on such structure to collect—

''(i) meteorological data;

''(ii) national security-related data;

''(iii) navigation-related data;

''(iv) hydrographic data; or

''(v) such other data as the Administrator considers appropriate.

''(B) RECEIPT OF CONSIDERATION.—The Administrator may receive consideration for the placement of a sensor on a structure under subparagraph (A).

''(C) IN-KIND CONSIDERATION.—Consideration received under subparagraph (B) may be received in-kind.

''(D) USE OF CONSIDERATION.—To the extent practicable, consideration received under subparagraph (B) shall be used for the maintenance of sensors used to collect covered data.

''(5) COORDINATED DEPLOYMENTS AND DATA COLLECTION PRACTICES.—The Administrator shall, in consultation with the Office of the Federal Coordinator for Meteorology, coordinate the deployment of sensors as part of the protocol established under paragraph (1) and related data collection carried out by Federal, State, academic, and private entities who choose to cooperate with the Administrator in carrying out this subsection.

''(6) PRIORITY ACQUISITION AND DEPLOYMENT.—The Administrator shall give priority in the acquisition for and deployment of sensors under the protocol required by paragraph (1) to areas of coastal States that have the highest risk of being harmed by named storms.

''(d) ASSESSMENT OF SYSTEMS AND EFFORTS TO COLLECT COVERED DATA.—

''(1) IDENTIFICATION OF SYSTEMS AND EFFORTS TO COLLECT COVERED DATA.—Not later than 180 days after the date of the enactment of the Consumer Option for an Alternative System to Allocate Losses Act of 2012, the Administrator shall, in consultation with the Office of the Federal Coordinator for Meteorology—

''(A) carry out a survey to identify all Federal and State efforts and systems that are capable of collecting covered data; and

''(B) consult with private and academic sector entities to identify domestic private and academic systems that are capable of collecting covered data.

''(2) IDENTIFICATION OF GAPS.—The Administrator shall, in consultation with the Office of the Federal Coordinator for Meteorology and individuals and entities consulted under subsection (e)(3), assess the systems identified under paragraph (1) and identify which systems meet the needs of the National Oceanic and Atmospheric Administration for the collection of covered data, including with respect to the accuracy requirement for post-storm assessment under subsection (b)(3).

''(3) PLAN.—Not later than 270 days after the date of the enactment of the Consumer Option for an Alternative System to Allocate Losses Act of 2012, the Administrator shall, in consultation with the Office of the Federal Coordinator for Meteorology, submit to Congress a plan for the collection of covered data necessary to develop the Named Storm Event Model and post-storm assessment required by subsection (b) that addresses any gaps identified in paragraph (2).

''(e) COORDINATION OF COVERED DATA COLLECTION AND MAINTENANCE BY PARTICIPANTS.—

''(1) IN GENERAL.—The Administrator shall, in consultation with the Office of the Federal Coordinator for Meteorology, coordinate the collection and maintenance of covered data by participants under this section—

''(A) to streamline the process of collecting covered data in accordance with the protocol established under subsection (c)(1); and

''(B) to maintain transparency of such process and the database established under subsection (f).

''(2) SHARING INFORMATION.—The Administrator shall establish a process for sharing among participants information relevant to collecting and using covered data for—

''(A) academic research;

''(B) private sector use;

''(C) public outreach; and

''(D) such other purposes as the Administrator considers appropriate.

''(3) CONSULTATION.—In carrying out paragraphs (1) and (2), the Administrator shall consult with the following:

''(A) The Commanding General of the United States Army Corps of Engineers.

''(B) The Administrator of the Federal Emergency Management Agency.

''(C) The Commandant of the Coast Guard.

''(D) The Director of the United States Geological Survey.

''(E) The Office of the Federal Coordinator for Meteorology.

''(F) The Director of the National Science Foundation.

''(G) The Administrator of the National Aeronautics and Space Administration.

''(H) Such public, private, and academic sector entities as the Administrator considers appropriate for purposes of carrying out the provisions of this section.

''(f) ESTABLISHMENT OF COASTAL WIND AND WATER EVENT DATABASE.—

''(1) IN GENERAL.—Not later than 1 year after the date of the enactment of the Consumer Option for an Alternative System to Allocate Losses Act of 2012, the Administrator shall establish a database for the collection and compilation of covered data—

''(A) to support the protocol established under subsection (c)(1); and

''(B) for the purposes listed in subsection (e)(2).

''(2) DESIGNATION.—The database established under paragraph (1) shall be known as the 'Coastal Wind and Water Event Database'.

''(g) COMPTROLLER GENERAL STUDY.—Not later than 1 year after the date of the enactment of the Consumer Option for an Alternative System to Allocate Losses Act of 2012, the Comptroller General of the United States shall—

''(1) complete an audit of Federal efforts to collect covered data for purposes of the Consumer Option for an Alternative System to Allocate Losses Act of 2012, which audit shall—

''(A) examine duplicated Federal efforts to collect covered data; and

''(B) determine the cost effectiveness of such efforts; and

''(2) submit to the Committee on Banking, Housing, and Urban Affairs and the Commerce, Science, and Transportation of the Senate and the Committee on Financial Services and the Committee on Science, Space, and Technology of the House of Representatives a report on the findings of the Comptroller General with respect to the audit completed under paragraph (1).''.

SEC. 303. ALTERNATIVE LOSS ALLOCATION SYSTEM FOR INDETERMINATE CLAIMS.

Part A of chapter II of the National Flood Insurance Act of 1968 (42 U.S.C. 4051 et seq.) is amended by adding at the end the following:

''SEC. 1337. ALTERNATIVE LOSS ALLOCATION SYSTEM FOR INDETERMINATE CLAIMS.

''(a) DEFINITIONS.—In this section:

''(1) ADMINISTRATOR.—The term 'Administrator' means the Administrator of the Federal Emergency Management Agency.

''(2) COASTAL FORMULA.—The term 'COASTAL Formula' means the formula established under subsection (b).

''(3) COASTAL STATE.—The term 'coastal State' has the meaning given the term 'coastal state' in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453).

''(4) INDETERMINATE LOSS.—

''(A) IN GENERAL.—The term 'indeterminate loss' means, as determined by an insurance claims adjuster certified under the national flood insurance program and in consultation with an engineer as appropriate, a loss resulting from physical damage to, or loss of, property located in any coastal State arising from the combined perils of flood and wind associated with a named storm.

''(B) REQUIREMENTS.—An insurance claims adjuster certified under the national flood insurance program shall only determine that a loss is an indeterminate loss if the claims adjuster determines that—

''(i) no material remnant of physical buildings or man-made structures remain except building foundations for the specific property for which the claim is made; and

''(ii) there is insufficient or no tangible evidence created, yielded, or otherwise left behind of the specific property for which the claim is made as a result of the named storm.

''(5) NAMED STORM.—The term 'named storm' means any organized weather system with a defined surface circulation and maximum winds of not less than 39 miles per hour which the National Hurricane Center of the United States National Weather Service names as a tropical storm or a hurricane.

''(6) POST-STORM ASSESSMENT.—The term 'post-storm assessment' means the post-storm assessment developed under section 12312(b) of the Omnibus Public Land Management Act of 2009.

''(7) STATE.—The term 'State' means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

''(8) SECRETARY.—The term 'Secretary' means the Secretary of Homeland Security.

''(9) STANDARD INSURANCE POLICY.—The term 'standard insurance policy' means any insurance policy issued under the national flood insurance program that covers loss or damage to property resulting from water peril.

''(10) PROPERTY.—The term 'property' means real or personal property that is insured under a standard insurance policy for loss or damage to structure or contents.

''(11) UNDER SECRETARY.—The term 'Under Secretary' means the Under Secretary of Commerce for Oceans and Atmosphere, in the Under Secretary's capacity as Administrator of the National Oceanic and Atmospheric Administration.

''(b) ESTABLISHMENT OF FLOOD LOSS ALLOCATION FORMULA FOR INDETERMINATE CLAIMS.—

''(1) IN GENERAL.—Not later than 180 days after the date on which the protocol is established under section 12312(c)(1) of the Omnibus Public Land Management Act of 2009, the Secretary, acting through the Administrator and in consultation with the Under Secretary, shall establish by rule a standard formula to determine and allocate wind losses and flood losses for claims involving indeterminate losses.

''(2) CONTENTS.—The standard formula established under paragraph (1) shall—

''(A) incorporate data available from the Coastal Wind and Water Event Database established under section 12312(f) of the Omnibus Public Land Management Act of 2009;

''(B) use relevant data provided on the National Flood Insurance Program Elevation Certificate for each indeterminate loss for which the formula is used;

''(C) consider any sufficient and credible evidence, approved by the Administrator, of the pre-event condition of a specific property, including the findings of any policyholder or insurance claims adjuster in connection with the indeterminate loss to that specific property;

''(D) include other measures, as the Administrator considers appropriate, required to determine and allocate by mathematical formula the property damage caused by flood or storm surge associated with a named storm; and

''(E) subject to paragraph (3), for each indeterminate loss, use the post-storm assessment to allocate water damage (flood or storm surge) associated with a named storm.

''(3) DEGREE OF ACCURACY REQUIRED.—The standard formula established under paragraph (1) shall specify that the Administrator may only use the post-storm assessment for purposes of the formula if the Under Secretary certifies that the post-storm assessment has a degree of accuracy of not less than 90 percent in connection with the specific indeterminate loss for which the assessment and formula are used.

''(c) AUTHORIZED USE OF POST-STORM ASSESSMENT AND COASTAL FORMULA.—

''(1) IN GENERAL.—Subject to paragraph (3), the Administrator may use the post-storm assessment and the COASTAL Formula to—

''(A) review flood loss payments for indeterminate losses, including as part of the quality assurance reinspection program of the Federal Emergency Management Agency for claims under the national flood insurance program and any other process approved by the Administrator to review and validate payments under the national flood insurance program for indeterminate losses following a named storm; and

''(B) assist the national flood insurance program to—

''(i) properly cover qualified flood loss for claims for indeterminate losses; and

''(ii) avoid paying for any loss or damage to property caused by any peril (including wind), other than flood or storm surge, that is not covered under a standard policy under the national flood insurance program.

''(2) FEDERAL DISASTER DECLARATION.—Subject to paragraph (3), in order to expedite claims and reduce costs to the national flood insurance program, following any major disaster declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170) relating to a named storm in a coastal State, the Administrator may use the COASTAL Formula to determine and pay for any flood loss covered under a standard insurance policy under the national flood insurance program, if the loss is an indeterminate loss.

''(3) NATIONAL ACADEMY OF SCIENCES EVALUATION.—

''(A) EVALUATION REQUIRED.—

''(i) EVALUATION.—Upon the issuance of the rule establishing the COASTAL Formula, and each time the Administrator modifies the COASTAL Formula, the National Academy of Sciences shall—

''(I) evaluate the expected financial impact on the national flood insurance program of the use of the COASTAL Formula as so established or modified; and

''(II) evaluate the validity of the scientific assumptions upon which the formula is based and determine whether the COASTAL formula can achieve a degree of accuracy of not less than 90 percent in allocating flood losses for indeterminate losses.

''(ii) REPORT.—The National Academy of Sciences shall submit a report containing the results of each evaluation under clause (i) to the Administrator, the Committee on Banking, Housing, and Urban Affairs and the Committee on Commerce, Science, and Transportation of the Senate, and the Committee on Financial Services and the Committee on Science, Space, and Technology of the House of Representatives.

''(B) EFFECTIVE DATE AND APPLICABILITY.—

''(i) EFFECTIVE DATE.—Paragraphs (1) and (2) of this subsection shall not take effect unless the report under subparagraph (A) relating to the establishment of the COASTAL Formula concludes that the use of the COASTAL Formula for purposes of paragraph (1) and (2) would not have an adverse financial impact on the national flood insurance program and that the COASTAL Formula is based on valid scientific assumptions that would allow a degree of accuracy of not less than 90 percent to be achieved in allocating flood losses for indeterminate losses.

''(ii) EFFECT OF MODIFICATIONS.—Unless the report under subparagraph (A) relating to a modification of the COASTAL Formula concludes that the use of the COASTAL Formula, as so modified, for purposes of paragraphs (1) and (2) would not have an adverse financial impact on the national flood insurance program and that the COASTAL Formula is based on valid scientific assumptions that would allow a degree of accuracy of not less than 90 percent to be achieved in allocating flood losses for indeterminate losses the Administrator may not use the COASTAL Formula, as so modified, for purposes of paragraphs (1) and (2).

''(C) FUNDING.—Notwithstanding section 1310 of the National Flood Insurance Act of 1968 (42 U.S.C. 4017), there shall be available to the Administrator from the National Flood Insurance Fund, of amounts not otherwise obligated, not more than $750,000 to carry out this paragraph.

''(d) DISCLOSURE OF COASTAL FORMULA.—Not later than 30 days after the date on which a post-storm assessment is submitted to the Secretary under section 12312(b)(2)(C) of the Omnibus Public Land Management Act of 2009, for each indeterminate loss for which the COASTAL Formula is used pursuant to subsection (c)(2), the Administrator shall disclose to the policyholder that makes a claim relating to the indeterminate loss—

''(1) that the Administrator used the COASTAL Formula with respect to the indeterminate loss; and

''(2) a summary of the results of the use of the COASTAL Formula.

''(e) CONSULTATION.—In carrying out subsections (b) and (c), the Secretary shall consult with—

''(1) the Under Secretary for Oceans and Atmosphere;

''(2) the Director of the National Institute of Standards and Technology;

''(3) the Chief of Engineers of the United States Army Corps of Engineers;

''(4) the Director of the United States Geological Survey;

''(5) the Office of the Federal Coordinator for Meteorology;

''(6) State insurance regulators of coastal States; and

''(7) such public, private, and academic sector entities as the Secretary considers appropriate for purposes of carrying out such subsections.

''(f) RECORDKEEPING.—Each consideration and measure the Administrator determines necessary to carry out subsection (b) may be required, with advanced approval of the Administrator, to be provided for on the National Flood Insurance Program Elevation Certificate, or maintained otherwise on record if approved by the Administrator, for any property that qualifies for the COASTAL Formula under subsection (c).

''(g) CIVIL PENALTY.—

''(1) IN GENERAL.—If an insurance claims adjuster knowingly and willfully makes a false or inaccurate determination relating to an indeterminate loss, the Administrator may, after notice and opportunity for hearing, impose on the insurance claims adjuster a civil penalty of not more than $1,000.

''(2) DEPOSIT.—Notwithstanding section 3302 of title 31, United States Code, or any other law relating to the crediting of money, the Administrator shall deposit in the National Flood Insurance Fund any amounts received under this subsection, which shall remain available until expended and be available to the Administrator for purposes authorized for the National Flood Insurance Fund without further appropriation.

''(h) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to require the Administrator to make any payment under the national flood insurance program, or an insurance company to make any payment, for an indeterminate loss based upon post-storm assessment or the COASTAL Formula.

''(i) APPLICABILITY.—Subsection (c) shall apply with respect to an indeterminate loss associated with a named storm that occurs after the date on which the Administrator issues the rule establishing the COASTAL Formula under subsection (b).

''(j) RULE OF CONSTRUCTION.—Nothing in this subsection shall be construed to negate, set aside, or void any policy limit, including any loss limitation, set forth in a standard insurance policy.''.

SA 2469. Mr. REID (for Mr. PRYOR (for himself and Mr. HOEVEN)) proposed an amendment to amendment SA 2468 proposed by Mr. REID (for Mr. JOHNSON of South Dakota (for himself and Mr. SHELBY)) to the bill S. 1940, to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes; as follows:

Strike section 107 and insert the following:

SEC. 107. AREAS OF RESIDUAL RISK.

(a) AREAS OF RESIDUAL RISK.—

(1) DEFINITION.—Not later than 18 months after the date of enactment of this Act, the Administrator, in consultation with the Technical Mapping Advisory Council established under section 117, shall establish a definition of the term ''area of residual risk'', for purposes of the National Flood Insurance Program, that is limited to areas that are not areas having special flood hazards.

(2) THIS SECTION.—In this section, the term ''area of residual risk'' has the meaning established by the Administrator under paragraph (1).

(b) STUDY AND REPORT ON MANDATORY PURCHASE REQUIREMENTS IN AREAS OF RESIDUAL RISK.—

(1) STUDY.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct a study assessing the potential impact and effectiveness of applying the mandatory purchase requirements under sections 102 and 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a and 4106) to properties located in areas of residual risk.

(B) AREAS OF STUDY.—In carrying out the study required under subparagraph (A), the Comptroller General shall evaluate—

(i) the regulatory, financial, and economic impact of applying the mandatory purchase requirements described in subparagraph (A) to areas of residual risk on—

(I) the costs of homeownership;

(II) the actuarial soundness of the National Flood Insurance Program;

(III) the Federal Emergency Management Agency;

(IV) communities located in areas of residual risk;

(V) insurance companies participating in the National Flood Insurance Program; and

(VI) the Disaster Relief Fund;

(ii) the effectiveness of the mandatory purchase requirements in protecting—

(I) homeowners and taxpayers in the United States from financial loss; and

(II) the financial soundness of the National Flood Insurance Program;

(iii) the impact on lenders of complying with or enforcing the mandatory purchase requirements;

(iv) the methodology that the Administrator uses to adequately estimate the varying levels of residual risk behind levees and other flood control structures; and

(v) the extent to which the risk premium rates under the National Flood Insurance Program for property in the areas of residual risk behind levees adequately account for—

(I) the design of the levees;

(II) the soundness of the levees;

(III) the hydrography of the areas of residual risk; and

(IV) any historical flooding in the areas of residual risk.

(2) REPORTS.—

(A) INITIAL REPORT.—Not later than 12 months after the date on which the Administrator establishes a definition of the term ''area of residual risk'' under subsection (a)(1), the Comptroller General shall submit to Congress a report that—

(i) contains the results of the study required under paragraph (1); and

(ii) provides recommendations to the Administrator on improvements that may result in more accurate estimates of varying levels of residual risk behind levees and other flood control structures.

(B) UPDATED REPORT.—Not later than 5 years after the date on which the Comptroller General submits the report under subparagraph (A), the Comptroller General shall—

(i) update the study conducted under paragraph (1); and

(ii) submit to Congress an updated report that—

(I) contains the results of the updated study required under clause (i); and

(II) provides recommendations to the Administrator on improvements that may result in more accurate estimates of varying levels of residual risk behind levees and other flood control structures.

(3) ADJUSTMENT OF METHODOLOGIES.—The Administrator shall, to the extent practicable, adjust the methodologies used to estimate the varying levels of residual risk behind levees and other flood control structures based on the recommendations submitted by the Comptroller General under subparagraphs (A)(ii) and (B)(ii)(II).

(c) STUDY OF VOLUNTARY COMMUNITY-BASED FLOOD INSURANCE OPTIONS.—

(1) STUDY.—

(A) STUDY REQUIRED.—The Administrator shall conduct a study to assess options, methods, and strategies for making available voluntary community-based flood insurance policies through the National Flood Insurance Program.

(B) CONSIDERATIONS.—The study conducted under subparagraph (A) shall—

(i) take into consideration and analyze how voluntary community-based flood insurance policies—

(I) would affect communities having varying economic bases, geographic locations, flood hazard characteristics or classifications, and flood management approaches; and

(II) could satisfy the applicable requirements under section 102 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a); and

(ii) evaluate the advisability of making available voluntary community-based flood insurance policies to communities, subdivisions of communities, and areas of residual risk.

(C) CONSULTATION.—In conducting the study required under subparagraph (A), the Administrator may consult with the Comptroller General of the United States, as the Administrator determines is appropriate.

(2) REPORT BY THE ADMINISTRATOR.—

(A) REPORT REQUIRED.—Not later than 18 months after the date of enactment of this Act, the Administrator shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that contains the results and conclusions of the study conducted under paragraph (1).

(B) CONTENTS.—The report submitted under subparagraph (A) shall include recommendations for—

(i) the best manner to incorporate voluntary community-based flood insurance policies into the National Flood Insurance Program; and

(ii) a strategy to implement voluntary community-based flood insurance policies that would encourage communities to undertake flood mitigation activities, including the construction, reconstruction, or improvement of levees, dams, or other flood control structures.

(3) REPORT BY COMPTROLLER GENERAL.—Not later than 6 months after the date on which the Administrator submits the report required under paragraph (2), the Comptroller General of the United States shall—

(A) review the report submitted by the Administrator; and

(B) submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that contains—

(i) an analysis of the report submitted by the Administrator;

(ii) any comments or recommendations of the Comptroller General relating to the report submitted by the Administrator; and

(iii) any other recommendations of the Comptroller General relating to community-based flood insurance policies.

SA 2470. Mr. REID proposed an amendment to amendment SA 2469 proposed by Mr. REID (for Mr. PRYOR (for himself and Mr. HOEVEN)) to the amendment SA 2468 proposed by Mr. REID (for Mr. JOHNSON of South Dakota (for himself and Mr. SHELBY)) to the bill S. 1940, to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes; as follows:

At the end, add the following new section:

SEC. ___.

This Act shall become effective 7 days after enactment.

SA 2471. Mr. REID proposed an amendment to the bill S. 1940, to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes; as follows:

At the end, add the following new section:

SEC. ___.

This title shall become effective 5 days after enactment.

SA 2472. Mr. REID proposed an amendment to the amendment SA 2471 proposed by Mr. REID to the bill S. 1940, to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes; as follows:

In the amendment, strike ''5 days'' and insert ''4 days''.

SA 2473. Mr. REID proposed an amendment to the bill S. 1940, to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes; as follows:

At the end, add the following new section:

SEC. ___.

This Act shall become effective 3 days after enactment.

SA 2474. Mr. REID proposed an amendment to amendment SA 2473 proposed by Mr. REID to the bill S. 1940, to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes; as follows:

In the amendment, strike ''3 days'' and insert ''2 days''.

SA 2475. Mr. REID proposed an amendment to amendment SA 2474 proposed by Mr. REID to the amendment SA 2473 proposed by Mr. REID to the bill S. 1940, to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes; as follows:

In the amendment, strike ''2 days'' and insert ''1 day''.

SA 2476. Mr. LEE submitted an amendment intended to be proposed by him to the bill S. 1940, to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title I, add the following:

SEC. 1___. PRIORITIZATION OF PRIVATE FLOOD INSURANCE.

Section 1304 of the National Flood Insurance Act of 1968 (42 U.S.C. 4011), as amended by this Act, is amended by adding at the end the following:

''(d) PRIORITIZATION OF PRIVATE FLOOD INSURANCE.—

''(1) DEFINITIONS.—In this subsection—

''(A) the term 'private flood insurance'—

''(i) means a contract for flood insurance coverage allowed for sale under the laws of any State; and

''(ii) does not include flood insurance provided or funded under any program of the Federal Emergency Management Agency, including the national flood insurance program; and

''(B) the term 'State insurance regulator' has the meaning given the term in section 313(r) of title 31, United States Code.

''(2) MINIMUM STANDARDS FOR PRIVATE FLOOD INSURANCE.—

''(A) STATE-SPECIFIC STANDARDS.—For purposes of this subsection, a State insurance regulator may establish minimum standards for private flood insurance in the State that take into account price, scope of coverage, and any other factors that the State insurance regulator determines are appropriate.

''(B) DEFAULT STANDARDS.—The Administrator shall establish minimum standards for private flood insurance that take into account price, scope of coverage, and any other factors that the Administrator determines are appropriate for States in which the State insurance regulator does not establish minimum standards under subparagraph (A).

''(3) PRIORITIZATION OF PRIVATE FLOOD INSURANCE.—

''(A) IN GENERAL.—Notwithstanding any other provision of law, the Administrator may not provide flood insurance under the national flood insurance program to a person for real property or personal property unless the person demonstrates that there is no private flood insurance available for the property that meets—

''(i) the standards established under paragraph (2)(A) for the State in which the property is located; or

''(ii) if standards have not been established under paragraph (2)(A) for the State in which the property is located, the standards established under paragraph (2)(B).

''(B) DEMONSTRATION OF LACK OF PRIVATE FLOOD INSURANCE.—The Administrator shall establish a procedure by which a person seeking to purchase flood insurance under the national flood insurance program for real property or personal property may demonstrate that there is no private flood insurance available for the property that meets the applicable standards established under paragraph (2).''.

SA 2477. Mr. MERKLEY (for himself and Ms. LANDRIEU) submitted an amendment intended to be proposed by him to the bill S. 1940, to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title I, add the following:

SEC. 1___. LEVEE SYSTEMS; FLOOD CONTROL STRUCTURES.

(a) CERTIFICATION OF FLOOD CONTROL STRUCTURES BY CORPS OF ENGINEERS.—Section 211 of the Water Resources Development Act of 2000 (31 U.S.C. 6505 note) is amended by adding at the end the following:

''(f) CERTIFICATION OR EVALUATION OF LEVEE SYSTEMS.—Notwithstanding subsections (b) and (c), the Corps may provide specialized or technical services to a State or local government under section 6505 of title 31, United States Code, relating to the certification or evaluation of a levee system for purposes of the National Flood Insurance Program if—

''(1) the chief executive of the State or local government submits to the Secretary a written request—

''(A) that describes the scope of the services to be performed; and

''(B) in which the chief executive of the State or local government agrees to reimburse the Corps for all costs associated with the performance of the services; and

''(2) the Secretary ensures that the requirements under paragraph (1) are met with regard to any request for services submitted under paragraph (1) before the Secretary enters into an agreement to perform the services.''.

(b) ACTUAL PROTECTION PROVIDED BY FLOOD CONTROL STRUCTURES.—Section 1360 of the National Flood Insurance Act of 1968 (42 U.S.C. 4101) is amended by adding at the end the following:

''(k) ACTUAL PROTECTION PROVIDED BY FLOOD CONTROL STRUCTURES.—The Administrator may not issue a flood insurance rate map or an update to a flood insurance rate map for an area unless the flood insurance rate map or update adequately reflects the protection provided by any levee, dam, or other flood control structure in the area.''.

SA 2478. Mr. MERKLEY (for himself and Mrs. BOXER) submitted an amendment intended to be proposed by him to the bill S. 1940, to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes; which was ordered to lie on the table; as follows:

On page 15, strike line 20 and insert the following:

''(f) EXEMPTION FROM MANDATORY PURCHASE REQUIREMENT FOR PRE-REFORM HOMEOWNERS.—The requirements under sections 102 and 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a and 4106) shall not apply with respect to a residential property located in an area of residual risk until the date on which ownership of the property changes for the first time after the date on which such requirements begin to apply to areas of residual risk, as determined under section 107(c) of the Flood Insurance Reform and Modernization Act of 2012.

''(g) DECERTIFICATION.—Upon decertification of any

SA 2479. Mr. PAUL submitted an amendment intended to be proposed by him to the bill S. 1940, to amend the National Flood Insurance Act of 1968, to restore the financial solvency of the flood insurance fund, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. _____. LIFE AT CONCEPTION ACT.

(a) SHORT TITLE.—This section may be cited as the ''Life at Conception Act''.

(b) RIGHT TO LIFE.—To implement equal protection for the right to life of each born and preborn human person, and pursuant to the duty and authority of the Congress, including Congress' power under article I, section 8, to make necessary and proper laws, and Congress' power under section 5 of the 14th article of amendment to the Constitution of the United States, the Congress hereby declares that the right to life guaranteed by the Constitution is vested in each human being.

(c) DEFINITIONS.—For purposes of this section:

(1) HUMAN PERSON; HUMAN BEING.—The terms ''human person'' and ''human being'' include each and every member of the species homo sapiens at all stages of life, including, but not limited to, the moment of fertilization, cloning, and other moment at which an individual member of the human species comes into being.

(2) STATE.—The term ''State'' used in the 14th article of amendment to the Constitution of the United States and other applicable provisions of the Constitution includes the District of Columbia, the Commonwealth of Puerto Rico, and each other territory or possession of the United States.

NOTICE OF HEARING

COMMITTEE ON INDIAN AFFAIRS

Mr. AKAKA. Mr. President, I would like to announce that the Committee on Indian Affairs will meet during the session of the Senate on June 28, 2012, in room SD–628 of the Dirksen Senate Office Building, at 2:15 p.m., to conduct a business meeting to consider the following:

H.R. 443, To provide for the conveyance of certain property from the United States to the Maniilaq Association located in Kotzebue, Alaska; H.R. 1560, To amend the Ysleta del Sur Pueblo and Alabama and Coushatta Indian Tribes of Texas Restoration Act to allow the Ysleta del Sur Pueblo Tribe to determine blood quantum requirement for membership in that tribe; H.R. 1272, To provide for the use and distribution of the funds awarded to the Minnesota Chippewa Tribe, et al, by the United States Court of Federal Claims in Docket Numbers 19 and 188, and for other purposes; S. 134, A bill to authorize the Mescalero Apache Tribe to lease adjudicated water rights; S. 1065, A bill to settle land claims within the Fort Hall Reservation; S. 2389, A bill to deem the submission of certain claims to an Indian Health Service contracting officer as timely; and S. 3193, A bill to make technical corrections to the legal description of certain land to be held in trust for the Barona Band of Mission Indians, and for other purposes.

Those wishing additional information may contact the Indian Affairs Committee at (202) 224–2251.

PRIVILEGES OF THE FLOOR

Mr. HARKIN. Mr. President, I ask unanimous consent that Bill McConogha, Lindsey Love, Bryan Rodriguez, and Tiffany Monreal of my staff be granted floor privileges for the duration of today's proceedings.

The PRESIDING OFFICER. Without objection, it is so ordered.

AGRICULTURE REFORM, FOOD, AND JOBS ACT OF 2012

On Thursday, June 21, 2012, the Senate passed S. 3240, as amended, as follows:

S. 3240

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.
Sec. 1108. Adjusted gross income limitation for conservation programs.

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—ADMINISTRATION

Sec. 1451. Duration.
Sec. 1452. Administration and enforcement.

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—FEDERAL MILK MARKETING ORDER REFORM

Sec. 1481. Federal milk marketing orders.

PART V—EFFECTIVE DATE

Sec. 1491. Effective date.

Subtitle E—Supplemental Agricultural Disaster Assistance Programs

Sec. 1501. Supplemental agricultural disaster assistance programs.

Subtitle F—Administration

Sec. 1601. Administration generally.
Sec. 1602. Suspension of permanent price support authority.
Sec. 1603. Payment limitations.
Sec. 1604. Payments limited to active farmers.
Sec. 1605. Adjusted gross income limitation.
Sec. 1606. Geographically disadvantaged farmers and ranchers.
Sec. 1607. Personal liability of producers for deficiencies.
Sec. 1608. Prevention of deceased individuals receiving payments under farm commodity programs.
Sec. 1609. Appeals.
Sec. 1610. Technical corrections.
Sec. 1611. Assignment of payments.
Sec. 1612. Tracking of benefits.
Sec. 1613. Signature authority.
Sec. 1614. Implementation.

TITLE II—CONSERVATION

Subtitle A—Conservation Reserve Program

Sec. 2001. Extension and enrollment requirements of conservation reserve program.
Sec. 2002. Farmable wetland program.
Sec. 2003. Duties of owners and operators.
Sec. 2004. Duties of the Secretary.
Sec. 2005. Payments.
Sec. 2006. Contract requirements.
Sec. 2007. Conversion of land subject to contract to other conserving uses.
Sec. 2008. Effective date.

Subtitle B—Conservation Stewardship Program

Sec. 2101. Conservation stewardship program.

Subtitle C—Environmental Quality Incentives Program

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

Subtitle D—Agricultural Conservation Easement Program

Sec. 2301. Agricultural Conservation Easement Program.

Subtitle E—Regional Conservation Partnership Program

Sec. 2401. Regional Conservation Partnership Program.

Subtitle F—Other Conservation Programs

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

Subtitle G—Funding and Administration

Sec. 2601. Funding.
Sec. 2602. Technical assistance.
Sec. 2603. Regional equity.
Sec. 2604. Reservation of funds to provide assistance to certain farmers or ranchers for conservation access.
Sec. 2605. Annual report on program enrollments and assistance.
Sec. 2606. Administrative requirements for conservation programs.
Sec. 2607. Rulemaking authority.
Sec. 2608. Standards for State technical committees.
Sec. 2609. Highly erodible land and wetland conservation for crop insurance.

Subtitle H—Repeal of Superseded Program Authorities and Transitional Provisions

Sec. 2701. Comprehensive conservation enhancement program.
Sec. 2702. Emergency forestry conservation reserve program.
Sec. 2703. Wetlands reserve program.
Sec. 2704. Farmland protection program and farm viability program.
Sec. 2705. Grassland reserve program.
Sec. 2706. Agricultural water enhancement program.
Sec. 2707. Wildlife habitat incentive program.
Sec. 2708. Great Lakes basin program.
Sec. 2709. Chesapeake Bay watershed program.
Sec. 2710. Cooperative conservation partnership initiative.
Sec. 2711. Environmental easement program.
Sec. 2712. Technical amendments.

TITLE III—TRADE

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SEC. 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, Conservation, 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 (D), 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 enriching 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) 1 3/32-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 reported 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.

Sections 1104 through 1106 shall be effective beginning with the 2013 crop year of each covered commodity through the 2017 crop year.

SEC. 1108. ADJUSTED GROSS INCOME LIMITATION FOR CONSERVATION PROGRAMS.

Section 1001D(b)(2)(A) of the Food Security Act of 1985 (7 U.S.C. 1308–3a(b)(2)(A)) is amended—

(1) by striking ''LIMITS.—'' and all that follows through ''clause (ii),'' and inserting ''LIMITS.—Notwithstanding any other provision of law,''; and

(2) by striking clause (ii).

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, mohair, 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 requirements 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 promote 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 conforms 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 accordance 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 adjusted 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) SUGAR IMPORT QUOTA ADJUSTMENT DATE.—Section 359k(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359kk(b)) is amended—

(A) by striking ''APRIL 1'' each place it appears and inserting ''FEBRUARY 1''; and

(B) by striking ''April 1'' each place it appears and inserting ''February 1''.

(3) 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 administer 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:

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) 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:

$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:

$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 protection 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 stabilization 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 nonfat 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 nonfat 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 nonfat 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 stabilization 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 conduct 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—Administration

SEC. 1451. DURATION.

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

SEC. 1452. ADMINISTRATION AND ENFORCEMENT.

(a) IN GENERAL.—The Secretary shall promulgate regulations to address administrative and enforcement issues involved in carrying out the production margin protection, supplemental production margin protection, and market stabilization programs.

(b) RECONSTITUTION AND ELIGIBILITY ISSUES.—

(1) RECONSTITUTION.—Using authorities under section 1001(f) and 1001B of the Food Security Act of 1985 (7 U.S.C. 1308(f), 1308–2), the Secretary shall promulgate regulations to prohibit a dairy producer from reconstituting a dairy operation for the sole purpose of the dairy producer—

(A) receiving basic margin protection;

(B) purchasing supplemental margin protection; or

(C) avoiding participation in the market stabilization program.

(2) ELIGIBILITY ISSUES.—Using authorities under section 1001(f) and 1001B of the Food Security Act of 1985 (7 U.S.C. 1308(f), 1308–2), the Secretary shall promulgate regulations—

(A) to prohibit a scheme or device;

(B) to provide for equitable relief; and

(C) to provide for other issues affecting eligibility and liability issues.

(3) ADMINISTRATIVE APPEALS.—Using authorities under section 1001(h) of the Food Security Act of 1985 (7 U.S.C. 1308(h)) and subtitle H of the Department of Agriculture Reorganization Act (7 U.S.C. 6991 et seq.), the Secretary shall promulgate regulations to provide for administrative appeals of decisions of the Secretary that are adverse to participants of the programs described in subsection (a).

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, more 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, more 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.

(c) STUDY.—

(1) IN GENERAL.—The Secretary shall conduct a study of the feasibility of establishing 2 classes of milk, a fluid class and a manufacturing class, to replace the 4–class system in effect on the date of enactment of this Act in administering Federal milk marketing orders.

(2) FEDERAL MILK MARKET ORDER REVIEW COMMISSION.—The Secretary may elect to use the Federal Milk Market Order Review Commission established under section 1509(a) of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246; 122 Stat. 1726), or documents of the Commission, to conduct all or part of the study.

(3) REPORT.—Not later than 180 days after the date of enactment of this Act, 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 describes the results of the study required under this subsection, including any recommendations.

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. 4501) 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—FEDERAL MILK MARKETING ORDER REFORM

SEC. 1481. FEDERAL MILK MARKETING ORDERS.

(a) AMENDMENTS.—The Secretary shall provide an analysis on the effects of amending each Federal milk marketing order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937 (in this part referred to as a ''milk marketing order''), as required by this section.

(b) USE OF END-PRODUCT PRICE FORMULAS.—In carrying out subsection (a), the Secretary shall—

(1) consider replacing the use of end-product price formulas with other pricing alternatives; and

(2) 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 findings of the Secretary on the impact of the action considered under paragraph (1).

PART V—EFFECTIVE DATE

SEC. 1491. 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 determined 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) ESTABLISHMENT.—There is established a livestock forage disaster program to provide

1 source for livestock forage disaster assistance for weather-related forage losses, as determined by the Secretary, by combining—

(A) the livestock forage assistance functions of—

(i) the noninsured crop disaster assistance program established by section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333); and

(ii) the emergency assistance for livestock, honey bees, and farm-raised fish program under section 531(e) of the Federal Crop Insurance Act (7 U.S.C. 1531(e)) (as in existence on the day before the date of enactment of this Act); and

(B) the livestock forage disaster program under section 531(d) of the Federal Crop Insurance Act (7 U.S.C. 1531(d)) (as in existence on the day before the date of enactment of this Act).

(2) 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 an eligible forage loss, as determined by the Secretary, the eligible livestock producer—

(I) owned;

(II) leased;

(III) purchased;

(IV) entered into a contract to purchase;

(V) was a contract grower; or

(VI) sold or otherwise disposed of due to an eligible forage loss during—

(aa) the current production year; or

(bb) subject to paragraph (4)(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 eligible forage loss, 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 FORAGE LOSS.—The term ''eligible forage loss'' means 1 or more forage losses that occur due to weather-related conditions, including drought, flood, blizzard, hail, excessive moisture, hurricane, and fire, occurring during the normal grazing period, as determined by the Secretary, if the forage—

(i) is grown on land that is native or improved pastureland with permanent vegetative cover; or

(ii) is a crop planted specifically for the purpose of providing grazing for covered livestock of an eligible livestock producer.

(D) 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 covered 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 an eligible forage loss;

(III) certifies the eligible forage 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.

(E) 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 (4)(D)(i), that would be expected from the grazing land or pastureland for livestock during the normal grazing period, in the absence of an eligible forage loss that diminishes the production of the grazing land or pastureland.

(F) 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 (4)(D)(i).

(3) 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 under paragraphs (4) through (6), as determined by the Secretary for eligible forage losses affecting covered livestock of eligible livestock producers.

(4) ASSISTANCE FOR ELIGIBLE FORAGE LOSSES DUE TO DROUGHT CONDITIONS.—

(A) ELIGIBLE FORAGE LOSSES.—

(i) IN GENERAL.—An eligible livestock producer of covered livestock may receive assistance under this paragraph for eligible forage losses that occur due to drought 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 paragraph for eligible forage 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(d)(2)) (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 for 1 month under this paragraph 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 Farm Service Agency 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 3 monthly payments using the monthly payment rate determined under subparagraph (B);

(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 4 monthly payments using the monthly payment rate determined under subparagraph (B); or

(cc) if the county is rated as having a D4 (exceptional drought) intensity in any area of the county for at least 4 weeks during the normal grazing period, in an amount equal to 5 monthly payments using the monthly rate determined under subparagraph (B).

(iii) ANNUAL PAYMENT BASED ON DROUGHT CONDITIONS DETERMINED BY MEANS OTHER THAN THE U.S. DROUGHT MONITOR.—

(I) IN GENERAL.—An eligible livestock producer that owns grazing land or pastureland that is physically located in a county that has experienced on average, over the preceding calendar year, precipitation levels that are 50 percent or more below normal

levels, according to sufficient documentation as determined by the Secretary, may be eligible, subject to a determination by the Secretary, to receive assistance under this paragraph in an amount equal to not more than 1 monthly payment using the monthly payment rate under subparagraph (B).

(II) NO DUPLICATE PAYMENT.—A producer may not receive a payment under both clause (ii) and this clause.

(5) 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 eligible forage 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 (4)(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.

(6) ASSISTANCE FOR ELIGIBLE FORAGE LOSSES DUE TO OTHER THAN DROUGHT OR FIRE.—

(A) ELIGIBLE FORAGE LOSSES.—

(i) IN GENERAL.—Subject to subparagraph (B), an eligible livestock producer of covered livestock may receive assistance under this paragraph for eligible forage losses that occur due to weather-related conditions other than drought or fire 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 paragraph for eligible forage 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(d)(2)) (as amended by section 2001 of this Act).

(B) PAYMENTS FOR ELIGIBLE FORAGE LOSSES.—

(i) IN GENERAL.—The Secretary shall provide assistance under this paragraph to an eligible livestock producer for eligible forage losses that occur due to weather-related conditions other than—

(I) drought under paragraph (4); and

(II) fire on public managed land under paragraph (5).

(ii) TERMS AND CONDITIONS.—The Secretary shall establish terms and conditions for assistance under this paragraph that are consistent with the terms and conditions for assistance under this subsection.

(7) NO DUPLICATIVE PAYMENTS.—An eligible livestock producer may elect to receive assistance for eligible forage losses under either paragraph (4), (5), or (6), if applicable, but may not receive assistance under more than 1 of those paragraphs for the same loss, as determined by the Secretary.

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

(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 $5,000,000 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 Secretary, 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) PAYMENTS.—

(1) PAYMENT LIMITATIONS.—

(A) DEFINITIONS OF LEGAL ENTITY AND PERSON.—In this subsection, the terms ''legal entity'' and ''person'' have the meanings 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 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.

(C) 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.

(2) PAYMENT DELIVERY.—The Secretary shall make payments under this section after October 1, 2013, for losses incurred in the 2012 and 2013 fiscal years, and as soon as practicable for losses incurred in any year thereafter.

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 title I of 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) LIMITATION ON MARKETING LOAN GAINS AND LOAN DEFICIENCY PAYMENTS FOR PEANUTS AND OTHER COVERED COMMODITIES.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended by striking subsection (d) and inserting the following:

''(d) LIMITATION ON MARKETING LOAN GAINS AND LOAN DEFICIENCY PAYMENTS FOR PEANUTS AND OTHER COVERED COMMODITIES.—The total amount of marketing loan gains and loan deficiency payments received, directly or indirectly, by a person or legal entity (except a joint venture or general partnership) for any crop year under subtitle B of the Agriculture Reform, Food, and Jobs Act of 2012 (or a successor provision) for—

''(1) peanuts may not exceed $75,000; and

''(2) 1 or more other covered commodities may not exceed $75,000.''.

(c) 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 Agriculture 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,''.

(d) 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 actively 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 Energy 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.—On October 1, 2013, 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 described 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 RANCHER.—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 management 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 resource 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 following 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 appropriate 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—

(1) in subsection (b)(2), by striking ''2012'' and inserting ''2017''; and

(2) by adding at the end the following:

''(c) 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 consistent 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 by eligible entities 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 areas 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 if terms of the easement are not enforced by the holder of the easement;

''(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 easement, 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 necessary 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-governmental 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

''(2) contracts with producers.

''(b) PURPOSES.—The purposes of the program are—

''(1) to combine the purposes and coordinate the functions of—

''(A) the agricultural water enhancement program established under section 1240I;

''(B) the Chesapeake Bay watershed program established under section 1240Q;

''(C) the cooperative conservation partnership initiative established under section 1243; and

''(D) the Great Lakes basin program for soil erosion and sediment control established under section 1240P;.

''(2) to further the conservation, restoration, and sustainable use of soil, water, wildlife, and related natural resources on a regional or watershed scale; and

''(3) to encourage partners to cooperate with producers in—

''(A) meeting or avoiding the need for national, State, and local natural resource regulatory 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 nonindustrial 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) APPLICATION SELECTION.—

''(A) PRIORITY TO CERTAIN APPLICATIONS.—The Secretary shall give a higher priority to applications that—

''(i) assist producers in meeting or avoiding the need for a natural resource regulatory requirement;

''(ii) significantly leverage non-Federal financial and technical resources and coordinate with other local, State, regional, or national efforts;

''(iii) deliver high percentages of applied conservation to address conservation priorities or local, State, regional, or national conservation initiatives; or

''(iv) provide innovation in conservation methods and delivery, including outcome-based performance measures and methods.

''(B) OTHER APPLICATIONS.—The Secretary may give priority to applications that—

''(i) have a high percentage of producers in the area to be covered by the agreement; or

''(ii) 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.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall ensure that the terms and conditions of a contract 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).

''(B) 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—

''(i) to provide a simplified application and evaluation process; and

''(ii) to better reflect unique local circumstances and purposes if the Secretary determines such adjustments are necessary to achieve the purposes of the program.

''(2) 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 CERTAIN PRODUCERS.—The Secretary may provide payments for a period of 5 years—

''(A) to producers participating in a project that addresses water quantity concerns and in an amount sufficient to encourage conversion from irrigated to dryland farming; and

''(B) to producers participating in a project that addresses water quality concerns and in an amount sufficient to encourage adoption of conservation practices and systems that improve nutrient management.

''(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 8 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) 40 percent of the funds and acres to projects based on a national competitive process to be established by the Secretary; and

''(3) 35 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.—

''(1) IN GENERAL.—The Secretary shall designate up to 6 geographical areas as critical conservation areas based on the degree to which an area—

''(A) includes multiple States with significant agricultural production;

''(B) 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;

''(C) 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;

''(D) has water quantity concerns, including—

''(i) concerns for groundwater, surface water, aquifer, or other water sources; or

''(ii) a need to promote water retention and flood prevention; or

''(E) is subject to regulatory requirements that could reduce the economic scope of agricultural operations within the area.

''(2) EXPIRATION.—Critical conservation area designations under this section shall expire after 5 years, subject to redesignation, except that the Secretary may withdraw designation from an area if the Secretary finds the area no longer meets the conditions described in paragraph (1).

''(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) $223,000,000 for fiscal year 2013;

''(B) $702,000,000 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) $1,455,000,000 for fiscal year 2013;

''(B) $1,645,000,000 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 reasonable 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''.

SEC. 2609. HIGHLY ERODIBLE LAND AND WETLAND CONSERVATION FOR CROP INSURANCE.

(a) HIGHLY ERODIBLE LAND PROGRAM INELIGIBILITY.—

(1) IN GENERAL.—Section 1211(a)(1) of the Food Security Act of 1985 (16 U.S.C. 3811(a)(1)) is amended—

(A) in subparagraph (C), by striking ''or'' at the end;

(B) in subparagraph (D), by adding ''or'' at the end; and

(C) by adding at the end the following:

''(E) any portion of premium paid by the Federal Crop Insurance Corporation for a plan or policy of insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);''.

(2) EXEMPTIONS.—Section 1212(a)(2) of the Food Security Act of 1985 (16 U.S.C. 3812(a)(2)) is amended—

(A) in the first sentence, by striking ''(2) If,'' and inserting the following:

''(2) ELIGIBILITY BASED ON COMPLIANCE WITH CONSERVATION PLAN.—

''(A) IN GENERAL.—If,'';

(B) in the second sentence, by striking ''In carrying'' and inserting the following:

''(B) MINIMIZATION OF DOCUMENTATION.—In carrying''; and

(C) by adding at the end the following:

''(C) CROP INSURANCE.—In the case of payments that are subject to section 1211 for the first time due to the amendment made by section 2609(a) of the Agriculture Reform, Food, and Jobs Act of 2012, any person who produces an agricultural commodity on the land that is the basis of the payments shall have until January 1 of the fifth year after the date on which the payments became subject to section 1211 to develop and comply with an approved conservation plan.''.

(b) WETLAND CONSERVATION PROGRAM INELIGIBILITY.—Section 1221(b) of the Food Security Act of 1985 (16 U.S.C. 3821) is amended by adding at the end the following:

''(4) Any portion of premium paid by the Federal Crop Insurance Corporation for a plan or policy of insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).''.

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. 1736o–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 20 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''.

SEC. 3015. PROHIBITION ON ASSISTANCE FOR NORTH KOREA.

(a) IN GENERAL.—No amounts may be obligated or expended to provide assistance under title II of the Food for Peace Act (7

U.S.C. 1721 et seq.) to the Democratic People's Republic of Korea.

(b) NATIONAL INTEREST WAIVER.—The President may waive subsection (a) if the President determines and certifies to the Committees on Agriculture, Nutrition, and Forestry and Foreign Relations of the Senate and the Committees on Agriculture and Foreign Affairs of the House of Representatives that the waiver is in the national interest of the United States.

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 Assistance 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 cooperatives, 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 Secretary 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 determines 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. PERFORMANCE BONUS PAYMENTS.

Section 16(d) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(d)) is amended by adding at the end the following:

''(5) USE OF PERFORMANCE BONUS PAYMENTS.—A State agency may use a performance bonus payment received under this subsection only to carry out the program established under this Act, including investments in—

''(A) technology;

''(B) improvements in administration and distribution; and

''(C) actions to prevent fraud, waste, and abuse.''.

SEC. 4012. 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. 4013. 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. 4014. 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, $260,250,000; 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, $44,000,000;

''(iii) for fiscal year 2015, $24,000,000;

''(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 pursuant 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. 4015. 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. 4016. 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. 4017. 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 described 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 incentives 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;

''(ii) providing financial and technical assistance to partnerships; and

''(iii) funding eligible projects to attract fresh, healthy food retailers to underserved areas, in accordance with this section.

''(4) PARTNERSHIP.—The term 'partnership' means a regional, State, or local public-private partnership that—

''(A) is organized to improve access to fresh, healthy foods;

''(B) provides financial and technical assistance to eligible projects; and

''(C) meets such other criteria as the Secretary may establish.

''(5) PERISHABLE FOOD.—The term 'perishable food' means a staple food that is fresh, refrigerated, or frozen.

''(6) QUALITY JOB.—The term 'quality job' means a job that provides wages and other benefits comparable to, or better than, similar positions in existing businesses of similar size in similar local economies.

''(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 1609(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. PULSE CROP PRODUCTS.

(a) PURPOSE.—The purpose of this section is to encourage greater awareness and interest in the number and variety of pulse crop products available to schoolchildren, as recommended by the most recent Dietary Guidelines for Americans published under section 301 of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341).

(b) DEFINITIONS.—In this section:

(1) ELIGIBLE PULSE CROP.—The term ''eligible pulse crop'' means dry beans, dry peas, lentils, and chickpeas.

(2) PULSE CROP PRODUCT.—The term ''pulse crop product'' means a food product derived in whole or in part from an eligible pulse crop.

(c) PURCHASE OF PULSE CROPS AND PULSE CROP PRODUCTS.—In addition to the commodities delivered under section 6 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755), the Secretary shall purchase eligible pulse crops and pulse crop products for use in—

(1) the school lunch program established under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.); and

(2) the school breakfast program established by section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773).

(d) EVALUATION.—Not later than September 30, 2016, the Secretary shall conduct an evaluation of the activities conducted under subsection (c), including—

(1) an evaluation of whether children participating in the school lunch and breakfast programs described in subsection (c) increased overall consumption of eligible pulse crops as a result of the activities;

(2) an evaluation of which eligible pulse crops and pulse crop products are most acceptable for use in the school lunch and breakfast programs;

(3) any recommendations of the Secretary regarding the integration of the use of pulse crop products in carrying out the school lunch and breakfast programs;

(4) an evaluation of any change in the nutrient composition in the school lunch and breakfast programs due to the activities; and

(5) an evaluation of any other outcomes determined to be appropriate by the Secretary.

(e) REPORT.—As soon as practicable after the completion of the evaluation under subsection (d), the Secretary shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Education and the Workforce of the House of Representative a report describing the results of the evaluation.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to

carry out this section $10,000,000, to remain available until expended.

SEC. 4208. DIETARY GUIDELINES FOR AMERICANS.

Section 301(a) of the National Nutrition Monitoring and Related Research Act of 1990 (7 U.S.C. 5341(a)) is amended by adding at the end the following:

''(3) PREGNANT WOMEN AND YOUNG CHILDREN.—Not later than the 2020 report and in each report thereafter, the Secretaries shall include national nutritional and dietary information and guidelines for pregnant women and children from birth until the age of 2.''.

SEC. 4209. PURCHASES OF LOCALLY PRODUCED FOODS.

Section 9(j) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(j)) is amended—

(1) by redesignating paragraphs (1) through (3) as subparagraphs (A) through (C), respectively, and indenting the subparagraphs appropriately;

(2) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—The Secretary'';

(3) in paragraph (1) (as so redesignated)—

(A) in subparagraph (B)—

(i) by striking ''paragraph (1) of the policy described in that paragraph and paragraph (3)'' and inserting ''subparagraph (A) of the policy described in that subparagraph and subparagraph (C)''; and

(ii) 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) not later than 1 year after the date of enactment of this subparagraph, in accordance with paragraphs (2) and (3), conduct not fewer than 5 demonstration projects through school food authorities receiving funds under this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) to facilitate the purchase of unprocessed and minimally processed locally grown and locally raised agricultural products.''; and

(4) by adding at the end the following:

''(2) SELECTION.—In conducting demonstration projects under paragraph (1)(D), the Secretary shall ensure that at least 1 project is located in a State in each of—

''(A) the Pacific Northwest Region;

''(B) the Northeast Region;

''(C) the Western Region;

''(D) the Midwest Region; and

''(E) the Southern Region.

''(3) PRIORITY.—In selecting States for participation in the demonstration projects under paragraph (2), the Secretary shall prioritize applications based on—

''(A) the quantity and variety of growers of local fruits and vegetables in the State;

''(B) the demonstrated commitment of the State to farm-to-school efforts, as evidenced by prior efforts to increase and promote farm-to- school programs in the State; and

''(C) whether the State contains a sufficient quantity of school districts of varying population sizes and geographical locations.''.

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 practices 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 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. 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 disadvantaged farmer for a downpayment on a farm ownership loan.

''(2) COORDINATION.—The Secretary shall be the primary coordinator of credit supervision for the downpayment loan program established under this section, in consultation

with a commercial or cooperative lender and, if applicable, a contracting credit counseling service selected under section 3420(c).

''(b) LOAN TERMS.—

''(1) PRINCIPAL.—Each loan made under this section shall be in an amount that does not exceed 45 percent of the lesser of—

''(A) the purchase price of the farm to be acquired;

''(B) the appraised value of the farm to be acquired; or

''(C) $667,000.

''(2) INTEREST RATE.—The interest rate on any loan made by the Secretary under this section shall be a rate equal to the greater of—

''(A) the difference between—

''(i) 4 percent; and

''(ii) the interest rate for farm ownership loans under this chapter; or

''(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 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 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 administrative 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.

''(e) PILOT LOAN PROGRAM TO SUPPORT HEALTHY FOODS FOR THE HUNGRY.—

''(1) DEFINITION OF GLEANER.—In this subsection, the term 'gleaner' means an entity that—

''(A) collects edible, surplus food that would be thrown away and distributes the food to agencies or nonprofit organizations that feed the hungry; or

''(B) harvests for free distribution to the needy, or for donation to agencies or nonprofit organizations for ultimate distribution to the needy, an agricultural crop that has been donated by the owner of the crop.

''(2) PROGRAM.—Not later than 180 days after the date of enactment of this subsection, the Secretary shall establish, within the operating loan program established under this chapter, a pilot program under which the Secretary makes loans available to eligible entities to assist the entities in providing food to the hungry.

''(3) ELIGIBILITY.—In addition to any other person eligible under the terms and conditions of the operating loan program established under this chapter, gleaners shall be eligible to receive loans under this subsection.

''(4) LOAN AMOUNT.—

''(A) IN GENERAL.—Each loan issued under the program shall be in an amount of not less than $500 and not more than $5,000.

''(B) REDISTRIBUTION.—If the eligible recipients in a State do not use the full allocation of loans that are available to eligible recipients in the State under this subsection, the Secretary may use any unused amounts to make loans available to eligible entities in other States in accordance with this subsection.

''(5) LOAN PROCESSING.—

''(A) IN GENERAL.—The Secretary shall process any loan application submitted under the program not later than 30 days after the date on which the application was submitted.

''(B) EXPEDITING APPLICATIONS.—The Secretary shall take any measure the Secretary determines necessary to expedite any application submitted under the program.

''(6) PAPERWORK REDUCTION.—The Secretary shall take measures to reduce any paperwork requirements for loans under the program.

''(7) PROGRAM INTEGRITY.—The Secretary shall take such actions as are necessary to ensure the integrity of the program established under this subsection.

''(8) MAXIMUM AMOUNT.—Of funds that are made available to carry out this chapter, the Secretary shall use to carry out this subsection a total amount of not more than $500,000.

''(9) REPORT.—Not later than 180 days after the maximum amount of funds are used to carry out this subsection under paragraph (8), 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 describes the results of the pilot program and the feasibility of expanding the program.

''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 eligible farmer (including a commercial fisherman) 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 approval 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 Secretary 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 reservation 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 considering 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 assumptions 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 securing the loan shall be based on the difference between—

''(A)(i) the amount of the current appraised value of the interests of the borrower in the property securing the loan; and

''(ii) the value of the interests of the borrower in all other assets that are—

''(I) not essential for necessary family living expenses;

''(II) not essential to the operation of the farm; and

''(III) not exempt from judgment creditors or in a bankruptcy action under Federal or State law;

''(B) the estimated administrative, attorney, and other expenses associated with the liquidation and disposition of the loan and collateral, including—

''(i) the payment of prior liens;

''(ii) taxes and assessments, depreciation, management costs, the yearly percentage decrease or increase in the value of the property, and lost interest income, each calculated for the average holding period 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 exceed 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 President 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 borrower-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 loans made under this subtitle in financial and farm management concepts associated with commercial farming.

''(b) CONTRACT.—

''(1) IN GENERAL.—The Secretary may contract with a State or private provider of farm management and credit counseling services (including a community college, the extension service of a State, a State department of agriculture, or a nonprofit organization) to carry out this section.

''(2) CONSULTATION.—The Secretary may consult with the chief executive officer of a State concerning the identity of the contracting organization and the process for contracting.

''(c) ELIGIBILITY FOR LOANS.—

''(1) IN GENERAL.—Subject to paragraph (2), to be eligible to obtain a direct or guaranteed loan under this subtitle, a borrower shall be required to obtain management assistance under this section, appropriate to the management ability of the borrower during the determination of eligibility for the loan.

''(2) LOAN CONDITIONS.—The need of a borrower who satisfies the criteria set out in section 3101(b)(1)(B) or 3201(b)(1)(B) for management assistance under this section shall not be cause for denial 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 determined 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 conclusion 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. 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 subtitle 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) 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 subtitle for a utility line.

''SEC. 3431. 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 available 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.

(a) IN GENERAL.—The first sentence of Public Law 91–229 (25 U.S.C. 488) is amended—

(1) in subsection (a), in the first sentence, by striking ''loans from'' and all that follows through ''1929)'' and inserting ''direct loans in a manner consistent with direct loans pursuant to chapter 4 of subtitle A of the Consolidated Farm and Rural Development Act'';

(2) in subsection (b)(1)—

(A) by striking ''pursuant to section 205(c) of the Indian Land Consolidation Act (25 U.S.C. 2204(c))''; and

(B) 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; and

(3) by adding at the end the following:

''(c) CONSULTATION REQUIRED.—In determining regulations and procedures to define eligible purchasers of highly fractionated land under this section, the Secretary of Agriculture shall consult with the Secretary of the Interior.''.

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.
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''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 applicant, 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, stockholders, 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.—If part of an area described in subparagraph (A)(ii) was eligible under the definitions of the terms 'rural' and 'rural area' in section 343 (as in effect on the day 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, that area shall remain eligible unless the Secretary, acting through the Under Secretary for Rural Development (referred to in this subparagraph as the 'Under Secretary'), determines the area is no longer rural, based on the criteria described in clause (iii).

''(ii) OTHER AREAS.—On petition of a unit of local government in an urbanized area described in subparagraph (A)(ii), or on the initiative of the Under Secretary, the Under Secretary may determine that part of an area is rural, based on the criteria described in clause (iii).

''(iii) CRITERIA.—In making a determination under clause (i), the Under Secretary shall consider—

''(I) population density;

''(II) economic conditions, favoring a rural 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; and

''(III) commuting patterns, favoring a rural determination for areas that can demonstrate higher proportions of the population living and working in the area.

''(iv) ADMINISTRATION.—In carrying out this subparagraph, the Under Secretary shall—

''(I) not delegate the authority to carry out this subparagraph;

''(II) not make a determination under clause (i) until the date that is 3 years after the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012;

''(III) consult with the applicable rural development State or regional director of the Department and the Governor of the respective State;

''(IV) provide an opportunity to appeal to the Under Secretary a determination made under this subparagraph;

''(V) 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;

''(VI) 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 (V); and

''(VII) 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.

''(v) 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 Northern 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) lower community population;

''(B) higher rates of outmigration; and

''(C) lower 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 on Federal or State reservations and other federally recognized 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) EXCEPTIONS.—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—

''(aa) a rural area that was recognized as a colonia as of October 1, 1989; or

''(bb) an area described under subclause (II), (III), or (VI) of clause (i).

''(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) RELATIONSHIP TO OTHER AUTHORITY.—Notwithstanding any other provision of law, the head of any Federal agency may enter into interagency agreements with Federal, State, tribal, and other entities to share resources, including transferring and accepting funds, equipment, or other supplies, to carry out the activities described in this paragraph.

''(F) 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 existing 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) IN GENERAL.—Subject to paragraph (2), the Secretary may use funds made available for community facilities programs authorized under this section to provide technical assistance to applicants and participants for community facilities programs.

''(2) FUNDING.—The Secretary may use not more than 3 percent of the amount of funds made available to participants for a fiscal year for a community facilities program to provide technical assistance described in paragraph (1).

''(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as are necessary.

''SEC. 3503. HEALTH CARE SERVICES.

''(a) PURPOSE.—The purpose of this section is to address the continued unmet health needs in the Delta region through cooperation among health care professionals, institutions of higher education, research institutions, and other individuals and entities in the region.

''(b) DEFINITION OF ELIGIBLE ENTITY.—In this section, the term 'eligible entity' means a consortium of regional institutions of higher education, academic health and research institutes, and economic development entities located in the Delta region that have experience in addressing 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 applications 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) MANDATORY FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this subsection $12,500,000 for each of fiscal years 2014 through 2017, to remain available until expended.

''(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 businesses, and other similar entities in rural areas served by the center;

''(V) providing technical assistance, research services, and advisory services to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center; and

''(VI) providing for the coordination of services and sharing of information by the center.

''(iv) A description of the contributions that the activities are likely to make to the improvement of the economic conditions of the rural areas for which the center will provide services.

''(v) Provisions that the center, in carrying out the activities, will seek, if appropriate, the advice, participation, expertise, and assistance of representatives of business, industry, educational institutions, the Federal Government, and State and local governments.

''(vi) Provisions that the center will take all practicable steps to develop continuing 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 public 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 nonprofit 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 exists 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 successful 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 received 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.

''(E) MANDATORY FUNDING FOR FISCAL YEARS 2013 THROUGH 2017.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this paragraph $3,750,000 for each of fiscal years 2014 through 2017, to remain available until expended.

''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 investment 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 during 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 combinations 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.

''SEC. 3707. STATE RURAL DEVELOPMENT PARTNERSHIP.

''(a) DEFINITIONS.—In this section:

''(1) AGENCY WITH RURAL RESPONSIBILITIES.—The term 'agency with rural responsibilities' means any executive agency (as defined in section 105 of title 5, United States Code) that implements a Federal law, or administers a program, targeted at or having a significant impact on rural areas.

''(2) PARTNERSHIP.—The term 'Partnership' means the State Rural Development Partnership continued by subsection (b).

''(3) STATE RURAL DEVELOPMENT COUNCIL.—The term 'State rural development council' means a State rural development council that meets the requirements of subsection (c).

''(b) PARTNERSHIP.—

''(1) IN GENERAL.—The Secretary shall support the State Rural Development Partnership comprised of State rural development councils.

''(2) PURPOSES.—The purposes of the Partnership are to empower and build the capacity of States, regions, and rural communities to design flexible and innovative responses to their rural development needs in a manner that maximizes collaborative public- and private-sector cooperation and minimizes regulatory redundancy.

''(3) COORDINATING PANEL.—A panel consisting of representatives of State rural development councils shall be established—

''(A) to lead and coordinate the strategic operation and policies of the Partnership; and

''(B) to facilitate effective communication among the members of the Partnership, including the sharing of best practices.

''(4) ROLE OF FEDERAL GOVERNMENT.—The role of the Federal Government in the Partnership may be that of a partner and facilitator, with Federal agencies authorized—

''(A) to cooperate with States to implement the Partnership;

''(B) to provide States with the technical and administrative support necessary to plan and implement tailored rural development strategies to meet local needs;

''(C) to ensure that the head of each agency with rural responsibilities directs appropriate field staff to participate fully with the State rural development council within the jurisdiction of the field staff; and

''(D) to enter into cooperative agreements with, and to provide grants and other assistance to, State rural development councils.

''(c) STATE RURAL DEVELOPMENT COUNCILS.—

''(1) ESTABLISHMENT.—Notwithstanding chapter 63 of title 31, United States Code, each State may elect to participate in the Partnership by entering into an agreement with the Secretary to recognize a State rural development council.

''(2) COMPOSITION.—A State rural development council shall—

''(A) be composed of representatives of Federal, State, local, and tribal governments, nonprofit organizations, regional organizations, the private sector, and other entities committed to rural advancement; and

''(B) have a nonpartisan and nondiscriminatory membership that—

''(i) is broad and representative of the economic, social, and political diversity of the State; and

''(ii) shall be responsible for the governance and operations of the State rural development council.

''(3) DUTIES.—A State rural development council shall—

''(A) facilitate collaboration among Federal, State, local, and tribal governments and the private and nonprofit sectors in the planning and implementation of programs and policies that have an impact on rural areas of the State;

''(B) monitor, report, and comment on policies and programs that address, or fail to address, the needs of the rural areas of the State;

''(C) as part of the Partnership, facilitate the development of strategies to reduce or eliminate conflicting or duplicative administrative or regulatory requirements of Federal, State, local, and tribal governments; and

''(D)(i) provide to the Secretary an annual plan with goals and performance measures; and

''(ii) submit to the Secretary an annual report on the progress of the State rural development council in meeting the goals and measures.

''(4) FEDERAL PARTICIPATION IN STATE RURAL DEVELOPMENT COUNCILS.—

''(A) IN GENERAL.—A State Director for Rural Development of the Department of Agriculture, other employees of the Department, and employees of other Federal agencies with rural responsibilities shall fully participate as voting members in the governance and operations of State rural development councils (including activities related to grants, contracts, and other agreements in accordance with this section) on an equal basis with other members of the State rural development councils.

''(B) CONFLICTS.—Participation by a Federal employee in a State rural development council in accordance with this paragraph shall not constitute a violation of section 205 or 208 of title 18, United States Code.

''(d) ADMINISTRATIVE SUPPORT OF THE PARTNERSHIP.—

''(1) DETAIL OF EMPLOYEES.—

''(A) IN GENERAL.—In order to provide experience in intergovernmental collaboration, the head of an agency with rural responsibilities that elects to participate in the Partnership may, and is encouraged to, detail to the Secretary for the support of the Partnership 1 or more employees of the agency with rural responsibilities without reimbursement for a period of up to 1 year.

''(B) CIVIL SERVICE STATUS.—The detail shall be without interruption or loss of civil service status or privilege.

''(2) ADDITIONAL SUPPORT.—The Secretary may provide for any additional support staff to the Partnership as the Secretary determines to be necessary to carry out the duties of the Partnership.

''(3) INTERMEDIARIES.—The Secretary may enter into a contract with a qualified intermediary under which the intermediary shall be responsible for providing administrative and technical assistance to a State rural development council, including administering the financial assistance available to the State rural development council.

''(e) MATCHING REQUIREMENTS FOR STATE RURAL DEVELOPMENT COUNCILS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), a State rural development council shall provide matching funds, or in-kind goods or services, to support the activities of the State rural development council in an amount that is not less than 33 percent of the amount of Federal funds received from a Federal agency under subsection (f)(2).

''(2) EXCEPTIONS TO MATCHING REQUIREMENT FOR CERTAIN FEDERAL FUNDS.—Paragraph (1) shall not apply to funds, grants, funds provided under contracts or cooperative agreements, gifts, contributions, or technical assistance received by a State rural development council from a Federal agency that are used—

''(A) to support 1 or more specific program or project activities; or

''(B) to reimburse the State rural development council for services provided to the Federal agency providing the funds, grants, funds provided under contracts or cooperative agreements, gifts, contributions, or technical assistance.

''(3) DEPARTMENT'S SHARE.—The Secretary shall develop a plan to decrease, over time, the share of the Department of Agriculture of the cost of the core operations of State rural development councils.

''(f) FUNDING.—

''(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2013 through 2017.

''(2) FEDERAL AGENCIES.—

''(A) IN GENERAL.—Notwithstanding any other provision of law limiting the ability of an agency, along with other agencies, to provide funds to a State rural development council in order to carry out the purposes of this section, a Federal agency may make grants, gifts, or contributions to, provide technical assistance to, or enter into contracts or cooperative agreements with, a State rural development council.

''(B) ASSISTANCE.—Federal agencies are encouraged to use funds made available for programs that have an impact on rural areas to provide assistance to, and enter into contracts with, a State rural development council, as described in subparagraph (A).

''(3) CONTRIBUTIONS.—A State rural development council may accept private contributions.

''(g) TERMINATION.—The authority provided under this section shall terminate on September 30, 2017.

''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 cochairperson 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 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, 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) 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, 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 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 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 cochairperson—

''(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 paragraph (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 cochairperson, 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 testimony 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.

''(f) FEDERAL AGENCY COOPERATION.—A Federal agency shall—

''(1) cooperate with the Authority; and

''(2) provide, on request of a cochairperson, appropriate assistance in carrying out this chapter, in accordance with applicable Federal laws (including regulations).

''(g) ADMINISTRATIVE EXPENSES.—

''(1) FEDERAL SHARE.—The Federal share of the administrative expenses of the Authority shall be—

''(A) for each of fiscal years 2012 and 2013, 100 percent;

''(B) for fiscal year 2014, 75 percent; and

''(C) for fiscal year 2015 and each fiscal year thereafter, 50 percent.

''(2) NON-FEDERAL SHARE.—

''(A) IN GENERAL.—The non-Federal share of the administrative expenses of the Authority shall be paid by non-Federal sources in the States that participate in the Authority.

''(B) SHARE PAID BY EACH STATE.—The share of administrative expenses of the Authority to be paid by non-Federal sources in each 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 section, 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 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, 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 districts 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 Secretary 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 subrogated 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 titles 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 increased 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 deferred 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 institution to undertake to service the loans guaranteed by the Secretary under this section, using standards that are not less stringent than generally accepted banking standards concerning loan servicing employed by prudent commercial or cooperative lenders.

''(B) MONITORING.—The Secretary shall, at least annually, monitor the performance of each certified lender to ensure that the conditions of the certification are being met.

''(4) EFFECT OF CERTIFICATION.—Notwithstanding any other provision of law:

''(A) AMOUNT OF LOAN GUARANTEE.—In the case of a loan made or guaranteed under subtitle A, the Secretary shall guarantee 80 percent of a loan made under this section by a certified lending institution as described in paragraph (1), subject to a determination that the borrower of the loan meets the eligibility requirements and such other criteria as may be applicable to loans guaranteed by the Secretary under other provisions of this title.

''(B) CERTIFICATIONS BY LENDING INSTITUTIONS.—In the case of loans to be guaranteed 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 financial information, and otherwise assess an application.

''(b) PREFERRED CERTIFIED LENDERS PROGRAM.—

''(1) IN GENERAL.—The Secretary shall establish a Preferred Certified Lenders Program for lenders under this title who establish—

''(A) knowledge of, and experience under, the program established under subsection (a);

''(B) knowledge of the regulations concerning the guaranteed loan program; and

''(C) proficiency related to the certified lender program requirements.

''(2) REVOCATION OF DESIGNATION.—

''(A) IN GENERAL.—Subject to subparagraph (B), the designation of a lender as a Preferred Certified Lender shall be revoked at any time—

''(i) that the Secretary determines that the lender is not adhering to the rules and regulations applicable to the program; or

''(ii) if the loss experiences of a Preferred Certified Lender are excessive as compared to other Preferred Certified 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. 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. 3913. 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. 3914. 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) 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''.

(cc) 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.)''.

(dd) 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''.

(ee) 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''.

(ff) 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''.

(gg) 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.''.

(hh) 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.''.

(ii) 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''.

(jj) 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''.

(kk) 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, loans, or loan guarantees under paragraph (1), the Secretary shall—

''(i) establish not less than 2, and not more than 4, evaluation periods for each fiscal year to compare grant, loan, and loan guarantee applications and to prioritize grants, loans, and loan guarantees to all or part of rural communities that do not have residential broadband service that meets the minimum acceptable level of broadband service established under subsection (e);

''(ii) give the highest priority to applicants that offer to provide broadband service to the greatest proportion of unserved rural households or rural households that do not have residential broadband service that meets the minimum acceptable level of broadband service established under subsection (e), as—

''(I) certified by the affected community, city, county, or designee; or

''(II) demonstrated on—

''(aa) the broadband map of the affected State if the map contains address-level data; or

''(bb) the National Broadband Map if address-level data is unavailable; and

''(iii) provide equal consideration to all qualified applicants, including those that have not previously received grants, loans, or loan guarantees under paragraph (1).

''(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;

''(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; and

''(v) targeted funding to provide the minimum acceptable level of broadband service established under subsection (e) in all or part of an unserved community that is below that minimum acceptable level of broadband service.

''(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) by striking clause (i) and inserting the following:

''(i) demonstrate the ability to furnish, improve in order to meet the minimum acceptable level of broadband service established under subsection (e), or extend broadband service to all or part of an unserved rural area or an area below the minimum acceptable level of broadband service established under subsection (e);'';

(iii) in clause (ii), by striking ''a loan application'' and inserting ''an application''; and

(iv) 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)—

(i) in subparagraph (A)—

(I) in the matter preceding clause (i)—

(aa) by striking ''the proceeds of a loan made or guaranteed'' and inserting ''assistance''; and

(bb) by striking ''for the loan or loan guarantee'' and inserting ''of the eligible entity'';

(II) in clause (i), by striking ''is offered broadband service by not more than 1 incumbent service provider'' and inserting ''are unserved or have service levels below the minimum acceptable level of broadband service established under subsection (e)''; and

(III) in clause (ii), by striking ''3'' and inserting ''2'';

(ii) by striking subparagraph (B) and inserting the following:

''(B) ADJUSTMENTS.—

''(i) INCREASE.—The Secretary may increase the household percentage requirement under subparagraph (A)(i) if—

''(I) more than 25 percent of the costs of the project are funded by grants made under this section; or

''(II) the proposed service territory includes 1 or more communities with a population in excess of 20,000.

''(ii) REDUCTION.—The Secretary may reduce the household percentage requirement under subparagraph (A)(i)—

''(I) to not less than 15 percent, if the proposed service territory does not have a population in excess of 5,000 people; or

''(II) to not less than 18 percent, if the proposed service territory does not have a population in excess of 7,500 people.''; and

(iii) in subparagraph (C)—

(I) in the subparagraph heading, by striking ''3'' and inserting ''2''; and

(II) in clause (i), by inserting ''the minimum acceptable level of broadband service established under subsection (e) in'' after ''service to'';

(C) in paragraph (3)—

(i) in subparagraph (A), by striking ''loan or'' and inserting ''grant, loan, or''; and

(ii) in subparagraph (B), by adding at the end the following:

''(iii) INFORMATION.—Information submitted under this subparagraph shall be—

''(I) certified by the affected community, city, county, or designee; and

''(II) demonstrated on—

''(aa) the broadband map of the affected State if the map contains address-level data; or

''(bb) the National Broadband Map if address-level data is unavailable.'';

(D) in paragraph (4)—

(i) by striking ''Subject to paragraph (1),'' and inserting the following:

''(A) IN GENERAL.—Subject to paragraph (1) and subparagraph (B),'';

(ii) by striking ''loan or'' and inserting ''grant, loan, or''; and

(iii) by adding at the end the following:

''(B) PILOT PROGRAMS.—The Secretary may carry out pilot programs in conjunction with interested entities described in subparagraph (A) (which may be in partnership with other entities, as determined appropriate by the Secretary) to address areas that are unserved or have service levels below the minimum acceptable level of broadband service established under subsection (e).'';

(E) in paragraph (5)—

(i) in the matter preceding subparagraph (A), by striking ''loan or'' and inserting ''grant, loan, or''; and

(ii) in subparagraph (C), by inserting '', and proportion relative to the service territory,'' after ''estimated number'';

(F) in paragraph (6), by striking ''loan or'' and inserting ''grant, loan, or'';

(G) in paragraph (7), by striking ''a loan application'' and inserting ''an application''; and

(H) 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, including new equipment and capacity enhancements that support high-speed broadband access for educational institutions, health care providers, and public safety service providers (including the estimated number of end users who are currently using or forecasted to use the new or upgraded infrastructure); and

''(ii) the progress towards fulfilling the objectives for which the assistance was granted, including—

''(I) the number and location of residences and businesses that will receive new broadband service, existing network service improvements, and facility upgrades resulting from the Federal assistance;

''(II) the speed of broadband service;

''(III) the price of broadband service;

''(IV) any changes in broadband service adoption rates, including new subscribers generated from demand-side projects; and

''(V) any other metrics the Secretary determines to be appropriate;

''(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) shall, in addition to other authority under applicable law, establish written procedures for all broadband programs administered by the Secretary that, to the maximum extent practicable—

''(i) recover funds from loan defaults;

''(ii)(I) deobligate awards to grantees that demonstrate an insufficient level of performance (including failure to meet build-out requirements, service quality issues, or other metrics determined by the Secretary) or wasteful or fraudulent spending; and

''(II) award those funds, on a competitive basis, to new or existing applicants consistent with this section; and

''(iii) consolidate and minimize overlap among the programs;

''(D) with respect to an application for assistance under this section, shall—

''(i) promptly post on the website of the Rural Utility Service—

''(I) an announcement that identifies—

''(aa) each applicant;

''(bb) the amount and type of support requested by each applicant; and

''(II) a list of the census block groups or proposed service territory, in a manner specified by the Secretary, that the applicant proposes to service;

''(ii) provide not less than 15 days for broadband service providers to voluntarily submit information about the broadband services that the providers offer in the groups or tracts listed under clause (i)(II) so that the Secretary may assess whether the applications submitted meet the eligibility requirements under this section; and

''(iii) if no broadband service provider submits information under clause (ii), consider the number of providers in the group or tract to be established by reference to—

''(I) the most current National Broadband Map of the National Telecommunications and Information Administration; or

''(II) any other data regarding the availability of broadband service that the Secretary may collect or obtain through reasonable efforts; and

''(E) 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 (e)—

(A) by redesignating paragraph (2) as paragraph (3); and

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

''(1) IN GENERAL.—Subject to paragraph (2), for purposes of this section, the minimum acceptable level of broadband service for a rural area shall be at least—

''(A) a 4-Mbps downstream transmission capacity; and

''(B) a 1-Mbps upstream transmission capacity.

''(2) ADJUSTMENTS.—

''(A) IN GENERAL.—At least once every 2 years, the Secretary shall review, and may adjust, the minimum acceptable level of broadband service established under paragraph (1) to ensure that high quality, cost-effective broadband service is provided to rural areas over time.

''(B) CONSIDERATIONS.—In making an adjustment to the minimum acceptable level of broadband service under subparagraph (A), the Secretary may consider establishing different transmission rates for fixed broadband service and mobile broadband service.'';

(6) in subsection (f), by striking ''make a loan or loan guarantee'' and inserting ''provide assistance'';

(7) in subsection (g), by striking paragraph (2) and inserting the following:

''(2) TERMS.—In determining the term and conditions of a loan or loan guarantee, the Secretary may—

''(A) consider whether the recipient would be serving an area that is unserved; and

''(B) if the Secretary makes a determination in the affirmative under subparagraph (A), establish a limited initial deferral period or comparable terms necessary to achieve the financial feasibility and long-term sustainability of the project.'';

(8) in subsection (j)—

(A) in the matter preceding paragraph (1), by striking ''loan and loan guarantee'';

(B) in paragraph (1)—

(i) by inserting ''grants and'' after ''number of''; and

(ii) by inserting '', including any loan terms or conditions for which the Secretary provided additional assistance to unserved areas'' before the semicolon at the end;

(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'';

(D) in paragraph (3), by striking ''loan'';

(E) in paragraph (5), by striking ''and'' at the end;

(F) in paragraph (6), by striking the period at the end and inserting ''; and''; and

(G) by adding at the end the following:

''(7) the overall progress towards fulfilling the goal of improving the quality of rural life by expanding rural broadband access, as demonstrated by metrics, including—

''(A) the number of residences and businesses receiving new broadband services;

''(B) network improvements, including facility upgrades and equipment purchases;

''(C) average broadband speeds and prices on a local and statewide basis;

''(D) any changes in broadband adoption rates; and

''(E) any specific activities that increased high speed broadband access for educational institutions, health care providers. and public safety service providers.''; and

(9) by redesignating subsections (k) and (l) as subsections (l) and (m), respectively;

(10) by inserting after subsection (j) the following:

''(k) BROADBAND BUILDOUT DATA.—

''(1) IN GENERAL.—As a condition of receiving a grant, loan, or loan guarantee under this section, a recipient of assistance shall provide to the Secretary address-level broadband buildout data that indicates the location of new broadband service that is being provided or upgraded within the service territory supported by the grant, loan, or loan guarantee—

''(A) for purposes of inclusion in the semi-annual updates to the National Broadband Map that is managed by the National Telecommunications and Information Administration (referred to in this subsection as the 'Administration'); and

''(B) not later than 30 days after the earlier of—

''(i) the date of completion of any project milestone established by the Secretary; or

''(ii) the date of completion of the project.

''(2) ADDRESS-LEVEL DATA.—Effective beginning on the date the Administration receives data described in paragraph (1), the Administration shall use only address-level broadband buildout data for the National Broadband Map.

''(3) CORRECTIONS.—

''(A) IN GENERAL.—The Secretary shall submit to the Administration any correction to the National Broadband Map that is based on the actual level of broadband coverage within the rural area, including any requests for a correction from an elected or economic development official.

''(B) INCORPORATION.—Not later than 30 days after the date on which the Administration receives a correction submitted under subparagraph (A), the Administration shall incorporate the correction into the National Broadband Map.

''(C) USE.—If the Secretary has submitted a correction to the Administration under subparagraph (A), but the National Broadband Map has not been updated to reflect the correct by the date on which the Secretary is making a grant or loan award decision under this section, the Secretary may use the correction submitted under that subparagraph for purposes of make the grant or loan award decision.'';

(11) subsection (*l*) (as redesignated by paragraph (9))—

(A) in paragraph (1)—

(i) by striking ''$25,000,000'' and inserting ''$50,000,000''; and

(ii) by striking ''2012'' and inserting ''2017''; and

(B) in paragraph (2)(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) set aside at least 1 percent to be used for—

''(I) conducting oversight under this section; and

''(II) implementing accountability measures and related activities authorized under this section.''; and

(12) in subsection (m) (as redesignated by paragraph (9))—

(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 determined 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 efficiency 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.''.

SEC. 6203. FUNDING OF PENDING RURAL DEVELOPMENT LOAN AND GRANT APPLICATIONS.

(a) IN GENERAL.—The Secretary shall use funds made available under subsection (b) to provide funds for applications that are pending on the date of enactment of this Act in accordance with the terms and conditions of section 6029 of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246; 122 Stat. 1955).

(b) FUNDING.—Notwithstanding any other provision of law, beginning in fiscal year 2014, of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $50,000,000, to remain available until expended.

SEC. 6204. STUDY OF RURAL TRANSPORTATION ISSUES.

(a) IN GENERAL.—The Secretary and the Secretary of Transportation shall jointly conduct a study of transportation issues regarding the movement of agricultural products, domestically produced renewable fuels, and domestically produced resources for the production of electricity for rural areas of the United States, and economic development in those areas.

(b) INCLUSIONS.—The study shall include an examination of—

(1) the importance of freight transportation, including rail, truck, and barge, to—

(A) the delivery of equipment, seed, fertilizer, and other products important to the development of agricultural commodities and products;

(B) the movement of agricultural commodities and products to market;

(C) the delivery of ethanol and other renewable fuels;

(D) the delivery of domestically produced resources for use in the generation of electricity for rural areas;

(E) the location of grain elevators, ethanol plants, and other facilities;

(F) the development of manufacturing facilities in rural areas; and

(G) the vitality and economic development of rural communities;

(2) the sufficiency in rural areas of transportation capacity, the sufficiency of competition in the transportation system, the reliability of transportation services, and the reasonableness of transportation rates;

(3) the sufficiency of facility investment in rural areas necessary for efficient and cost-effective transportation; and

(4) the accessibility to shippers in rural areas of Federal processes for the resolution of grievances arising within various transportation modes.

(c) REPORT TO CONGRESS.—Not later than 1 year after the date of enactment of this Act, the Secretary and the Secretary of Transportation shall submit a report to Congress that contains the results of the study required under subsection (a).

(d) PERIODIC UPDATES.—The Secretary and the Secretary of Transportation shall publish triennially an updated version of the study described in subsection (a).

SEC. 6205. AGRICULTURAL TRANSPORTATION POLICY.

Section 203 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1622) is amended by

striking subsection (j) and inserting the following:

''(j) POLICY DEVELOPMENT PROCEEDINGS.—The Secretary shall participate on behalf of the interests of agriculture and rural America in all policy development proceedings or other proceedings of the Surface Transportation Board that may establish freight rail transportation policy affecting agriculture and rural America.''.

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 coordination 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);

(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; and

(C) by adding at the end the following:

''(10) CORN, SOYBEAN MEAL, CEREAL GRAINS, AND GRAIN BYPRODUCTS RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of carrying out or enhancing research to improve the digestibility, nutritional value, and efficiency of use of corn, soybean meal, cereal grains, and grain byproducts for the poultry and food animal production industries.'';

(4) by striking subsections (f), (g), and (i);

(5) by inserting after subsection (e) the following:

''(f) PULSE HEALTH INITIATIVE.—

''(1) DEFINITIONS.—In this subsection;

''(A) INITIATIVE.—The term 'Initiative' means the pulse health initiative established by paragraph (2).

''(B) PULSE.—The term 'pulse' means dry beans, dry peas, lentils, and chickpeas or garbanzo beans.

''(2) ESTABLISHMENT.—Notwithstanding any other provision of law, during the period beginning on the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012 and ending on September 30, 2017, the Secretary shall carry out a pulse crop health and extension initiative to address the critical needs of the pulse crop industry by developing and disseminating science-based tools and information, including—

''(A) research in health and nutrition, such as—

''(i) identifying global dietary patterns of pulse crops in relation to population health;

''(ii) researching pulse crop diets and the ability of the diets to reduce obesity 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 production 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 Agricultural 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 National 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) by redesignating subsection (h) as subsection (i);

(3) by inserting after subsection (g) the following:

''(h) STATE GRANTS.—

''(1) DEFINITION OF ELIGIBLE ENTITY.—In this subsection, the term 'eligible entity' means—

''(A) an agency of a State or political subdivision of a State;

''(B) a national, State, or regional organization of agricultural producers; and

''(C) any other entity determined appropriate by the Secretary.

''(2) GRANTS.—The Secretary shall use such sums as are necessary of funds made available to carry out this section for each fiscal year under subsection (i) to make grants to States, on a competitive basis, which States shall use the grants to make grants to eligible entities to establish and improve farm safety programs at the local level.''; and

(4) in subsection (i) (as redesignated by paragraph (2))—

(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) $17,000,000 for each of fiscal years 2013 through 2017, 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 immediately 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.—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.—Subject to paragraph (3), the Foundation shall be the sole entity responsible for carrying out the duties enumerated 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 transactions 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) are held in separate accounts from funds received from nongovernmental entities as described in subsection (f)(2)(A)(iii).

SEC. 7602. OBJECTIVE AND SCHOLARLY AGRICULTURAL AND FOOD LAW RESEARCH AND INFORMATION.

(a) FINDINGS.—Congress finds that—

(1) the farms, ranches, and forests of the United States are impacted by a complex and rapidly evolving web of international, Federal, State, and local laws (including regulations);

(2) objective, scholarly, and authoritative agricultural and food law research and information helps the farm, ranch, and forestry community contribute to the strength of the United States through improved conservation, environmental protection, job creation, economic development, renewable energy production, outdoor recreational opportunities, and increased local and regional supplies of food, fiber, and fuel; and

(3) the vast agricultural community of the United States, including farmers, ranchers, foresters, attorneys, policymakers, and extension personnel, need access to agricultural and food law research and information provided by an objective, scholarly, and neutral source.

(b) PARTNERSHIPS.—The Secretary, acting through the National Agricultural Library, shall support the dissemination of objective, scholarly, and authoritative agricultural and food law research and information by entering into partnerships with institutions of higher education that have expertise in agricultural and food law research and information.

(c) RESTRICTION.—For each fiscal year, the Secretary shall use not more than $1,000,000 of the amounts made available to the National Agricultural Library to carry out this section.

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 $200,000,000 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 reestablishing.

''(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 evaluation 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 Appropriations 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 Cooperative 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, the District of Columbia,' 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 strategic 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(h)) 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(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) 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 Commodity 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, Conservation, 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 provide 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 DISADVANTAGED 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) EXCLUSION.—The Secretary shall not make any BCAP payments on land for which payments are received 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.) or the agricultural conservation easement program established under subtitle H of title XII of that Act.

''(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.

(a) DEFINITION OF BIOMASS CONSUMER COOPERATIVE.—Section 9013(a) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8113(a)) is amended—

(1) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively; and

(2) by inserting before paragraph (2) (as so redesignated) the following:

''(1) BIOMASS CONSUMER COOPERATIVE.—The term 'biomass consumer cooperative' means a consumer membership organization the purpose of which is to provide members with services or discounts relating to the purchase of biomass heating products or biomass heating systems.''.

(b) GRANT PROGRAM.—Section 9013(b)(1) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8113(b)(1)) is amended—

(1) in subparagraph (A), by striking ''and'' after the semicolon at the end;

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

(3) by adding at the end the following:

''(C) grants of up to $50,000 to biomass consumer cooperatives for the purpose of establishing or expanding biomass consumer cooperatives that will provide consumers with services or discounts relating to—

''(i) the purchase of biomass heating systems;

''(ii) biomass heating products, including wood chips, wood pellets, and advanced biofuels; or

''(iii) the delivery and storage of biomass of heating products.''.

(c) MATCHING FUNDS.—Section 9013(d) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8113(d)) is amended—

(1) by striking ''A State or local government that receives a grant under subsection (b)'' and inserting the following:

''(1) STATE AND LOCAL GOVERNMENTS.—A State or local government that receives a grant under subparagraph (A) or (B) of subsection (b)(1)''; and

(2) by adding at the end the following:

''(2) BIOMASS CONSUMER COOPERATIVES.—A biomass consumer cooperative that receives a grant under subsection (b)(1)(C) shall contribute an amount of non-Federal funds (which may include State, local, and nonprofit funds and membership dues) toward the establishment or expansion of a biomass consumer cooperative that is at least equal to 50 percent of the amount of Federal funds received for that purpose.''.

(d) AUTHORIZATION OF APPROPRIATIONS.—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 subsection $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 (1), 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 (1) (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 occurred 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 person 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 underlying 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 applicable 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 impact 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 approved insurance provider within a reasonable amount of time following the applicable sales closing date to correct information regarding the entity name, social security number, tax identification number, or such other eligibility information as determined by the Corporation that is provided by a producer for the purpose of obtaining coverage

under any policy or plan of insurance made available under this subtitle to ensure that the eligibility information is consistent with the information reported by the producer to the Farm Service Agency.

''(B) LIMITATION.—In accordance with the procedures of the Corporation, procedures under subparagraph (A) may include any subsequent correction to the eligibility information described in that subparagraph made by the Farm Service Agency if the corrections do not allow the producer—

''(i) to obtain a disproportionate benefit under the crop insurance program or any related program of the Department of Agriculture;

''(ii) to avoid ineligibility requirements 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 agricultural 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 describes the results and feasibility of the research and development conducted under this paragraph, including an analysis of potential adverse market distortions.''.

SEC. 11017. STUDY OF FOOD SAFETY INSURANCE.

Section 522(c) of the Federal Crop Insurance Act (7 U.S.C. 1522(c)) (as amended by section 11016) is amended by adding at the end the following:

''(19) STUDY OF FOOD SAFETY INSURANCE.—

''(A) IN GENERAL.—The Corporation shall offer to enter into a contract with 1 or more qualified entities to conduct a study to determine whether offering policies that provide coverage for specialty crops from food safety and contamination issues would benefit agricultural producers.

''(B) SUBJECT.—The study described in subparagraph (A) shall evaluate policies and plans of insurance coverage that provide protection for production or revenue impacted by food safety concerns including, at a minimum, government, retail, or national consumer group announcements of a health advisory, removal, or recall related to a contamination concern.

''(C) REPORT.—Not later than 1 year 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 describes the results of the study conducted under subparagraph (A).''.

SEC. 11018. 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. 11019. 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. 11020. POULTRY BUSINESS DISRUPTION INSURANCE POLICY.

Section 522(c) of the Federal Crop Insurance Act (7 U.S.C. 1522(c)) (as amended by sections 11016, 11017, and 11018) is amended by adding at the end the following:

''(21) POULTRY BUSINESS DISRUPTION INSURANCE POLICY AND CATASTROPHIC DISEASE PROGRAM.—

''(A) DEFINITION OF POULTRY.—In this paragraph, the term 'poultry' has the meaning given the term in section 2(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182(a)).

''(B) AUTHORITY.—The Corporation shall offer to enter into 1 or more contracts with qualified entities to carry out—

''(i) a study to determine the feasibility of insuring commercial poultry production against business disruptions caused by integrator bankruptcy; and

''(ii) a study to determine the feasibility of insuring poultry producers for a catastrophic event.

''(C) BUSINESS DISRUPTION STUDY.—The study described in subparagraph (B)(i) shall—

''(i) evaluate the market place for business disruption insurance that is available to poultry producers;

''(ii) assess the feasibility of a policy to allow producers to ensure against a portion of losses from loss under contract due to business disruption from integrator bankruptcy; and

''(iii) analyze the costs to the Federal government of a Federal business disruption insurance program for poultry producers.

''(D) REPORTS.—Not later than 1 year 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 describes the results of—

''(i) the study carried out under subparagraph (B)(i); and

''(ii) the study carried out under subparagraph (B)(ii).''.

SEC. 11021. CROP INSURANCE FOR ORGANIC CROPS.

(a) IN GENERAL.—Section 508(c)(6) of the Federal Crop Insurance Act (7 U.S.C. 1508(c)(6)) is amended by adding at the end the following:

''(D) ORGANIC CROPS.—

''(i) IN GENERAL.—As soon as possible, but not later than the 2015 reinsurance year, the Corporation shall offer producers of organic crops price elections for all organic crops produced in compliance with standards issued by the Department of Agriculture under the national organic program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.) that reflect the actual retail or wholesale prices, as appropriate, received by producers for organic crops, as determined by the Secretary using all relevant sources of information.

''(ii) ANNUAL REPORT.—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 an annual report on progress made in developing and improving Federal crop insurance for organic crops, including—

''(I) the numbers and varieties of organic crops insured;

''(II) the progress of implementing the price elections required under this subparagraph, including the rate at which additional price elections are adopted for organic crops;

''(III) the development of new insurance approaches relevant to organic producers; and

''(IV) any recommendations the Corporation considers appropriate to improve Federal crop insurance coverage for organic crops.''.

(b) CONFORMING AMENDMENT.—Section 522(c) of the Federal Crop Insurance Act (7 U.S.C. 1522(c)) (as amended by section 11018) is amended—

(1) by striking paragraph (10); and

(2) by redesignating paragraphs (11) through (20) as paragraphs (10) through (19), respectively.

SEC. 11022. 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. 11023. 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. 11024. 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 specialty 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. 11025. 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. 11026. 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 decisionmaking 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. 11027. 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. 11028. 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 ever 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 ever 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. 11029. 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.

SEC. 11030. GREATER ACCESSIBILITY FOR CROP INSURANCE.

(a) FINDINGS.—Congress finds that—

(1) due to changes in commodity and other agricultural programs made by the Agriculture Reform, Food, and Jobs Act of 2012, it is more important than ever that agricultural producers be able to fully understand the terms of plans and policies of crop insurance offered under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.); and

(2) proposed reductions by the Secretary in the number of State and local offices of the Farm Service Agency will reduce the services available to assist agricultural producers in understanding crop insurance.

(b) REQUIREMENT FOR USE OF PLAIN LANGUAGE.—

(1) IN GENERAL.—In issuing regulations and guidance relating to plans and policies of crop insurance, the Risk Management Agency and the Federal Crop Insurance Corporation shall, to the greatest extent practicable, use plain language, as required under Executive Orders 12866 (5 U.S.C. 601 note; relating to regulatory planning and review) and 12988 (28 U.S.C. 519 note; relating to civil justice reform).

(2) REPORT.—Not later than 180 days after the date of enactment of this Act, 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 efforts of the Secretary to accelerate compliance with the Executive Orders described in paragraph (1).

(c) WEBSITE.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary, in consultation with the approved insurance providers (as defined in section 502(b) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)), shall improve the existing Internet website through which agricultural producers in any State may identify crop insurance options in that State.

(2) REQUIREMENTS.—The website described in paragraph (1) shall—

(A) provide answers in an easily accessible format to frequently asked questions; and

(B) include published materials of the Department of Agriculture that relate to plans and policies of crop insurance offered under that Act.

(d) ADMINISTRATION.—Nothing in this section authorizes the Risk Management Agency to sell a crop insurance policy or plan of insurance.

SEC. 11031. GAO CROP INSURANCE FRAUD REPORT.

Section 515(d) of the Federal Crop Insurance Act (7 U.S.C. 1515(d)) is amended by adding at the end the following:

''(6) GAO CROP INSURANCE FRAUD REPORT.—As soon as practicable after the date of enactment of this paragraph, the Comptroller General of the United States shall conduct, and submit to Congress a report describing the results of, a study regarding fraudulent claims filed, and benefits provided, under this subtitle.''.

SEC. 11032. LIMITATION ON PREMIUM SUBSIDY BASED ON AVERAGE ADJUSTED GROSS INCOME.

Section 508(e) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)) (as amended by section 11023(b)) is amended by adding at the end the following:

''(9) LIMITATION ON PREMIUM SUBSIDY BASED ON AVERAGE ADJUSTED GROSS INCOME.—

''(A) DEFINITION OF AVERAGE ADJUSTED GROSS INCOME.—In this paragraph, the term 'average adjusted gross income' has the meaning given the term in section 1001D(a) of the Food Security Act of 1985 (7 U.S.C. 1308–3a(a)).

''(B) LIMITATION.—Notwithstanding any other provision of this subtitle and beginning with the 2014 reinsurance year, in the case of any producer that is a person or legal entity that has an average adjusted gross income in excess of $750,000 based on the most recent data available from the Farm Service Agency as of the beginning of the reinsurance year, the total amount of premium subsidy provided with respect to additional coverage under subsection (c), section 508B, or section 508C issued on behalf of the producer for a reinsurance year shall be 15 percentage points less than the premium subsidy provided in accordance with this subsection that would otherwise be available for the applicable policy, plan of insurance, and coverage level selected by the producer.

''(C) APPLICATION.—

''(i) STUDY.—Not later than 1 year after the date of enactment of this Act, the Secretary, in consultation with the Government Accountability Office, shall carry out a study to determine the effects of the limitation described in subparagraph (B) on—

''(I) the overall operations of the Federal crop insurance program;

''(II) the number of producers participating in the Federal crop insurance program;

''(III) the level of coverage purchased by participating producers;

''(IV) the amount of premiums paid by participating producers and the Federal Government;

''(V) any potential liability for participating producers, approved insurance providers, and the Federal Government;

''(VI) different crops or growing regions;

''(VII) program rating structures;

''(VIII) creation of schemes or devices to evade the impact of the limitation; and

''(IX) administrative and operating expenses paid to approved insurance providers and underwriting gains and loss for the Federal government and approved insurance providers.

''(ii) EFFECTIVENESS.—The limitation described in subparagraph (B) shall not take effect unless the Secretary determines, through the study described in clause (i), that the limitation would not—

''(I) significantly increase the premium amount paid by producers with an average adjusted gross income of less than $750,000;

''(II) result in a decline in the crop insurance coverage available to producers; and

''(III) increase the total cost of the Federal crop insurance program.''.

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 Secretary 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 benefits 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.

''(c) CONTRACTS AND COOPERATIVE AGREEMENTS.—For purposes of carrying out the duties under subsection (b), the Military Veterans Agricultural Liaison may enter into contracts or cooperative agreements with the research centers of the Agricultural Research Service, institutions of higher education, or nonprofit organizations for—

''(1) the conduct of regional research on the profitability of small farms;

''(2) the development of educational materials;

''(3) the conduct of workshops, courses, and certified vocational training;

''(4) the conduct of mentoring activities; or

''(5) the provision of internship opportunities.''.

(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 4206(b)) is amended—

(1) in paragraph (8), by striking the ''or'' at the end;

(2) in paragraph (9), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(10) 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).

''(4) ADDITIONAL AVAILABILITY.—

''(A) IN GENERAL.—As soon as practicable after October 1, 2013, the Secretary shall make assistance available to producers of an otherwise eligible crop described in subsection (a)(2) that suffered losses—

''(i) to a 2012 annual fruit crop grown on a bush or tree; and

''(ii) in a county covered by a declaration by the Secretary of a natural disaster for production losses due to a freeze or frost.

''(B) ASSISTANCE.—The Secretary shall make assistance available under subparagraph (A) in an amount equivalent to assistance available under paragraph (1), less any fees not previously paid 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 Commission 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 Administrator 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.

SEC. 12207. OFFICE OF TRIBAL RELATIONS.

(a) IN GENERAL.—Title III of the Department of Agriculture Reorganization Act of 1994 is amended by adding after section 308 (7 U.S.C. 3125a note; Public Law 103–354) the following:

''SEC. 309. OFFICE OF TRIBAL RELATIONS.

''The Secretary shall establish in the Office of the Secretary an Office of Tribal Relations.''.

(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 12201(b)) is amended—

(1) in paragraph (8), by striking ''or'' at the end;

(2) in paragraph (9), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(10) the authority of the Secretary to establish in the Office of the Secretary the Office of Tribal Relations in accordance with section 309.''.

SEC. 12208. REPEAL OF DUPLICATIVE PROGRAM.

(a) IN GENERAL.—Effective on the date of enactment of the Food, Conservation, and

Energy Act (7 U.S.C. 8701 et seq.), section 11016 of that Act (Public Law 110–246; 122 Stat. 2130) and the amendments made by that section are repealed.

(b) APPLICATION.—The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) and the Federal Meat Inspection Act (21 U.S.C. 601 et seq.) shall be applied and administered as if section 11016 of the Food, Conservation, and Energy Act (Public Law 110–246; 122 Stat. 2130) and the amendments made by that section had not been enacted.

SEC. 12209. SENSE OF THE SENATE.

It is the sense of the Senate that nothing in this Act or an amendment made by this Act should manipulate prices or interfere with the free market.

SEC. 12210. ACER ACCESS AND DEVELOPMENT PROGRAM.

(a) GRANTS AUTHORIZED; AUTHORIZED ACTIVITIES.—The Secretary of Agriculture may make grants to States and tribal governments to support their efforts to promote the domestic maple syrup industry through the following activities:

(1) Promotion of research and education related to maple syrup production.

(2) Promotion of natural resource sustainability in the maple syrup industry.

(3) Market promotion for maple syrup and maple-sap products.

(4) Encouragement of owners and operators of privately held land containing species of tree in the genus Acer—

(A) to initiate or expand maple-sugaring activities on the land; or

(B) to voluntarily make the land available, including by lease or other means, for access by the public for maple-sugaring activities.

(b) APPLICATIONS.—In submitting an application for a grant under this section, a State or tribal government shall include—

(1) a description of the activities to be supported using the grant funds;

(2) a description of the benefits that the State or tribal government intends to achieve as a result of engaging in such activities; and

(3) an estimate of the increase in maple-sugaring activities or maple syrup production that the State or tribal government anticipates will occur as a result of engaging in such activities.

(c) RELATIONSHIP TO OTHER LAWS.—Nothing in this section preempts a State or tribal government law, including any State or tribal government liability law.

(d) DEFINITION OF MAPLE SUGARING.—In this section, the term ''maple-sugaring'' means the collection of sap from any species of tree in the genus Acer for the purpose of boiling to produce food.

(e) REGULATIONS.—The Secretary of Agriculture shall promulgate such regulations as are necessary to carry out this section.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $20,000,000 for each of fiscal years 2012 through 2015.

SEC. 12211. DEFINITION OF RURAL AREA FOR PURPOSES OF THE HOUSING ACT OF 1949.

The second sentence of section 520 of the Housing Act of 1949 (42 U.S.C. 1490) is amended—

(1) by striking ''1990 or 2000 decennial census shall continue to be so classified until the receipt of data from the decennial census in the year 2010'' and inserting ''1990, 2000, or 2010 decennial census, and any area deemed to be a 'rural area' for purposes of this title under any other provision of law at any time during the period beginning January 1, 2000, and ending December 31, 2010, shall continue to be so classified until the receipt of data from the decennial census in the year 2020''; and

(2) by striking ''25,000'' and inserting ''35,000''.

SEC. 12212. ANIMAL WELFARE.

Section 2(h) of the Animal Welfare Act (7 U.S.C. 2132(h)) is amended by adding ''an owner of a common, domesticated household pet who derives less than a substantial portion of income from a nonprimary source (as determined by the Secretary) for exhibiting an animal that exclusively resides at the residence of the pet owner,'' after ''stores,''.

SEC. 12213. PROHIBITION ON ATTENDING AN ANIMAL FIGHT OR CAUSING A MINOR TO ATTEND AN ANIMAL FIGHT; ENFORCEMENT OF ANIMAL FIGHTING PROVISIONS.

(a) PROHIBITION ON ATTENDING AN ANIMAL FIGHT OR CAUSING A MINOR TO ATTEND AN ANIMAL FIGHT.—Section 26 of the Animal Welfare Act (7 U.S.C. 2156) is amended—

(1) in subsection (a)—

(A) in the heading, by striking ''SPONSORING OR EXHIBITING AN ANIMAL IN'' and inserting ''SPONSORING OR EXHIBITING AN ANIMAL IN, ATTENDING, OR CAUSING A MINOR TO ATTEND'';

(B) in paragraph (1)—

(i) in the heading, by striking ''IN GENERAL'' and inserting ''SPONSORING OR EXHIBITING''; and

(ii) by striking ''paragraph (2)'' and inserting ''paragraph (3)'';

(C) by redesignating paragraph (2) as paragraph (3); and

(D) by inserting after paragraph (1) the following new paragraph:

''(2) ATTENDING OR CAUSING A MINOR TO ATTEND.—It shall be unlawful for any person to—

''(A) knowingly attend an animal fighting venture; or

''(B) knowingly cause a minor to attend an animal fighting venture.''; and

(2) in subsection (g), by adding at the end the following new paragraph:

''(5) the term 'minor' means a person under the age of 18 years old.''.

(b) ENFORCEMENT OF ANIMAL FIGHTING PROHIBITIONS.—Section 49 of title 18, United States Code, is amended—

(1) by striking ''Whoever'' and inserting ''(a) IN GENERAL.—Whoever'';

(2) in subsection (a), as designated by paragraph (1) of this section, by striking ''subsection (a),'' and inserting ''subsection (a)(1),''; and

(3) by adding at the end the following new subsections:

''(b) ATTENDING AN ANIMAL FIGHTING VENTURE.—Whoever violates subsection (a)(2)(A) of section 26 of the Animal Welfare Act (7 U.S.C. 2156) shall be fined under this title, imprisoned for not more than 1 year, or both, for each violation.

''(c) CAUSING A MINOR TO ATTEND AN ANIMAL FIGHTING VENTURE.—Whoever violates subsection (a)(2)(B) of section 26 (7 U.S.C. 2156) of the Animal Welfare Act shall be fined under this title, imprisoned for not more than 3 years, or both, for each violation.''.

SEC. 12214. PROHIBITING USE OF PRESIDENTIAL ELECTION CAMPAIGN FUNDS FOR PARTY CONVENTIONS.

(a) IN GENERAL.—

(1) IN GENERAL.—Chapter 95 of the Internal Revenue Code of 1986 is amended by striking section 9008.

(2) CLERICAL AMENDMENT.—The table of sections of chapter 95 of such Code is amended by striking the item relating to section 9008.

(b) CONFORMING AMENDMENTS.—

(1) AVAILABILITY OF PAYMENTS TO CANDIDATES.—The third sentence of section 9006(c) of the Internal Revenue Code of 1986 is amended by striking '', section 9008(b)(3),''.

(2) REPORTS BY FEDERAL ELECTION COMMISSION.—Section 9009(a) of such Code is amended—

(A) by adding ''and'' at the end of paragraph (2);

(B) by striking the semicolon at the end of paragraph (3) and inserting a period; and

(C) by striking paragraphs (4), (5), and (6).

(3) PENALTIES.—Section 9012 of such Code is amended—

(A) in subsection (a)(1), by striking the second sentence; and

(B) in subsection (c), by striking paragraph (2) and redesignating paragraph (3) as paragraph (2).

(4) AVAILABILITY OF PAYMENTS FROM PRESIDENTIAL PRIMARY MATCHING PAYMENT ACCOUNT.—The second sentence of section 9037(a) of such Code is amended by striking ''and for payments under section 9008(b)(3)''.

(c) RETURN OF PREVIOUSLY SUBMITTED MONEY FOR DEFICIT REDUCTION.—Any amount which is returned by the national committee of a major party or a minor party to the general fund of the Treasury from an account established under section 9008 of the Internal Revenue Code of 1986 after the date of the enactment of this Act shall be dedicated to the sole purpose of deficit reduction.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to elections occurring after December 31, 2012.

SEC. 12215. REPORTS ON EFFECTS OF DEFENSE AND NONDEFENSE BUDGET SEQUESTRATION.

(a) FINDINGS.—Congress makes the following findings:

(1) The inability of the Joint Select Committee on Deficit Reduction to find $1,200,000,000,000 in savings will trigger automatic funding reductions known as ''sequestration'' to raise an equivalent level of savings between fiscal years 2013 and 2021.

(2) These savings are in addition to $900,000,000,000 in deficit reduction resulting from discretionary spending limits established by the Budget Control Act of 2011.

(b) REPORTS.—

(1) REPORT BY THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET.—

(A) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, the Director of the Office of Management and Budget shall report upon the impact of sequestration of funds with respect to a sequestration under paragraphs (7)(A) and (8) of section 251(A) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901a) for fiscal year 2013 on January 2, 2013, using enacted levels of appropriations for accounts funded pursuant to an enacted regular appropriations bill for fiscal year 2013, and estimates pursuant to a current rate continuing resolution for accounts not funded through an enacted appropriations measure for fiscal year 2013 as the levels to which the sequestration should be applied.

(B) ELEMENTS.—The report required by subparagraph (A) shall include the following:

(i) Each account that would be subject to such a sequestration.

(ii) Each account that would be subject to such a sequestration but subject to a special rule under section 255 or 256 of the Balanced Budget and Emergency Deficit Control Act of 1985 (and the citation to such rule).

(iii) Each account that would be exempt from such a sequestration.

(iv) Any other data or information that would enhance public understanding of the sequester and its effect on the defense and nondefense functions of the Federal Government including the impact on essential public safety responsibilities such as homeland security, food safety, and air traffic control activities.

(C) CATAGORIZE AND GROUP.—The report required under this paragraph shall categorize and group the listed accounts by the appropriations Act covering such accounts.

(2) REPORT BY THE PRESIDENT.—

(A) IN GENERAL.—Not later than 60 days after the date of the enactment of this Act, or by October 30, 2012, whichever is earlier, the President shall submit to Congress a detailed report on the sequestration required by paragraphs (7)(A) and (8) of section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901a) for fiscal year 2013 on January 2, 2013.

(B) ELEMENTS.—The reports required by subparagraph (A) shall include—

(i) for discretionary appropriations—

(I) an estimate for each category, of the sequestration percentages and amounts necessary to achieve the required reduction; and

(II) an identification of each account to be sequestered and estimates of the level of sequestrable budgetary resources and resulting outlays and the amount of budgetary resources to be sequestered and resulting outlay reductions at the program, project, and activity level, using enacted levels of appropriations for accounts funded pursuant to an enacted regular appropriations bill for fiscal year 2013, and estimates pursuant to a current rate continuing resolution for accounts not funded through an enacted appropriations measure for fiscal year 2013;

(ii) for non-defense discretionary spending only—

(I) a list of the programs, projects, and activities that would be reduced or terminated;

(II) an assessment of the jobs lost directly though program and personnel cuts;

(III) an estimate of the impact program cuts would have on the long-term competitiveness of the United States and its ability to maintain its lead on research and development, as well as the impact on our national goal to graduate the most students with degrees in in-demand fields;

(IV) an assessment of the impact of program cuts to education funding across the country, including estimates on teaching jobs lost, the number of students cut off programs they depend on, and education resources lost by States and local educational agencies;

(V) an analysis of the impact of cuts to programs middle class families and the most vulnerable families depend on, including estimates of how many families would lose access to support for children, housing and nutrition assistance, and skills training to help workers get better jobs;

(VI) an analysis of the impact on small business owners' ability to access credit and support to expand and create jobs;

(VII) an assessment of the impact to public safety, including an estimate of the reduction of police officers, emergency medical technicians, and firefighters;

(VIII) a review of the health and safety impact of cuts on communities, including the impact on food safety, national border security, and environmental cleanup;

(IX) an assessment of the impact of sequestration on environmental programs that protect the Nation's air and water, and safeguard children and families;

(X) assessment of the impact of sequestration on the Nation's infrastructure, including how cuts would harm the ability of States and communities to invest in roads, bridges, and waterways;

(XI) an assessment of the impact on ongoing government operations and the safety of Federal Government personnel;

(XII) a detailed estimate of the reduction in force of civilian personnel as a result of sequestration, including the estimated timing of such reduction in force actions and the timing of reduction in force notifications thereof; and

(XIII) an estimate of the number and value of all contracts that will be terminated, restructured, or revised in scope as a result of sequestration, including an estimate of potential termination costs and of increased contract costs due to renegotiation and reinstatement of contracts;

(iii) for direct spending—

(I) an estimate for the defense and nondefense functions based on current law of the sequestration percentages and amount necessary to achieve the required reduction;

(II) a specific identification of the reductions required for each nonexempt direct spending account at the program, project, and activity level; and

(III) a specific identification of exempt direct spending accounts at the program, project, and activity level; and

(iv) any other data or information that would enhance public understanding of the sequester and its effect on the defense and nondefense functions of the Federal Government including the impact on essential public safety responsibilities such as—

(I) homeland security, food safety, and air traffic control activities;

(II) an assessment of the impact of cuts to programs that the Nation's farmers rely on to help them through difficult economic times; and

(III) an assessment of the impact of Medicare cuts to the ability for seniors to access care.

(3) REPORT BY THE SECRETARY OF DEFENSE.—

(A) IN GENERAL.—Not later than August 15, 2012, the Secretary of Defense shall report on the impact on national defense accounts as defined by paragraphs (7)(A) and (8) of section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901a) using enacted levels of appropriations for accounts funded pursuant to an enacted regular appropriations bill for fiscal year 2013, and estimates pursuant to a current rate continuing resolution for accounts not funded through an enacted appropriations measure for fiscal year 2013 as the levels to which the sequestration should be applied.

(B) ELEMENTS OF THE DEFENSE REPORTS.—The report required by subparagraph (A) shall include the following:

(i) An assessment of the impact on ongoing operations and the safety of United States military and civilian personnel.

(ii) An assessment of the impact on the readiness of the Armed Forces, including impacts to steaming hours, flying hours, and full spectrum training miles, and an estimate of the increase or decrease in readiness (as defined in the C status C–1 through C–5).

(iii) A detailed estimate of the reduction in force of civilian personnel, including the estimated timing of such reduction in force actions and timing of reduction in force notifications thereof.

(iv) A list of the programs, projects, and activities of the Department of Defense that would be reduced or terminated and the expected savings for each program, project and activity.

(v) An estimate of the number and value of all contracts that will be terminated, restructured, or revised in scope, including an estimate of potential termination costs and of increased contract costs due to renegotiation and reinstatement of contracts.

(vi) An assessment of the impact on the ability of the Department of Defense to carry out the National Military Strategy of the United States, and any changes to the most recent Risk Assessment of the Chairman of the Joint Chiefs of Staff under section 153(b) of title 10, United States Code, arising from sequestration.

NATIONAL APHASIA AWARENESS MONTH

Mr. WHITEHOUSE. I ask unanimous consent the Senate proceed to S. Res. 503, submitted earlier today.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A resolution (S. Res. 503) designating June 2012 as ''National Aphasia Awareness Month'' and supporting efforts to increase awareness of aphasia.

There being no objection, the Senate proceeded to consider the resolution.

Mr. WHITEHOUSE. Mr. President, I ask unanimous consent the resolution be agreed to, the preamble be agreed to, the motions to reconsider be laid upon the table, with no intervening action or debate, and any statements be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 503) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 503

Whereas aphasia is a communication impairment caused by brain damage that typically results from a stroke;

Whereas aphasia can also occur with other neurological disorders, such as a brain tumor;

Whereas many people with aphasia also have weakness or paralysis in the right leg and right arm, usually due to damage to the left hemisphere of the brain, which controls language and movement on the right side of the body;

Whereas the effects of aphasia may include a loss of, or reduction in, the ability to speak, comprehend, read, and write, but the intelligence of a person with aphasia remains intact;

Whereas, according to the National Institute of Neurological Disorders and Stroke (referred to in this preamble as the ''NINDS''), strokes are the third-leading cause of death in the United States, ranking behind heart disease and cancer;

Whereas strokes are a leading cause of serious, long-term disability in the United States;

Whereas the NINDS estimates that there are approximately 5,000,000 stroke survivors in the United States;

Whereas the NINDS estimates that people in the United States suffer approximately 750,000 strokes per year, with about ⅓ of the strokes resulting in aphasia;

Whereas, according to the NINDS, aphasia affects at least 1,000,000 people in the United States;

Whereas the NINDS estimates that more than 200,000 people in the United States acquire aphasia each year;

Whereas the people of the United States should strive to learn more about aphasia and to promote research, rehabilitation, and support services for people with aphasia and aphasia caregivers throughout the United States; and

Whereas people with aphasia and their caregivers envision a world that recognizes the ''silent'' disability of aphasia and provides opportunity and fulfillment for people affected by aphasia: Now, therefore, be it

Resolved, That the Senate—

(1) designates June 2012 as ''National Aphasia Awareness Month'';

(2) supports efforts to increase awareness of aphasia;

(3) recognizes that strokes, a primary cause of aphasia, are the third-largest cause of death and disability in the United States;

(4) acknowledges that aphasia deserves more attention and study to find new solutions for people experiencing aphasia and their caregivers;

(5) supports efforts to make the voices of people with aphasia heard, because people with aphasia are often unable to communicate with others; and

(6) encourages all people in the United States to observe National Aphasia Awareness Month with appropriate events and activities.

SUPPORTING A MINUTE OF SILENCE AT THE 2012 OLYMPICS OPENING CEREMONY

Mr. WHITEHOUSE. Mr. President, I ask unanimous consent the Senate proceed to S. Res. 504, submitted earlier today.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The bill clerk read as follows:

A resolution (S. Res. 504) expressing support for the International Olympic Committee to recognize with a minute of silence at the 2012 Olympics Opening Ceremony the athletes and others killed at the 1972 Munich Olympics.

There being no objection, the Senate proceeded to consider the resolution.

Mr. WHITEHOUSE. Mr. President, I ask unanimous consent the resolution be agreed to, the preamble be agreed to, the motions to reconsider be laid upon the table, with no intervening action or debate, and any statements be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 504) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 504

Whereas, in September 1972, in the midst of the Munich Olympics, the core spirit of the Olympics was violated when members of the Black September Palestinian terrorist group murdered eleven members of the Israeli Olympic Team consisting of athletes, coaches, and referees;

Whereas one West German police officer was also killed in the terrorist attack;

Whereas the international community was deeply touched by the brutal murders at the Munich Olympics and memorials have been placed around the world, including in Rockland County, New York, United States; Manchester, United Kingdom; Tel Aviv, Israel; and Munich, Germany;

Whereas the International Olympic Committee has an obligation and the ability to fully and publicly promote the ideals embodied in the Olympic Charter, which states, ''The goal of Olympism is to place sport at the service of the harmonious development of humankind, with a view to promoting a peaceful society concerned with the preservation of human dignity.''

Whereas no opening ceremonies of any Olympics since 1972 have marked an official recognition of the terrorist attack that brutally betrayed the vision of the Olympic Games; and

Whereas the London Olympic Games in 2012 will mark four decades since this act of terror took place without a full and public commemoration of the gravity of this tragic event for all Olympians and all humankind: Now, therefore, be it

Resolved, That the Senate—

(1) should observe a minute of silence to commemorate the 40th anniversary of the 1972 Munich Olympics terrorist attack and remember those who lost their lives;

(2) urges the International Olympic Committee to take the opportunity afforded by the 40th anniversary of the 1972 Munich Olympics terrorist attack to remind the world that the Olympics were established to send a message of hope and peace through sport and athletic competition; and

(3) urges the International Olympic Committee to recognize with a minute of silence at the 2012 Olympics Opening Ceremony those who lost their lives at the 1972 Munich Olympics in an effort to reject and repudiate terrorism as antithetical to the Olympic goal of peaceful competition.

ORDERS FOR TUESDAY, JUNE 26, 2012

Mr. WHITEHOUSE. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until 10 a.m. on Tuesday, June 26; that following the prayer and pledge, the Journal of proceedings be approved to date, the morning hour be deemed expired, and the time for the two leaders be reserved for their use later in the day; that the first hour of debate be equally divided and controlled between the two leaders or their designees, with the Republicans controlling the first half and the majority controlling the final half; that the Senate recess from 12:30 p.m. until 2:15 p.m. to allow for the weekly caucus meetings; further, that at 2:15 p.m. there be 6 hours 15 minutes of debate remaining postcloture on the motion to concur in the House message to accompany S. 3187, the FDA bill, with 2 hours under the control of Senator HARKIN, 4 hours under the control of Senator BURR, and 15 minutes under the control of Senator PAUL.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. WHITEHOUSE. Under the previous order, the Senate will proceed to executive session at 11:30 a.m. tomorrow and vote on confirmation of the Rosenbaum nomination at noon. We also hope to complete action on the FDA bill.

ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. WHITEHOUSE. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that it adjourn under the previous order.

There being no objection, the Senate, at 7:10 p.m. adjourned until Tuesday, June 26, 2012, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate:

THE JUDICIARY

KATHERINE POLK FAILLA, OF NEW YORK, TO BE UNITED STATES DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF NEW YORK, VICE DENISE COTE, RETIRED.

TROY L. NUNLEY, OF CALIFORNIA, TO BE UNITED STATES DISTRICT JUDGE FOR THE EASTERN DISTRICT OF CALIFORNIA, VICE GARLAND E. BURRELL, JR., RETIRING.

SHERI POLSTER CHAPPELL, OF FLORIDA, TO BE UNITED STATES DISTRICT JUDGE FOR THE MIDDLE DISTRICT OF FLORIDA, VICE GREGORY A. PRESNELL, RETIRED.

IN THE ARMY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 624:

To be brigadier general

COL. CLAYTON M. HUTMACHER

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADES INDICATED IN THE REGULAR AIR FORCE UNDER TITLE 10, U.S.C., SECTION 531:

To be lieutenant colonel

UCHENNA L. UMEH

To be major

DANIEL X. CHOI

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be colonel

CATHERINE M. FAHLING
MATTHEW R. GRANT
DAWN D. HANKINS
SCOTT E. HARDING
DANIEL J. HIGGINS
KEVIN J. HUYSER
HEATHER E. LOBUE
LANCE E. MATHEWS
RICHARD J. MCDERMOTT
WENDY L. SHERMAN
MARK D. STOUP
REBECCA R. VERNON
DAVID A. WHITEFORD
LE T. ZIMMERMAN

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant colonel

LANCE A. AIUMOPAS
ANTHONY W. BELL
ALLAN S. BROCK
DAVID H. CAZIER
BRADLEY A. CLEVELAND
THOMAS F. COLLICK
MICHELLE L. CRAWFORD
PAUL A. DAWSON
JOHN S. FREDLAND
LORI M. GILL
TOBIN C. GRIFFETH
ANTHONY S. GUNN
MICHAEL A. HATTON
CRYSTAL D. HAYNES
FRANCIS D. HOLLIFIELD III
CANDACE L. HUNSTIGER
KEVIN C. INGRAM
ROBERT WILLIAM JARMAN
AARON G. LAKE
RYAN J. LAMBRECHT
MARK B. MCKIERNAN
TYLER E. MERKEL
JOHN E. OWEN
JOY L. PRIMOLI
JASON SCOTT ROBERTSON
TAMMIE L. SLEDGE
SHAUN S. SPERANZA
BRIAN M. THOMPSON
BRENDON K. TUKEY
TARA L. VILLENA
JOSHUA D. YANOV
FRANK YOON
ROBERT S. ZAUNER

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant colonel

JAMES H. ABBOTT
ALEXANDER L. ACKERMAN
MARK T. ADAMS
SEAN W. ADCOCK
EDUARDO D. AGUILAR
RICHARD M. AGUIRRE
JONATHAN E. AIRHART
ALAN P. ALBERT
WILLIAM P. ALCORN, JR.
BRIAN M. ALEXANDER
MATTHEW W. ALEXANDER
TRENTON R. ALEXANDER
CARLOS L. ALFORD
SCOTT M. ALFORD
BERNIE L. ALLEMEIER
MARK S. ALLEN
PAMELA A. ALLEY
RUSSELL P. ALLISON
ALAN S. ALSOP

KIMANI H. ALSTON
RICHARD C. ALTOBELLO
CARLOS X. ALVARADO
DAVID R. ANDERSON
JOSHUA C. ANDERSON
QUINTIN D. ANDERSON
SCOTT M. ANDERSON
MARK E. ANDREWS
CRAIG R. ANDRLE
JAVIER I. ANTUNA
DAVID K. ARAGON
JOHN M. ARELLANES
CLINTON J. ARMANI
DAVID J. ARMITAGE
HEATHER M. ARMSTRONG
FRANK S. ARNOLD
MICHELLE ARTOLACHIPE
MATTHEW M. ASHTON
ROBERT M. ATKINS
BRYAN C. AULNER
NEIL O. AURELIO
THOMAS D. AUSHERMAN
BRANDON J. AVELLA
RUSSELL J. AYCOCK
SHAWN R. AYERS
CHRISTOPHER L. AYRE
SOLOMON R. BAASE
BRIAN T. BACKMAN
DONNY LYNN BAGWELL
JESSE M. BAKER
KRISTEN D. BAKOTIC
DAVID A. BALDA
BRENT N. BALDWIN
ROBIN E. BALDWIN
LEE E. BALLARD, JR.
BRIAN P. BALLEW
DAVID M. BANKER
CHARITY A. BANKS
JOSEPH A. BANKS
MARK E. BARAN
MATTHEW R. BARFUSS
GARY L. BARKER
ZACHARY N. BARKER
CHARLES D. BARKHURST
AARON R. BARNES
JASON R. BARNES
JEFFREY A. BARNES
WILLIAM A. BARRON
DANIEL W. BARROWS
KARL A. BASHAM
CLAYTON MICHAEL BASKIN
ROGER W. BASS
PATRICK H. BAUM
STEVEN D. BAUMAN
IAN S. BAUTISTA
STEVEN M. BEATTIE II
JOHN R. BEATTY
BRANDON M. BEAUCHAN
CHANDRA MARIE BECKMAN
BECKY M. BEERS
BRYAN E. BEIGH
AARON J. BELL
CHRISTOPHER P. BELL
JASON B. BELL
RONALD B. BELLAMY
CASIMIRO BENAVIDEZ III
RODERICK L. BENNETT
TODD J. BENSON
CASSIUS T. BENTLEY III
SAMMUEL C. BERENGUER
DANIEL P. BERG
CHRISTEL R. BERGIN
DAVID J. BERKLAND
CHRISTOPHER D. BERNARD
MATTHEW O. BERRY
MATTHEW J. BERTSCH
JOHN R. BEURER
DAVID A. BICKERSTAFF
JOEL K. BIEBERLE
JOSEPH M. BIEDENBACH
LISA M. BIEWER
ERIC R. BIPPERT
DENNIS R. BIRCHENOUGH
PETER J. BIRCHENOUGH
MATTHEW J. BISSELL
ALLISON K. BLACK
BRETT T. BLACK
RICHARD E. BLAGG, JR.
ROBERT B. BLAKE
JACK A. BLALOCK
JAMES S. BLANCHARD
MATTHEW G. BLAND
JEFFREY A. BLANKENSHIP
DAVID B. BLAU
ANTHONY J. BLEVINS
EMIL L. BLISS
HEATHER BRANDT BOGSTIE
RYAN M. BOHNER
SCOTT A. BOLE
KEVIN P. BOLLINO
JOHN P. BORAH
MATTHEW R. BORGOS
JOHN F. BOROWSKI
JOY E. BOSTON
DOUGLAS J. BOUTON
TERRY J. BOWLES
AARON J. BOYD
TRAVIS J. BRABEC
DANIEL A. BRADFORD
MATTHEW S. BRADFORD
ERIN K. BRADLEY
HEATHER D. BRAGG
SEAN S. BRAMMER-HOGAN
MARVIN T. BRANAN
JAMISON D. BRAUN
ROBERT A. BRAXTON
KEVIN R. BRAY
SCOTT M. BREECE
EDWARD J. BRENNAN
MATTHEW SEAN BRENNAN
BRADLEY M. BREWINGTON
TY C. BRIDGE
MATTHEW H. BRIGGS
DEREK T. BRIGHT
JASON H. BRIGHTMAN
PAUL D. BRISTER
MARC A. BROCK
TONYA J. BRONSON
COREY M. BROUSSARD
ANGELIQUE P. BROWN
CORY L. BROWN
DANIEL J. BROWN
DOUGLAS A. BROWN
JAMES E. BROWN
JERRY R. BROWN
MATTHEW C. BROWN
MICHAEL L. BROWN
RENARDO M. BROWN
MICHELE A. BRUEMMER
DAWSON A. BRUMBELOW
PAUL W. BRYANT
JEFFREY H. BUCKLAND
GRANT C. BUCKS
JASON J. BUDNICK
CORY F. BULRIS
JEFFREY A. BURDETTE
CHAD N. BURDICK
JONATHAN E. BURDICK
CORNELL A. BURGESS
VICTOR L. BURGOS, JR.
BRIAN J. BURKE
EDWARD A. BURKE
DAVID M. BURNETT
KENNETH R. BURTON, JR.
DEANO A. BUSCH
RICHARD J. BUSH
KATHLEEN D. BUSS
SCOTT D. BUSSANMAS
MATTHEW J. BUTLER
ANTHONY P. CALABRESE
AL J. CALDWELL II
BYRON J. CALHOUN
KATHERINE A. CALLAGHAN
RUSSELL C. CALLAWAY
BENJAMIN R. CAMERON
JASON A. CAMILLETTI
ELIZABETH A. CAMPBELL
JENNIFER M. B. CAMPBELL
NATHAN E. CAMPBELL
JAMES F. CAPLINGER
SOFIA E. CARABALLO GARCIA
TROY D. CARR
BRIAN C. CARROLL
JONATHAN T. CARTER
FREDERICK V. CARTWRIGHT
ANTHONY S. CARVER
BRENDAN K. CASEY
CHRISTOPHER R. CASSEM
DAVID P. CASSON
TONY CASTILLO
DAVID A. CASTOR
ALEXANDER CASTRO
ERICK J. CASTRO
RAYMOND E. CASTRO
BRIAN C. CHELLGREN
DOMINIC V. CHIAPUSIO
MARC A. CHIASSON
DAMON R. CHIDESTER
BRIAN S. CHOATE
CORY R. CHRISTOFFER
GEOFFREY I. CHURCH
JOHN J. CLAGNAZ
JOSEPH T. CLANCY
CHRISTOPHER G. CLARK
JAMES M. CLARK
ROBERT P. CLARK
STEVEN A. CLARK
CYNTHIA R. CLEFISCH
WILLIAM C. CLEMENTS
GEORGE W. CLIFFORD III
SUMMER A. CLOVIS
REBECCA ANN COBB
DANIEL J. CODDINGTON
DANIEL J. COE
RYAN M. COLBURN
MATTHEW W. COLDSNOW
ANTHONY R. COLE
MATTHEW F. COLEMAN
MICHAEL A. COLEMAN
ROLAND M. COLINA
BRIAN P. COLLINS
WILLIAM J. COLLINS
WILLIAM T. COLLINS
DANIEL S. COLLISTER
MICHAEL L. COLSON
NATHAN T. COLUNGA
LISA M. COMBS
KYLE M. CONE
SHAWN R. CONES
CORY A. COOK
RUSSELL P. COOK
WILLIAM C. COOK
HEATHER D. COOLEY
JAMES C. COOPER
JASON L. COOPER
PHILLIP M. CORBELL
DANIEL J. CORDES
CHRISTOPHER L. CORN
DANIEL L. CORNELIUS
JAMES RONALD COUGHLIN
LAUREN COURCHAINE
KARL K. COWART
LELAND K. COWIE
JOSEPH D. COX
RONALD S. CRABTREE
MARTIN H. CRAWFORD
RHONDA R. CRAWFORD
ROLANDIS J. CRAWL
WILLIAM J. CREEDEN
JOHN B. CREEL
SHANE M. CRIPPEN
LUTHER THOMAS CROSS
THOMAS A. CROSS
ERIC W. CROWELL
EDGARDO CRUZ VELEZ
GEORGE M. CUNDIFF, JR.
VINCENT J. DABROWSKI
PAUL G. DAMBRAUSKAS
ROBERT WILLIAM DAVIS
GEOFFREY D. DAWSON
RICHARD E. DAWSON
STEPHEN J. DAWSON
FLORIAN C. DE CASTRO
KENNETH L. DECKER, JR.
CONNIE R. DEIM
DANNY L. DEKINDER
JOHN F. DELAHANTY
CHERYL M. DELOUGHERY
BRIAN A. DENARO
MARC F. DESHAIES
DANIEL S. DEYOUNG
JOSE DIAZ DE LEON
JONATHAN R. DIAZ
BRIAN M. DICKENSON
DRU D. DICKERSON
JONATHAN M. DIETRICH
WADE E. DILLARD
NATHAN P. DILLER
IAN M. DINESEN
MICHAEL E. DINWIDDIE
NICHOLAS M. DIPOMA
MARK C. DMYTRYSZYN
BYRON W. DOBBS
ALAN F. DOCAUER
BRYAN C. DOCKTER
JAMES P. DOHERTY
MEGHAN B. DOHERTY
MICHAEL S. DOHERTY
JEFFREY J. DONATO
JEFFREY A. DONHAUSER
GARY L. DONOVAN
BRENT D. DORSEY
JASON C. DOSTER
HENRY J. DRAKE
KILE R. DREHER
ANDREW D. DRIES
STEVEN J. DRINNON
JOSHUA P. DROZ
SCOTT B. DUBSKY
KRISTIN N. DUBY
ERIK N. DUNN
TROY A. DUPONT
BRANDON C. DURANT
MICHAEL J. DURBAND
APRIL D. DWYER
MICHAEL T. DYE
WESLEY B. EAGLE
HEATHER E. EASTLACK
DANIEL A. EBERT
JOHN R. ECHOLS
BRYAN D. EDMUNDS
DIMEATRIUS A. EDWARDS
MATTHEW R. EDWARDS
JOSEPH J. EGRESITS
KEVIN J. EHRICH
DAVID A. EHRLICH
BRYAN A. ELDER
JONATHAN E. ELDRIDGE
JOSEPH S. ELKINS
CHAD R. ELLSWORTH
SARAH L. EMORY
ROXANE E. ENGELBRECHT
JOHN M. ENGESSER
MICHAEL J. ENGLEHARDT
KEITH E. ENGLIN
KIRBY M. ENSSER
JOEL E. EPPLEY
CHAD M. ERICKSON
RAYMOND R. ERICKSON
RICHARD D. ERKKILA
MICHAEL A. EVANCIC
JACK R. EVANS
MICHAEL A. EVANS
ROBERT E. EVERT
JOSEPH R. EWING
ELIZABETH J. EYCHNER
EMILY E. FARKAS
ERICKA S. FARMERHILL
PATRICK F. FARRELL
MARK J. FAULSTICH
JAMES R. FEE, JR.
JACK M. FELICI
JAMES S. FERGUSON
JAMES S. FERNANDEZ
PAUL P. FIDLER
ERIK J. FIEDERER
PATRICK N. FIEG
BRIAN A. FILLER
JEFFREY A. FINDLEY
JONATHAN S. FINDLEY
DANIEL E. FINKELSTEIN
SEAN M. FINNAN
BRADY S. FISCHER
GRANT A. FISH
KEVIN D. FISHER
BARY D. FLACK
RYAN W. FLEISHAUER
JASEM R. FLEMING
LARRY B. FLETCHER, JR.
NATHAN D. FLINT
GARRY S. FLOYD

ANDREW M. FOGARTY
PHILIP M. FORBES
CHRISTOPHER L. FORD
JASON M. FORD
JENNIFER S. FORD
CHRISTOPHER D. FORREST
LESLIE Y. FORRESTER
RICHARD B. FOSTER
WILLIAM W. FOSTER
DOUGLAS J. FOWLER
JOSEPH B. FRAMPTOM
GREGORY G. FRANA
BRYAN T. FRANCE
KEITH G. FRANCIS
NICOLE H. FRANCIS
TYLER P. FRANDER
JOSHUA N. FRANK
NIKKI RENEE FRANKINO
JERRY L. FRAZIER
RYAN PAUL FRAZIER
CHARLES M. FREEL
JACOB A. FREEMAN
MICHAEL A. FREEMAN
PAUL B. FREEMAN
WILLIAM K. FREEMAN
HUGH J. FREESTROM
MICHAEL R. FREIMARCK
LUCAS A. FRICKE
GEOFFREY S. FUKUMOTO
BRANDON S. FULLER
JASON S. FULLER
NICOLE E. FULLER
ERIC M. FURMAN
JEAN JACQUES FUTEY
JOSEPH D. GADDIS
ALLISON M. GALFORD
JOHN B. GALLEMORE
JEFFREY M. GALLOWAY
DANIEL A. GALLTON
BRIAN J. GAMBLE
FRED E. GARCIA
RICARDO R. GARCIA
MICHAEL L. GARGASZ
TIMOTHY R. GARLAND
JASON M. GARRISON
ROBERT E. GARRISON
DARIUS V. GARVIDA
ERIC R. GAULIN
JULIE M. GAULIN
JEREMY D. GEASLIN
JASON W. GEITGEY
ALGERD A. GERALT
MICHAEL P. GERANIS
TREVOR F. GERSTEN
JOHN F. GETGOOD
MATTHEW C. GETTY
JAMES B. GHERDOVICH
AARON D. GIBSON
JEREMY R. GILBERTSON
MICHELLE E. GILLASPIE
ADAM E. GIZELBACH
ROSS K. GLEASON
JASON R. GLOVER
CHRISTOPHER R. GOAD
PATRICK MICHAEL GODFREY
TIMOTHY M. GONYEA
BIRMANIA M. GONZALEZ
GERARDO O. GONZALEZ
MICHAEL P. GOOD
DAVID P. GOODE
VANCE GOODFELLOW
JOHN T. GOODSON III
RANDEL J. GORDON
RYAN E. GORECKI
MARK D. GOULD
JAMES P. GOVIN
BRENT W. GRAHAM
DAVID R. GRAHAM
JONATHAN W. GRAHAM
JORDAN G. GRANT
TODD D. GRANT
NICOLAUS P. GRAUER
CHRISTOPHER P. GRAVES
MYERS S. GRAY
SCOTT A. GREATHOUSE
MERRICK J. GREEN
DONALD R. GREENE
KARA M. GREENE
MARC E. GREENE
BRIAN JAMES GRETE
JUSTIN T. GRIEVE
ANDREW J. GRIFFIN
GILBERT S. GRIFFIN
MICHELLE L. GRIFFITH
KEVIN S. GRISWOLD
KIMBERLY L. GROVER
EDWARD B. GRUNDEL
LIZABETH M. GRUPE
ERIN R. GULDEN
EDWARD J. GUSSMAN
JOHN M. GUSTAFSON
JUNG H. HA
CHARLES R. HAAG
TROY L. HACKER
MARK R. HADLEY
MICHAEL J. HAGAN
MARY C. HAGUE
JOHN M. HALE
RUSSELL J. HALL
SCOTT J. HALL
NILS E. HALLBERG, JR.
DAN C. HAMAN
JAMES R. HAMILTON
CHRISTOPHER B. HAMMOND
CARL E. HANEY
JAMES R. HANFORD
JONATHAN G. HANLEY
MATTHEW L. HANNON
ELIZABETH A. HANSON
ROBERT W. HARDER
TAMMY A. HARDER
JAMES M. HARMON
JASON C. HARRIS
JOHN N. HARRIS
JOSHUA J. HARTIG
JASON W. HAVEL
CHARLES H. HAWKINS
CHRISTOPHER G. HAWN
MATTHEW A. HAYDEN
NEAL W. HAYES
MICHAEL P. HEALY
CLINTON M. HEATON
CHRISTOPHER M. HEBER
JOHN P. HEIDENREICH
CHRISTOPHER C. HEIM
DOUGLAS J. HELLINGER
JAY C. HENNETTE
ANDREW M. HENSON
WILLIAM C. HEPLER
JARED D. HERBERT
JAIME I. HERNANDEZ
WILLIAM R. HERSCH
CHE S. HESTER
MARK R. HEUSINKVELD
JAMES V. HEWITT
ALAN J. HIETPAS
SCOTT R. HIGGINBOTHAM
TIMOTHY J. HIGGINS
DENNIS F. HIGUERA
JAMES R. HILBURN
JASON C. HILBURN
JUSTIN M. HILL
BRIAN O. HINKEN
GARNER F. HIXSON, JR.
JARRETT M. HLAVATY
DANIEL S. HOADLEY
VINCENT E. HODGES
CALVIN C. HODGSON
TIMOTHY J. HOFMAN
GREGG J. HOLASUT
RICHARD N. HOLIFIELD, JR.
CHRISTOPHER C. HOLLAND
JEFFREY G. HOLLAND
CORY S. HOLLON
DAVID M. HOLM
PATRICE O. HOLMES
TERRANCE J. HOLMES
CHAD A. HOLT
BRYAN K. HOLZEMER
KEVIN D. HORNBURG
THOMAS J. HORNIK
JASON D. HORTON
SEAN A. HOSEY
ANDREW K. HOSLER
TRAVIS G. HOWELL
KEVIN S. HUBER
BETH A. HUFFMAN
JASON M. HUGHES
JOSHUA F. HUGHES
STEPHANI D. HUNSINGER
RUSSELL T. HUNT
SHANE M. HUPP
MATTHEW S. HUSEMANN
MATTHEW J. IMPERIAL
WILLIAM E. IRVIN
JACOB T. JACKSON
JEFFREY W. JACKSON
MARCUS D. JACKSON
VINCENT M. JACOBS
GLENN C. JACOBSON
MICHAEL W. JACOBSON
GENE A. JACOBUS
JASON W. JAMES
MATTHEW B. JAMES
KEVIN M. JAMIESON
JENNIFER L. JEFFORDS
HENRY R. JEFFRESS
WILLIAM H. JELKS
ANDREW B. JENNINGS
JEFFREY T. JENNINGS
MARTIN T. JENNINGS
JASON D. JENSEN
TODD M. JENSEN
GREGG W. JEROME
JAYME J. JIMENEZ
JORGE I. JIMENEZ
JOSE E. JIMENEZ, JR.
ANTHONY L. JIOVANI
SAMUEL L. JOBE
NIDAL M. JODEH
JUSTIN L. JOFFRION
SHERMAN E. JOHNS
DANIEL C. JOHNSEN
BRYAN C. JOHNSON
CHRISTOPHER D. JOHNSON
MICHAEL GERARD JOHNSON
ROBERT W. JOHNSON
RUSSELL K. JOHNSON
SAMUEL R. JOHNSON
TAMMY JOHNSON
ROSS T. JOHNSTON
DANIEL P. JOHNSTONE
RICHARD WILLIAM JOKINEN
GREGORY M. JONES
MARK S. JONES
MATTHEW W. JONES
PAUL R. JONES
SABRINA A. JONES
KATHY LYNNE JORDAN
GUSTAV J. JORDT
JONATHAN M. JOSHUA
THOMAS R. JOST
AARON A. JUHL
MICHAEL P. JULATON
WILLIAM F. JULIAN
KELLY F. KAFEYAN
OLIVER M. KAHLER III
ALISON L. KAMATARIS
ROBERT J. KAMMERER
THOMAS D. KANAK III
JASON P. KANE
PAUL R. KASTER, JR.
ZOLTAN V. KASZAS
JEFFREY A. KATZMAN
CHRIS A. KAUFMAN
BRETT N. KAYES
ROSS A. KEENER
JOHN B. KELLEY
THOMAS F. KELLY
JEFFREY M. KENNEDY
ERICH J. KESSLER
RICHARD CARROL KIEFFER
ANTHONY K. KIMBROUGH
BARRY A. KING II
JASON M. KING
JOHN P. KINNISON
JASON E. KINZER
MICHAEL T. KIRKPATRICK
CHARLES KISTLER
JOSEPH R. KLEEMAN
SCOTT L. KLEMPNER
TONYA M. KLEMPP
DARYL S. KLENDA
JEREMIAH O. KLOMP
RYAN T. KNAPP
JASON D. KNOWLES
CHEREE S. KOCHEN
SCOTT D. KOECKRITZ
THOMAS R. KOOTSIKAS
CLAY M. KOSCHNICK
ANDREW J. KOWALCHUK
BRIAN D. KOZOLA
MELISSA A. KRAMBECK
JOSEPH K. KRAMER
KAREN N. KRAYBILL
ZACHARY J. KRBEC
BRIAN C. KREITLOW
JAMES HERBERT KRISCHKE
ANTHONY J. KUCZYNSKI
DEVIN M. KUDLAS
KENNETH P. KUEBLER
JASON L. KUHNS
JOHN KURIAN
TODD P. LADD
ROSENDO C. LAMIS, JR.
DONALD L. LAND, JR.
RYAN J. LANDMANN
JOEL L. C. LANE
NATHAN P. LANG
ROBERT V. LANKFORD
ARMON E. LANSING, JR.
JAMES H. LARKIN
JOSHUA A. LARSEN
IAN B. LAUGHREY
PATRICK R. LAUNEY
FRANK W. LAZZARA
DAVID A. LEACH
KIM T. LEBA
MATTHEW G. LEDDY
DAVID M. LEDERER
JORDAN D. LEE
MARION J. F. LEE
MAURICE L. LEE
ROBERT H. LEE, JR.
JOSEPH D. LEGRADI
JASON L. LEMONS
ADAM G. LENFESTEY
NYREE D. LENSCH
ANDREW J. LEVIEN
JARRETT R. LEWIS
KYLE S. LEWIS
TYLER E. LEWIS
WILLIAM H. LEWIS
PETER J. LEX
STEVEN X. LI
CHRISTIAN F. LICHTER
JAMES R. LIDDLE, JR.
MICHAEL E. LIM
JEFFREY H. LIN
SCOTT C. LINCK
DAVID B. LINDLER
LASHAUNA R. LINDSEY
ERIC J. LINGLE
RONALD M. LLANTADA
MICHELE A. LOBIANCO
JASON K. LOE
ANDREW J. LOFTHOUSE
ERIC S. LOPEZ
OSVALDO S. LOPEZ-TORRES
JOHN J. LOSINSKI
EDMUND X. LOUGHRAN II
CHARLES M. LOYER
BRANDON M. LUCAS
PETER J. LUECK
BRIAN D. LUKOWSKI
JONATHAN E. LUMINATI
CHRIS D. LUNDY
GEORGE B. LUSH
NICHOLAS A. LYNCH
SUSAN A. LYNCH
JANNELL C. MACAULAY
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STUART A. WILLIAMSON
RUSSELL S. WILLIFORD
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TYSON M. WILLIS
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JAMES A. WILSON
HAROLD L. WILSTEAD
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PHILLIP C. WINTERTON
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BERNADETTE D. WISHOM
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THOMAS B. WOLFE
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MATTHEW R. YEATTER
MELISSA L. YOUDERIAN
JAMES G. YOUNG
LONI B. YU
ANGELENA R. YULEE-SMITH
JOHN F. ZOHN, JR.
MARIO F. ZUNIGA

IN THE ARMY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, U.S.C., SECTIONS 12203 AND 716:

To be colonel

KAREN A. BALDI

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, U.S.C., SECTIONS 12203 AND 716:

To be colonel

CHRISTOPHER W. SOIKA

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, U.S.C., SECTION 12203:

To be colonel

LUIS A. RIVERABERRIOS

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, U.S.C., SECTION 12203:

To be colonel

KIMON A. NICOLAIDES

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, U.S.C., SECTION 12203:

To be colonel

PENNY P. KALUA
JOSEPH A. TRINIDAD

PUBLIC HEALTH SERVICE

THE FOLLOWING CANDIDATES FOR PERSONNEL ACTION IN THE REGULAR CORPS OF THE COMMISSIONED CORPS OF THE U.S. PUBLIC HEALTH SERVICE SUBJECT TO QUALIFICATIONS THEREFORE AS PROVIDED BY LAW AND REGULATIONS:

To be full grade

MELINDA ASTRAN
JENNEFER A. KIERAN
SANDRA G. LAFON

PUBLIC HEALTH SERVICE

THE FOLLOWING CANDIDATES FOR PERSONNEL ACTION IN THE REGULAR CORPS OF THE COMMISSIONED CORPS OF THE U.S. PUBLIC HEALTH SERVICE SUBJECT TO QUALIFICATIONS THEREFORE AS PROVIDED BY LAW AND REGULATIONS:

To be full grade

MELINDA ASTRAN
JENNEFER A. KIERAN
SANDRA G. LAFON
JOHN A. LANG
THUC X. NGO
PRECIOSA P. PACIA-RANTAYO
PAULO B. PINHO
EVELYN M. RODRIGUEZ
ALLAN ROFFE
MARK J. ROSCHEWSKI
KEITH W. SIMPSON
MASIH M. SOLTANI
MARYSIA L. TAYLOR
MICHAEL D. W. YAO
KEVIN J. ZIMMERMAN

To be senior assistant grade

MARIAMA J. BAH-SOW
JASON B. BUENAVENTURA
NADIA HABAL
YOLANDRA E. HANCOCK-BOWMAN
DREW A. HARRIS
ABAYOMI HENDJE
JASON D. HIPP
DAVID E. KAROL
AMARDEEP KAUR
MELISSA I. KYRIAKAKIS
LILI MEISAMY
NOELE P. NELSON
TIN H. NGUYEN
BRANDY L. PEAKER
RAJESH REDDY
MARK R. SCHECKELHOFF
HWA J. SONG
MICHAEL E. STITZER

To be assistant grade

GLORIA AIDOO
AMANDA N. A. AKOGYERAM
SHANNON E. ALDRICH
ASHLEY R. ALLMAN
CHRISTOPHER L. ANDERSON
PRECIOUS R. ANTONIO
TRONG T. AO
NADEGE APOLEON
ALLEN O. APPLEGATE
CHRISTINE C. APRAEZ
KATHERINE V. ARLINGTON
ALEXANDRA H. ARMITAGE
OLUWASEUN A. ASANTE
BRIYITH K. AVALOS
STEPHANIE L. AVENT
TIANA M. BABB
CHERLLY L. BAILEY
AMY C. BAKER
KIMBERLY L. BAKER
ROBBI A. BAKER
MICHELE N. BALIHE
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STEPHANIE G. BANKSTON
WILLIAM T. BARKER
CHRISTOPHER E. BARNES
JULIO F. BARRERA-ORO
JEFFREY S. BARRON
TERI K. BARTOSOVSKY
JENNIFER K. BEAL
AMBER R. BEARDSLEE
MICHELLE BEGAY
NATALIE M. BEGAY
TIMOTHY R. BENAC
MELANIE C. BENJAMIN
ANDREW R. BERNARD
NAVDEEP BHANDARI
SARAH A. BILLETER
KEVIN B. BISHOP
CAITLIN D. BLANDFORD
DENNIS BOATENG
SELENA A. BOBULA
PELAYIA H. BOOSALIS
EILEEN T. BOSSO
JANA M. BROOKS
ANNA R. BROWN
DANICA J. BROWN
HASSAN A. BROWN
TAOFIK M. BROWN
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ISAAC K. BUABENG
RYAN J. BUCKNER
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KARLY A. GOMEZ
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SHANON R. GOWER
NALANI T. GRACE
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FOLASADE A. KEMBI
LAURA B. KENNEDY
BITA KIANIMANESH
CHRISTINA L. KIRBY
GARRETT G. KIRK
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MICHAEL A. KRAGE
MICHAEL R. KROK
LISA M. KROLESKI
LARS E. KRUSHOLM
WU G. KUANGSHI
MANDY C. KWONG
KOFI A. KYEREMATENG
ANTHONY J. LADNER
JIHYUN LAROSE
JUN H. LEE
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CAREY W. LEWIS
SHELBY L. LEWIS
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NEALI H. LUCAS
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NAYAN J. PATEL
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BRYON M. PEARSALL
MEGAN M. PEPPLE
DWAYNE D. PERRILLIAT
MONIQUE M. PERRON
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DALE ROBERTSON
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YVON YEO
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STACY E. ALLEN
TRACEY L. ALLEN
SAPHIRE S. ANDERSON
SUSAN A. ANDERSON
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