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[Report No. 112-____]

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

IN THE SENATE OF THE UNITED STATES

Ms. STABENOW (for herself and Mr. ROBERTS), from the Committee on Agriculture, Nutrition, and Forestry, reported the following original bill; which was read twice and placed on the calendar

A BILL

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

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

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

4 (a) IN GENERAL.—This Act may be cited as the
5 “_____ Act of 2012”.

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

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

TITLE I—COMMODITY PROGRAMS

Subtitle A—Repeals and Reforms

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

Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

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

Subtitle C—Sugar

- Sec. 1301. Sugar program.

Subtitle D—Dairy

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

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

SUBPART A—DAIRY PRODUCTION MARGIN PROTECTION PROGRAM

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

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- 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.

SUBPART C—DURATION

- Sec. 1451. Duration.

PART II—DAIRY MARKET TRANSPARENCY

- Sec. 1461. Dairy product mandatory reporting.
- Sec. 1462. Federal milk marketing order information.

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

- Sec. 1471. Repeal of dairy product price support and milk income loss contract programs.
- Sec. 1472. Repeal of dairy export incentive program.
- Sec. 1473. Extension of dairy forward pricing program.
- Sec. 1474. Extension of dairy indemnity program.
- Sec. 1475. Extension of dairy promotion and research program.
- Sec. 1476. Extension of Federal Milk Marketing Order Review Commission.

PART IV—EFFECTIVE DATE

- Sec. 1481. Effective date.

Subtitle E—Supplemental Agricultural Disaster Assistance Programs

- Sec. 1501. Supplemental agricultural disaster assistance programs.
- Sec. 1502. Conforming amendments.

Subtitle F—Administration

- Sec. 1601. Administration generally.
- Sec. 1602. Suspension of permanent price support authority.
- Sec. 1603. Payment limitations.
- Sec. 1604. Adjusted gross income limitation.
- Sec. 1605. Geographically disadvantaged farmers and ranchers.
- Sec. 1606. Personal liability of producers for deficiencies.
- Sec. 1607. Prevention of deceased individuals receiving payments under farm commodity programs.
- Sec. 1608. Appeals.
- Sec. 1609. Technical corrections.
- Sec. 1610. Assignment of payments.
- Sec. 1611. Tracking of benefits.
- Sec. 1612. Signature authority.
- Sec. 1613. Implementation.

TITLE II—CONSERVATION

Subtitle A—Conservation Reserve Program

- Sec. 2001. Extension and enrollment requirements of conservation reserve program.
- Sec. 2002. Farmable wetland program.

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- 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.

Subtitle G—Funding and Administration

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

Subtitle H—Repeal of Superseded Program Authorities and Transitional Provisions

- Sec. 2701. Comprehensive conservation enhancement program.
- Sec. 2702. Emergency forestry conservation reserve program.
- Sec. 2703. Wetlands reserve program.
- Sec. 2704. Farmland protection program and farm viability program.
- Sec. 2705. Grassland reserve program.

- Sec. 2706. Agricultural water enhancement program.
- Sec. 2707. Wildlife habitat incentive program.
- Sec. 2708. Great Lakes basin program.
- Sec. 2709. Chesapeake Bay watershed program.
- Sec. 2710. Cooperative conservation partnership initiative.
- Sec. 2711. Environmental easement program.
- Sec. 2712. Technical amendments.

TITLE III—TRADE

Subtitle A—Food for Peace Act

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

Subtitle B—Agricultural Trade Act of 1978

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

Subtitle C—Other Agricultural Trade Laws

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

TITLE IV—NUTRITION

Subtitle A—Supplemental Nutrition Assistance Program

- Sec. 4001. Food distribution program on Indian reservations.

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- Sec. 4002. Standard utility allowances based on the receipt of energy assistance payments.
- Sec. 4003. Eligibility disqualifications.
- Sec. 4004. Ending supplemental nutrition assistance program benefits for lottery or gambling winners.
- Sec. 4005. Retailers.
- Sec. 4006. Improving security of food assistance.
- Sec. 4007. Technology modernization for retailers.
- Sec. 4008. Restaurant meals program.
- Sec. 4009. Funding of employment and training programs.
- Sec. 4010. Authorization of appropriations.
- Sec. 4011. Assistance for community food projects.
- Sec. 4012. Emergency food assistance.
- Sec. 4013. Nutrition education.
- Sec. 4014. Retailer and recipient trafficking.
- Sec. 4015. Technical and conforming amendments.

Subtitle B—Commodity Distribution Programs

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

Subtitle C—Miscellaneous

- Sec. 4201. Purchase of fresh fruits and vegetables for distribution to schools and service institutions.
- Sec. 4202. Seniors farmers' market nutrition program.
- Sec. 4203. Nutrition information and awareness pilot program.
- Sec. 4204. Whole grain products.
- Sec. 4205. Hunger-free communities.

TITLE V—CREDIT

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

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

Subtitle B—State Agricultural Mediation Programs

- Sec. 5101. State agricultural mediation programs.

TITLE VI—RURAL DEVELOPMENT

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

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

Subtitle B—Rural Electrification

- Sec. 6101. Definition of rural area.

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

Subtitle C—Miscellaneous

- Sec. 6201. Distance learning and telemedicine.

TITLE VII—RESEARCH, EXTENSION, AND RELATED MATTERS

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

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

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

- Sec. 7201. Best utilization of biological applications.
- Sec. 7202. Integrated management systems.
- Sec. 7203. Sustainable agriculture technology development and transfer program.
- Sec. 7204. National training program.
- Sec. 7205. National Genetics Resources Program.
- Sec. 7206. National Agricultural Weather Information System.
- Sec. 7207. High-priority research and extension initiatives.
- Sec. 7208. Organic agriculture research and extension initiative.
- Sec. 7209. Farm business management.
- Sec. 7210. Regional centers of excellence.
- Sec. 7211. Assistive technology program for farmers with disabilities.
- Sec. 7212. National rural information center clearinghouse.

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

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- Sec. 7301. Relevance and merit of agricultural research, extension, and education funded by the Department.
- Sec. 7302. Integrated research, education, and extension competitive grants program.
- Sec. 7303. Grants for youth organizations.
- Sec. 7304. Specialty crop research initiative.
- Sec. 7305. Food animal residue avoidance database program.
- Sec. 7306. Office of pest management policy.

Subtitle D—Other Laws

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

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

PART I—AGRICULTURAL SECURITY

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

PART II—MISCELLANEOUS

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

Subtitle F—Miscellaneous

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

TITLE VIII—FORESTRY

Subtitle A—Repeal of Certain Forestry Programs

- Sec. 8001. Forest land enhancement program.
- Sec. 8002. Watershed forestry assistance program.
- Sec. 8003. Expired cooperative national forest products marketing program.
- Sec. 8004. Hispanic-serving institution agricultural land national resources leadership program.
- Sec. 8005. Tribal watershed forestry assistance program.

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

- Sec. 8101. Forest Legacy Program.

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Sec. 8102. Community forest and open space conservation program.

Subtitle C—Reauthorization of Other Forestry-related Laws

Sec. 8201. Rural revitalization technologies.
 Sec. 8202. Office of International Forestry.
 Sec. 8203. Insect infestations and related diseases.
 Sec. 8204. Change in funding source for healthy forests reserve program.
 Sec. 8205. Stewardship end result contracting projects.

Subtitle D—Miscellaneous Provisions

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

TITLE IX—ENERGY

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

TITLE X—HORTICULTURE

Sec. 10001. Specialty crops market news allocation.
 Sec. 10002. Repeal of grant program to improve movement of specialty crops.
 Sec. 10003. Farmers market and local food promotion program.
 Sec. 10004. Study on local food production and program evaluation.
 Sec. 10005. Organic agriculture.
 Sec. 10006. Food safety education initiatives.
 Sec. 10007. Consolidation of plant pest and disease management and disaster prevention programs.
 Sec. 10008. Specialty crop block grants.
 Sec. 10009. Effective date.

TITLE XI—CROP INSURANCE

Sec. 11001. Supplemental coverage option.
 Sec. 11002. Permanent enterprise unit.
 Sec. 11003. Enterprise units for irrigated and nonirrigated crops.
 Sec. 11004. Data collection.
 Sec. 11005. Adjustment in actual production history to establish insurable yields.
 Sec. 11006. Submission and review of policies.
 Sec. 11007. Board review and approval.
 Sec. 11008. Consultation.

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- Sec. 11009. Budget limitations on renegotiation of the standard reinsurance agreement.
- Sec. 11010. Stacked income protection plan for producers of upland cotton.
- Sec. 11011. Peanut revenue crop insurance.
- Sec. 11012. Authority to correct errors.
- Sec. 11013. Implementation.
- Sec. 11014. Approval of costs for research and development.
- Sec. 11015. Whole farm risk management insurance.
- Sec. 11016. Research and development.
- Sec. 11017. Pilot programs.
- Sec. 11018. Agricultural management assistance, risk management education, and organic certification cost share assistance.
- Sec. 11019. Technical amendments.

TITLE XII—MISCELLANEOUS

Subtitle A—Socially Disadvantaged Producers and Limited Resource Producers

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

Subtitle B—Livestock

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

Subtitle C—Other Miscellaneous Provisions

- Sec. 12201. Grants to improve supply, stability, safety, and training of agricultural labor force.
- Sec. 12202. Noninsured crop disaster assistance program.
- Sec. 12203. Regional economic and infrastructure development.

1 SEC. 2. DEFINITION OF SECRETARY.

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

1 **TITLE I—COMMODITY**
2 **PROGRAMS**
3 **Subtitle A—Repeals and Reforms**

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

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

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

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

17 (a) REPEAL.—Sections 1104 and 1304 of the Food,
18 Conservation, and Energy Act of 2008 (7 U.S.C. 8714,
19 8754) are repealed.

20 (b) CONTINUED APPLICATION FOR 2012 CROP
21 YEAR.—Sections 1104 and 1304 of the Food, Conserva-
22 tion, and Energy Act of 2008 (7 U.S.C. 8714, 8754), as
23 in effect on the day before the date of enactment of this
24 Act, shall continue to apply through the 2012 crop year
25 with respect to all covered commodities (as defined in sec-

1 tion 1001 of that Act (7 U.S.C. 8702)) and peanuts on
2 a farm.

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

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

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

16 **SEC. 1104. DEFINITIONS.**

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

18 (1) ACTUAL CROP REVENUE.—The term “ac-
19 tual crop revenue”, with respect to a covered com-
20 modity for a crop year, means the amount deter-
21 mined by the Secretary under section 1105(c)(3) to
22 determine whether agriculture risk coverage pay-
23 ments are required to be made for that crop year.

24 (2) AGRICULTURE RISK COVERAGE GUAR-
25 ANTEE.—The term “agriculture risk coverage guar-

1 antee”, with respect to a covered commodity for a
2 crop year, means the amount determined by the Sec-
3 retary under section 1105(c)(4) to determine wheth-
4 er agriculture risk coverage payments are required
5 to be made for that crop year.

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

9 (4) COUNTY COVERAGE.—For the purposes of
10 agriculture risk coverage under section 1105, the
11 term “county coverage” means coverage determined
12 using the total quantity of all acreage in a county
13 of the covered commodity that is planted or intended
14 to be planted for harvest by a producer with the
15 yield determined by the average county yield de-
16 scribed in subsection (c) of that section.

17 (5) COVERED COMMODITY.—The term “covered
18 commodity” means wheat, corn, grain sorghum, bar-
19 ley, oats, long grain rice, medium grain rice, pulse
20 crops, soybeans, other oilseeds, and peanuts.

21 (6) ELIGIBLE ACRES.—

22 (A) IN GENERAL.—Except as provided in
23 subparagraphs (B) through (E), the term “eli-
24 gible acres” means all acres planted or pre-

1 vented from being planted to covered commod-
2 ities on a farm in any crop year.

3 (B) MAXIMUM.—Except as provided in
4 (C), the total quantity of eligible acres on a
5 farm determined under subparagraph (A) shall
6 not exceed the average total acres planted or
7 prevented from being planted to covered com-
8 modities on the farm for the 2009 through
9 2012 crop years, as determined by the Sec-
10 retary.

11 (C) ADJUSTMENT.—The Secretary shall
12 provide for an adjustment, as appropriate, in
13 the eligible acres for covered commodities for a
14 farm if any of the following circumstances oc-
15 curs:

16 (i) If a conservation reserve contract
17 for a farm in a county entered into under
18 section 1231 of the Food Security Act of
19 1985 (16 U.S.C. 3831) expires or is volun-
20 tarily terminated or cropland is released
21 from coverage under a conservation reserve
22 contract, the Secretary shall provide for an
23 adjustment, as appropriate, in the eligible
24 acres for the farm to a total quantity that
25 is the higher of—

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

5 (II) the product obtained by mul-
6 tipling—

7 (aa) the average proportion
8 that—

9 (AA) the total number
10 of acres planted to covered
11 commodities in the county
12 for crop years 2009 through
13 2012; bears to

14 (BB) the total number
15 of all acres of covered com-
16 modities, grassland, and up-
17 land cotton acres in the
18 county for the same crop
19 years; by

20 (bb) the total acres on the
21 farm.

22 (ii) The producer has eligible oilseed
23 acreage as the result of the Secretary des-
24 ignating additional oilseeds, which shall be
25 determined in the same manner as eligible

1 oilseed acreage under section
2 1101(a)(1)(D) of the Food, Conservation,
3 and Energy Act of 2008 (7 U.S.C.
4 8711(a)(1)(D)).

5 (iii) The producer has any acreage not
6 cropped during the 2009 through 2012
7 crop years, but placed into an established
8 annual rotation practice for the purposes
9 of enriching land or conserving moisture
10 for subsequent crop years, including sum-
11 mer fallow, as determined by the Secretary

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

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

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

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

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

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

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

24 (12) PRODUCER.—

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

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

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

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

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

20 (14) STATE.—The term “State” means—

21 (A) a State;

22 (B) the District of Columbia;

23 (C) the Commonwealth of Puerto Rico;

24 and

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

3 (15) TRANSITIONAL YIELD.—The term “transi-
4 tional yield” means a yield described in section
5 502(b)(9) of the Federal Crop Insurance Act (7
6 U.S.C. 1502(b)(9)).

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

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

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

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

24 (b) COVERAGE ELECTION.—

1 (1) IN GENERAL.—For the period of crop years
2 2013 through 2017, the producers shall make a 1-
3 time, irrevocable election to receive—

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

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

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

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

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

23 (3) DUTIES OF THE SECRETARY.—The Sec-
24 retary shall ensure that producers are precluded
25 from taking any action, including reconstitution,

1 transfer, or other similar action, that would have the
2 effect of altering or reversing the election made
3 under paragraph (1).

4 (c) AGRICULTURE RISK COVERAGE.—

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

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

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

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

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

23 (A)(i) in the case of individual coverage,
24 the actual average individual yield for the cov-

1 ered commodity, as determined by the Sec-
2 retary; or

3 (ii) in the case of county coverage, the ac-
4 tual average yield for the county for the covered
5 commodity, as determined by the Secretary;
6 and

7 (B) the higher of—

8 (i) the midseason price; or

9 (ii) if applicable, the national mar-
10 keting assistance loan rate for the covered
11 commodity under subtitle B.

12 (4) AGRICULTURE RISK COVERAGE GUAR-
13 ANTEE.—

14 (A) IN GENERAL.—The agriculture risk
15 coverage guarantee for a crop year for a cov-
16 ered commodity shall equal 89 percent of the
17 benchmark revenue.

18 (B) BENCHMARK REVENUE.—

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

22 (I)(aa) in the case of individual
23 coverage, subject to clause (ii), the av-
24 erage individual yield, as determined
25 by the Secretary, for the most recent

1 5 crop years, excluding each of the
2 crop years with the highest and lowest
3 yields;

4 (bb) in the case of county cov-
5 erage, the average historical county
6 yield, as determined by the Secretary,
7 for the most recent 5 crop years, ex-
8 cluding each of the crop years with
9 the highest and lowest yields; and

10 (II) the average national mar-
11 keting year average price for the most
12 recent 5 crop years, excluding each of
13 the crop years with the highest and
14 lowest prices.

15 (ii) USE OF TRANSITIONAL YIELDS.—

16 If the yield determined under clause

17 (i)(I)—

18 (I) for the 2012 crop year or any
19 prior crop year, is less than 60 per-
20 cent of the applicable transitional
21 yield, as determined by the Secretary,
22 the Secretary shall use 60 percent of
23 the applicable transitional yield for
24 that crop year; and

1 (II) for the 2013 crop year and
2 any subsequent crop year, is less than
3 70 percent of the applicable transi-
4 tional yield, as determined by the Sec-
5 retary, the Secretary shall use 70 per-
6 cent of the applicable transitional
7 yield for that crop year.

8 (5) PAYMENT RATE.—The payment rate shall
9 be equal to the lesser of—

10 (A) the amount that—

11 (i) the agriculture risk coverage guar-
12 antee for the covered commodity; exceeds

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

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

17 (6) PAYMENT AMOUNT.—If agriculture risk
18 coverage payments under this subsection are re-
19 quired to be paid for any of the 2013 through 2017
20 crop years of a covered commodity, the amount of
21 the agriculture risk coverage payment for the crop
22 year shall be equal to the product obtained by multi-
23 plying—

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

25 and

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

2 (I) in the case of eligible acres that
3 were planted to the covered commodity, 60
4 percent of the eligible acres of the covered
5 commodity; and

6 (II) in the case of eligible acres that
7 were prevented from being planted to the
8 covered commodity, 45 percent; or

9 (ii) in the case of county coverage—

10 (I) in the case of eligible acres that
11 were planted to the covered commodity, 75
12 percent of the eligible acres of the covered
13 commodity of the producer; and

14 (II) in the case of eligible acres that
15 were prevented from being planted to the
16 covered commodity, 45 percent.

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

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

24 (B) to the maximum extent practicable,
25 calculate a separate agriculture risk coverage

1 guarantee for irrigated and nonirrigated cov-
2 ered commodities; and

3 (C) assign a yield for each planted acre for
4 the crop year for the covered commodity on the
5 basis of the yield history of representative
6 farms in the State, region, or crop reporting
7 district, as determined by the Secretary, if the
8 Secretary cannot establish the yield as deter-
9 mined under paragraph (4)(B)(i) for each
10 planted acre for a crop year for a covered com-
11 modity in accordance with paragraph (4) or if
12 the yield determined under paragraph (4) is an
13 unrepresentative average yield for the farm (as
14 determined by the Secretary).

15 **SEC. 1106. PRODUCER AGREEMENT REQUIRED AS CONDI-**
16 **TION OF PROVISION OF PAYMENTS.**

17 (a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

18 (1) REQUIREMENTS.—Before the producers on
19 a farm may receive agriculture risk coverage pay-
20 ments, the producers shall agree, during the crop
21 year for which the payments are made and in ex-
22 change for the payments—

23 (A) to comply with applicable conservation
24 requirements under subtitle B of title XII of

1 the Food Security Act of 1985 (16 U.S.C. 3811
2 et seq.);

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

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

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

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

23 (3) MODIFICATION.—At the request of the
24 transferee or owner, the Secretary may modify the
25 requirements of this subsection if the modifications

1 are consistent with the objectives of this subsection,
2 as determined by the Secretary.

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

5 (1) TERMINATION.—

6 (A) IN GENERAL.—Except as provided in
7 paragraph (2), a transfer of (or change in) the
8 interest of the producers on a farm for which
9 agriculture risk coverage payments are made
10 shall result in the termination of the agriculture
11 risk coverage payments, unless the transferee or
12 owner of the acreage agrees to assume all obli-
13 gations under subsection (a).

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

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

22 (c) REPORTS.—

23 (1) ACREAGE REPORTS.—As a condition on the
24 receipt of any benefits under this subtitle or subtitle
25 B, the Secretary shall require producers on a farm

1 to submit to the Secretary annual acreage reports
2 with respect to all cropland on the farm.

3 (2) **PRODUCTION REPORTS.**—As a condition on
4 the receipt of any benefits under section 1105, the
5 Secretary shall require producers on a farm to sub-
6 mit to the Secretary annual production reports with
7 respect to all covered commodities produced on the
8 farm.

9 (3) **PENALTIES.**—No penalty with respect to
10 benefits under this subtitle or subtitle B shall be as-
11 sessed against the producers on a farm for an inac-
12 curate acreage or production report unless the pro-
13 ducers on the farm knowingly and willfully falsified
14 the acreage or production report.

15 (d) **TENANTS AND SHARECROPPERS.**—In carrying
16 out this subtitle, the Secretary shall provide adequate safe-
17 guards to protect the interests of tenants and share-
18 croppers.

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

20 This subtitle shall be effective beginning with the
21 2013 crop year of each covered commodity through the
22 2017 crop year.

1 **Subtitle B—Marketing Assistance**
2 **Loans and Loan Deficiency Pay-**
3 **ments**

4 **SEC. 1201. AVAILABILITY OF NONRECOURSE MARKETING**
5 **ASSISTANCE LOANS FOR LOAN COMMOD-**
6 **ITIES.**

7 (a) DEFINITION OF LOAN COMMODITY.—In this sub-
8 title, the term “loan commodity” means wheat, corn, grain
9 sorghum, barley, oats, upland cotton, extra long staple
10 cotton, long grain rice, medium grain rice, peanuts, soy-
11 beans, other oilseeds, graded wool, nongraded wool, mo-
12 hair, honey, dry peas, lentils, small chickpeas, and large
13 chickpeas.

14 (b) NONRECOURSE LOANS AVAILABLE.—

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

20 (2) TERMS AND CONDITIONS.—The marketing
21 assistance loans shall be made under terms and con-
22 ditions that are prescribed by the Secretary and at
23 the loan rate established under section 1202 for the
24 loan commodity.

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

5 (d) COMPLIANCE WITH CONSERVATION AND WET-
6 LANDS REQUIREMENTS.—

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

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

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

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

1 (D) to effectively control noxious weeds
2 and otherwise maintain the land in accordance
3 with sound agricultural practices, as determined
4 by the Secretary, if the agricultural or con-
5 serving use involves the noncultivation of any
6 portion of the land referred to in subparagraph
7 (C).

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

11 (3) MODIFICATION.—At the request of a trans-
12 feree or owner, the Secretary may modify the re-
13 quirements of this subsection if the modifications
14 are consistent with the purposes of this subsection,
15 as determined by the Secretary.

16 (e) SPECIAL RULES FOR PEANUTS.—

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

19 (2) OPTIONS FOR OBTAINING LOAN.—A mar-
20 keting assistance loan under this section, and loan
21 deficiency payments under section 1205, may be ob-
22 tained at the option of the producers on a farm
23 through—

1 (A) a designated marketing association or
2 marketing cooperative of producers that is ap-
3 proved by the Secretary; or

4 (B) the Farm Service Agency.

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

10 (A) to provide the storage on a nondiscrim-
11 inatory basis; and

12 (B) to comply with such additional require-
13 ments as the Secretary considers appropriate to
14 accomplish the purposes of this section and pro-
15 mote fairness in the administration of the bene-
16 fits of this section.

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

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

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

3 (i) require the repayment of handling
4 and other associated costs paid under sub-
5 paragraph (A) for all peanuts pledged as
6 collateral for a loan that is redeemed under
7 this section; and

8 (ii) pay storage, handling, and other
9 associated costs for all peanuts pledged as
10 collateral that are forfeited under this sec-
11 tion.

12 (5) MARKETING.—A marketing association or
13 cooperative may market peanuts for which a loan is
14 made under this section in any manner that con-
15 forms to consumer needs, including the separation of
16 peanuts by type and quality.

17 (6) REIMBURSABLE AGREEMENTS AND PAY-
18 MENT OF ADMINISTRATIVE EXPENSES.—The Sec-
19 retary may implement any reimbursable agreements
20 or provide for the payment of administrative ex-
21 penses under this subsection only in a manner that
22 is consistent with those activities in regard to other
23 loan commodities.

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

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

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

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

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

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

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

13 (6) In the case of base quality of upland cotton,
14 for the 2013 and each subsequent crop year, the
15 simple average of the adjusted prevailing world price
16 for the 2 immediately preceding marketing years, as
17 determined by the Secretary and announced October
18 1 preceding the next domestic plantings, but in no
19 case less than \$0.47 per pound or more than \$0.52
20 per pound.

21 (7) In the case of extra long staple cotton,
22 \$0.7977 per pound.

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

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

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

2 (11) In the case of other oilseeds, \$10.09 per
3 hundredweight for each of the following kinds of oil-
4 seeds:

5 (A) Sunflower seed.

6 (B) Rapeseed.

7 (C) Canola.

8 (D) Safflower.

9 (E) Flaxseed.

10 (F) Mustard seed.

11 (G) Crambe.

12 (H) Sesame seed.

13 (I) Other oilseeds designated by the Sec-
14 retary.

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

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

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

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

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

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

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

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

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

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

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

11 (a) TERM OF LOAN.—In the case of each loan com-
12 modity, a marketing assistance loan under section 1201
13 shall have a term of 9 months beginning on the first day
14 of the first month after the month in which the loan is
15 made.

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

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

20 (a) GENERAL RULE.—The Secretary shall permit the
21 producers on a farm to repay a marketing assistance loan
22 under section 1201 for a loan commodity (other than up-
23 land cotton, long grain rice, medium grain rice, extra long
24 staple cotton, peanuts and confectionery and each other

1 kind of sunflower seed (other than oil sunflower seed)) at
2 a rate that is the lesser of—

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

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

10 (A) is calculated based on average market
11 prices for the loan commodity during the pre-
12 ceding 30-day period; and

13 (B) will minimize discrepancies in mar-
14 keting loan benefits across State boundaries
15 and across county boundaries; or

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

20 (A) minimize potential loan forfeitures;

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

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

1 (D) allow the commodity produced in the
2 United States to be marketed freely and com-
3 petitively, both domestically and internationally;
4 and

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

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

13 (1) the loan rate established for the commodity
14 under section 1202, plus interest (determined in ac-
15 cordance with section 163 of the Federal Agriculture
16 Improvement and Reform Act of 1996 (7 U.S.C.
17 7283)); or

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

21 (c) REPAYMENT RATES FOR EXTRA LONG STAPLE
22 COTTON.—Repayment of a marketing assistance loan for
23 extra long staple cotton shall be at the loan rate estab-
24 lished for the commodity under section 1202, plus interest
25 (determined in accordance with section 163 of the Federal

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

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

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

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

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

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

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

22 (A) shall be adjusted to United States
23 quality and location, with the adjustment to in-
24 clude—

1 (i) a reduction equal to any United
2 States Premium Factor for upland cotton
3 of a quality higher than Middling (M)
4 $1\frac{3}{32}$ -inch; and

5 (ii) the average costs to market the
6 commodity, including average transpor-
7 tation costs, as determined by the Sec-
8 retary; and

9 (B) may be further adjusted, during the
10 period beginning on the date of enactment of
11 this Act and ending on July 31, 2018, if the
12 Secretary determines the adjustment is nec-
13 essary—

14 (i) to minimize potential loan forfeit-
15 ures;

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

19 (iii) to ensure that upland cotton pro-
20 duced in the United States can be mar-
21 keted freely and competitively, both domes-
22 tically and internationally; and

23 (iv) to ensure an appropriate transi-
24 tion between current-crop and forward-
25 crop price quotations, except that the Sec-

1 retary may use forward-crop price
2 quotations prior to July 31 of a marketing
3 year only if—

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

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

9 (3) GUIDELINES FOR ADDITIONAL ADJUST-
10 MENTS.—In making adjustments under this sub-
11 section, the Secretary shall establish a mechanism
12 for determining and announcing the adjustments in
13 order to avoid undue disruption in the United States
14 market.

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

21 (1) the loan rate established for the commodity
22 under section 1202, plus interest (determined in ac-
23 cordance with section 163 of the Federal Agriculture
24 Improvement and Reform Act of 1996 (7 U.S.C.
25 7283)); or

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

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

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

13 (1) the loan rate established for peanuts under
14 subsection (b), plus interest (determined in accord-
15 ance with section 163 of the Federal Agriculture Im-
16 provement and Reform Act of 1996 (7 U.S.C.
17 7283)); or

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

19 (A) minimize potential loan forfeitures;

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

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

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

4 (i) **AUTHORITY TO TEMPORARILY ADJUST REPAY-**
5 **MENT RATES.—**

6 (1) **ADJUSTMENT AUTHORITY.—**In the event of
7 a severe disruption to marketing, transportation, or
8 related infrastructure, the Secretary may modify the
9 repayment rate otherwise applicable under this sec-
10 tion for marketing assistance loans under section
11 1201 for a loan commodity.

12 (2) **DURATION.—**Any adjustment made under
13 paragraph (1) in the repayment rate for marketing
14 assistance loans for a loan commodity shall be in ef-
15 fect on a short-term and temporary basis, as deter-
16 mined by the Secretary.

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

18 (a) **AVAILABILITY OF LOAN DEFICIENCY PAY-**
19 **MENTS.—**

20 (1) **IN GENERAL.—**Except as provided in sub-
21 section (d), the Secretary may make loan deficiency
22 payments available to producers on a farm that, al-
23 though eligible to obtain a marketing assistance loan
24 under section 1201 with respect to a loan com-
25 modity, agree to forgo obtaining the loan for the

1 commodity in return for loan deficiency payments
2 under this section.

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

4 (A) MARKETING ASSISTANCE LOANS.—

5 Subject to subparagraph (B), nongraded wool
6 in the form of unshorn pelts and hay and silage
7 derived from a loan commodity are not eligible
8 for a marketing assistance loan under section
9 1201.

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

16 (b) COMPUTATION.—A loan deficiency payment for a
17 loan commodity or commodity referred to in subsection
18 (a)(2) shall be equal to the product obtained by multi-
19 plying—

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

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

1 (c) PAYMENT RATE.—

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

5 (A) the loan rate established under section
6 1202 for the loan commodity; exceeds

7 (B) the rate at which a marketing assist-
8 ance loan for the loan commodity may be repaid
9 under section 1204.

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

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

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

18 (3) HAY AND SILAGE.—In the case of hay or si-
19 lage derived from a loan commodity, the payment
20 rate shall be the amount by which—

21 (A) the loan rate established under section
22 1202 for the loan commodity from which the
23 hay or silage is derived; exceeds

1 (B) the rate at which a marketing assist-
2 ance loan for the loan commodity may be repaid
3 under section 1204.

4 (d) EXCEPTION FOR EXTRA LONG STAPLE COT-
5 TON.—This section shall not apply with respect to extra
6 long staple cotton.

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

14 **SEC. 1206. PAYMENTS IN LIEU OF LOAN DEFICIENCY PAY-**
15 **MENTS FOR GRAZED ACREAGE.**

16 (a) ELIGIBLE PRODUCERS.—

17 (1) IN GENERAL.—Effective for the 2013
18 through 2017 crop years, in the case of a producer
19 that would be eligible for a loan deficiency payment
20 under section 1205 for wheat, barley, or oats, but
21 that elects to use acreage planted to the wheat, bar-
22 ley, or oats for the grazing of livestock, the Sec-
23 retary shall make a payment to the producer under
24 this section if the producer enters into an agreement

1 with the Secretary to forgo any other harvesting of
2 the wheat, barley, or oats on that acreage.

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

11 (b) PAYMENT AMOUNT.—

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

16 (A) the loan deficiency payment rate deter-
17 mined under section 1205(c) in effect, as of the
18 date of the agreement, for the county in which
19 the farm is located; by

20 (B) the payment quantity determined by
21 multiplying—

22 (i) the quantity of the grazed acreage
23 on the farm with respect to which the pro-
24 ducer elects to forgo harvesting of wheat,
25 barley, or oats; and

1 (ii)(I) the yield in effect for the cal-
2 culation of agriculture risk coverage pay-
3 ments under subtitle A with respect to that
4 loan commodity on the farm; or

5 (II) in the case of a farm without a
6 payment yield for that loan commodity, an
7 appropriate yield established by the Sec-
8 retary in a manner consistent with section
9 1102 of the Farm Security and Rural In-
10 vestment Act of 2002 (7 U.S.C. 7912).

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

16 (A) the loan deficiency payment rate deter-
17 mined under section 1205(c) in effect for
18 wheat, as of the date of the agreement, for the
19 county in which the farm is located; by

20 (B) the payment quantity determined by
21 multiplying—

22 (i) the quantity of the grazed acreage
23 on the farm with respect to which the pro-
24 ducer elects to forgo harvesting of triticale;
25 and

1 (ii)(I) the yield in effect for the cal-
2 culation of agriculture risk coverage pay-
3 ments under subtitle A with respect to
4 wheat on the farm; or

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

11 (c) TIME, MANNER, AND AVAILABILITY OF PAY-
12 MENT.—

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

17 (2) AVAILABILITY.—

18 (A) IN GENERAL.—The Secretary shall es-
19 tablish an availability period for the payments
20 authorized by this section.

21 (B) CERTAIN COMMODITIES.—In the case
22 of wheat, barley, and oats, the availability pe-
23 riod shall be consistent with the availability pe-
24 riod for the commodity established by the Sec-

1 retary for marketing assistance loans author-
2 ized by this subtitle.

3 (d) PROHIBITION ON CROP INSURANCE INDEMNITY
4 OR NONINSURED CROP ASSISTANCE.—A 2013 through
5 2017 crop of wheat, barley, oats, or triticale planted on
6 acreage that a producer elects, in the agreement required
7 by subsection (a), to use for the grazing of livestock in
8 lieu of any other harvesting of the crop shall not be eligible
9 for an indemnity under a policy or plan of insurance au-
10 thorized under the Federal Crop Insurance Act (7 U.S.C.
11 1501 et seq.) or noninsured crop assistance under section
12 196 of the Federal Agriculture Improvement and Reform
13 Act of 1996 (7 U.S.C. 7333).

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

16 (a) SPECIAL IMPORT QUOTA.—

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

21 (2) ESTABLISHMENT.—

22 (A) IN GENERAL.—The President shall
23 carry out an import quota program during the
24 period beginning on August 1, 2013, and end-

1 ing on July 31, 2018, as provided in this sub-
2 section.

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

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

20 (4) APPLICATION.—The quota shall apply to
21 upland cotton purchased not later than 90 days
22 after the date of the Secretary's announcement
23 under paragraph (2) and entered into the United
24 States not later than 180 days after that date.

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

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

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

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

14 (C) section 503(d) of the Trade Act of
15 1974 (19 U.S.C. 2463(d)); and

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

18 (7) LIMITATION.—The quantity of cotton en-
19 tered into the United States during any marketing
20 year under the special import quota established
21 under this subsection may not exceed the equivalent
22 of 10 week's consumption of upland cotton by do-
23 mestic mills at the seasonally adjusted average rate
24 of the 3 months immediately preceding the first spe-
25 cial import quota established in any marketing year.

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

3 (1) DEFINITIONS.—In this subsection:

4 (A) DEMAND.—The term “demand”
5 means—

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

12 (ii) the larger of—

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

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

20 (B) LIMITED GLOBAL IMPORT QUOTA.—

21 The term “limited global import quota” means
22 a quantity of imports that is not subject to the
23 over-quota tariff rate of a tariff-rate quota.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13 (B) present—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 (c) ADJUSTMENT ON COUNTY BASIS.—

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

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

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

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

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

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

1 and efficiently reflect market values for upland
2 cotton.

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

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

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

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

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

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

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

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

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

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

14 (3) CONSULTATION WITH PRIVATE SECTOR.—

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

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

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

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

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

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

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

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

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

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

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

14 (7) DAIRY OPERATION.—

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

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

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

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

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

8 (8) HANDLER.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (1) basic margin protection payments when ac-
4 tual dairy production margins are less than the
5 threshold levels for such payments; and

6 (2) supplemental margin protection payments if
7 purchased by a participating dairy operation.

8 **SEC. 1412. PARTICIPATION OF DAIRY OPERATIONS IN PRO-**
9 **DUCTION MARGIN PROTECTION PROGRAM.**

10 (a) **ELIGIBILITY.**—All dairy operations in the United
11 States shall be eligible to participate in the production
12 margin protection program, except that a dairy operation
13 shall be required to sign up with the Secretary before the
14 dairy operation may receive—

15 (1) basic production margin protection pay-
16 ments under section 1414; and

17 (2) if the dairy operation purchases supple-
18 mental production margin protection under section
19 1415, supplemental production margin protection
20 payments under such section.

21 (b) **REGISTRATION PROCESS.**—

22 (1) **IN GENERAL.**—The Secretary shall specify
23 the manner and form by which a dairy operation
24 may sign up to participate in the production margin
25 protection program.

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

6 (A) registration to receive basic production
7 margin protection and purchase supplemental
8 production margin protection;

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

12 (C) participation in the stabilization pro-
13 gram under subtitle B.

14 (3) TREATMENT OF PRODUCERS WITH MUL-
15 TIPLE DAIRY OPERATIONS.—If a dairy producer op-
16 erates 2 or more dairy operations, each dairy oper-
17 ation of the producer shall require a separate reg-
18 istration to receive basic production margin protec-
19 tion and purchase supplemental production margin
20 protection and only those dairy operations so reg-
21 istered shall be covered by the stabilization program.

22 (c) TIME FOR SIGN UP.—

23 (1) EXISTING DAIRY OPERATIONS.—During the
24 15-month period beginning on the date of the initi-
25 ation of the sign-up period for the production mar-

1 gin protection program, a dairy operation that is ac-
2 tively engaged as of such date may sign up with the
3 Secretary—

4 (A) to receive basic production margin pro-
5 tection; and

6 (B) if the dairy operation elects, to pur-
7 chase supplemental production margin protec-
8 tion.

9 (2) NEW ENTRANTS.—A dairy producer that
10 has no existing interest in a dairy operation as of
11 the date of the initiation of the sign-up period for
12 the production margin protection program, but that,
13 after such date, establishes a new dairy operation,
14 may sign up with the Secretary during the 1-year
15 period beginning on the date on which the dairy op-
16 eration first markets milk commercially—

17 (A) to receive basic production margin pro-
18 tection; and

19 (B) if the dairy operation elects, to pur-
20 chase supplemental production margin protec-
21 tion.

22 (d) TRANSITION FROM MILC TO PRODUCTION MAR-
23 GIN PROTECTION.—

24 (1) DEFINITION OF TRANSITION PERIOD.—In
25 this subsection, the term “transition period” means

1 the period during which the milk income loss pro-
2 gram established under section 1506 of the Food,
3 Conservation, and Energy Act of 2008 (7 U.S.C.
4 8773) and the production margin protection pro-
5 gram under this subtitle are both in existence.

6 (2) NOTICE OF AVAILABILITY.—Not later than
7 30 days after the date of enactment of this Act, the
8 Secretary shall publish a notice in the Federal Reg-
9 ister to inform dairy operations of the availability of
10 basic production margin protection and supple-
11 mental production margin protection, including the
12 terms of the protection and information about the
13 option of dairy operations during the transition pe-
14 riod to make an election described in paragraph (3).

15 (3) ELECTION.—Except as provided in para-
16 graph (4), a dairy operation may elect to participate
17 in either the milk income loss program established
18 under section 1506 of the Food, Conservation, and
19 Energy Act of 2008 (7 U.S.C. 8773) or the produc-
20 tion margin protection program under this subtitle
21 for the duration of the transition period.

22 (4) TRANSFER TO PRODUCTION MARGIN PRO-
23 TECTION.—A dairy operation that elects to partici-
24 pate in the milk income loss program established
25 under section 1506 of the Food, Conservation, and

1 Energy Act of 2008 (7 U.S.C. 8773) during the
 2 transition period may, at any time, make a perma-
 3 nent transfer to the production margin protection
 4 program.

5 (e) ADMINISTRATION FEE.—

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

9 (A) pay an administration fee under this
 10 subsection to sign up to participate in the pro-
 11 duction margin protection program; and

12 (B) pay the administration fee annually
 13 thereafter to continue to participate in the pro-
 14 duction margin protection program.

15 (2) FEE AMOUNT.—The administration fee for
 16 a participating dairy operation for a calendar year
 17 shall be based on the pounds of milk (in millions)
 18 marketed by the dairy operation in the previous cal-
 19 endar year, as follows:

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

20 (3) DEPOSIT OF FEES.—All administration fees
 21 collected under this subsection shall be credited to

1 the fund or account used to cover the costs incurred
2 to administer the production margin protection pro-
3 gram and the stabilization program and shall be
4 available to the Secretary, without further appro-
5 priation and until expended, for use or transfer as
6 provided in paragraph (4).

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

9 (A) to cover administrative costs of the
10 production margin protection program and sta-
11 bilization program; and

12 (B) to cover costs of the Department of
13 Agriculture relating to reporting of dairy mar-
14 ket news, carrying out the amendments made
15 by section 1476, and carrying out section 273
16 of the Agricultural Marketing Act of 1946 (7
17 U.S.C. 1637b)), to the extent funds remain
18 available after operation of subparagraph (A).

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

23 (f) DUTIES OF THE SECRETARY.—The Secretary
24 shall ensure that producers are precluded from taking any
25 action, including reconstitution, transfer, or other similar

1 action, that would have the effect of altering or reversing
2 any election made under this subtitle.

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

8 (1) failed to comply with this subtitle and
9 adopted or participated in adopting a scheme or de-
10 vice to evade the application of basic production
11 margin protection, supplemental production margin
12 protection, or the market stabilization program; or

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

17 (h) EXTENDED INELIGIBILITY.—If the Secretary de-
18 termines that a person or legal entity, for the benefit of
19 the person or legal entity or the benefit of any other per-
20 son or legal entity, has knowingly engaged in, or aided
21 in the creation of a fraudulent document, failed to disclose
22 material information relevant to the administration of this
23 subtitle, or committed other equally serious actions in vio-
24 lation of the purposes of this subtitle (including regula-
25 tions issued by the Secretary), the Secretary may for a

1 period not to exceed 5 calendar years deny the issuance
2 of payments under this subtitle to the person or legal enti-
3 ty.

4 (i) PRO RATA DENIAL.—

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

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

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

24 (k) RELEASE.—The Secretary may partially or fully
25 release from liability any person or legal entity that co-

1 operates with the Secretary in enforcing this section or
2 in instances in which the Secretary determines that any
3 reconstitution is bona fide and substantive.

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

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

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

13 (1) DETERMINATION REQUIRED.—For purposes
14 of providing basic production margin protection, the
15 Secretary shall determine the basic production his-
16 tory of the dairy operation in the production margin
17 protection program.

18 (2) CALCULATION.—Except as provided in
19 paragraph (3), the basic production history of a par-
20 ticipating dairy operation for basic production mar-
21 gin protection is equal to the highest annual milk
22 marketings of the dairy operation during any 1 of
23 the 3 calendar years immediately preceding the cal-
24 endar year in which the dairy operation first signed

1 up to participate in the production margin protec-
2 tion program.

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

9 (A) The volume of the actual milk mar-
10 ketings for the months the dairy operation has
11 been in operation extrapolated to a yearly
12 amount.

13 (B) An estimate of the actual milk mar-
14 ketings of the dairy operation based on the herd
15 size of the dairy operation relative to the na-
16 tional rolling herd average data published by
17 the Secretary.

18 (4) NO CHANGE IN PRODUCTION HISTORY FOR
19 BASIC PRODUCTION MARGIN PROTECTION.—Once
20 the basic production history of a participating dairy
21 operation is determined under paragraph (2) or (3),
22 the basic production history shall not be subse-
23 quently changed for purposes of determining the
24 amount of any basic production margin protection

1 payments for the dairy operation made under section
2 1414.

3 (b) ANNUAL PRODUCTION HISTORY FOR SUPPLE-
4 MENTAL PRODUCTION MARGIN PROTECTION.—

5 (1) DETERMINATION REQUIRED.—For purposes
6 of providing supplemental production margin protec-
7 tion for a participating dairy operation that pur-
8 chases supplemental production margin protection
9 for a year under section 1415, the Secretary shall
10 determine the annual production history of the dairy
11 operation of the dairy operation under paragraph
12 (2).

13 (2) CALCULATION.—The annual production his-
14 tory of a participating dairy operation for a year is
15 equal to the actual milk marketings of the dairy op-
16 eration during the preceding calendar year.

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

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

1 (1) the basic production history of the dairy op-
2 eration of the dairy operation under subsection (a);
3 and

4 (2) the production history of the dairy oper-
5 ation of the dairy operation whenever the dairy oper-
6 ation purchases supplemental production margin
7 protection under section 1415.

8 (d) TRANSFER OF PRODUCTION HISTORIES.—

9 (1) TRANSFER BY SALE OR LEASE.—In promul-
10 gating the rules to initiate the production margin
11 protection program, the Secretary shall specify the
12 conditions under which and the manner by which the
13 production history of a dairy operation may be
14 transferred by sale or lease.

15 (2) COVERAGE LEVEL.—

16 (A) BASIC PRODUCTION MARGIN PROTEC-
17 TION.—A purchaser or lessee to whom the Sec-
18 retary transfers a basic production history
19 under this subsection shall not obtain a dif-
20 ferent level of basic production margin protec-
21 tion than the basic production margin protec-
22 tion coverage held by the seller or lessor from
23 whom the transfer was obtained.

24 (B) SUPPLEMENTAL PRODUCTION MARGIN
25 PROTECTION.—A purchaser or lessee to whom

1 the Secretary transfers an annual production
2 history under this subsection shall not obtain a
3 different level of supplemental production mar-
4 gin protection coverage than the supplemental
5 production margin protection coverage in effect
6 for the seller or lessor from whom the transfer
7 was obtained for the calendar year in which the
8 transfer was made.

9 (e) MOVEMENT AND TRANSFER OF PRODUCTION
10 HISTORY.—

11 (1) MOVEMENT AND TRANSFER AUTHOR-
12 IZED.—Subject to paragraph (2), if a dairy oper-
13 ation moves from 1 location to another location, the
14 dairy operation may transfer the basic production
15 history and annual production history associated
16 with the dairy operation.

17 (2) NOTIFICATION REQUIREMENT.—A dairy op-
18 eration shall notify the Secretary of any move of a
19 dairy operation under paragraph (1).

20 (3) SUBSEQUENT OCCUPATION OF VACATED LO-
21 CATION.—A party subsequently occupying a dairy
22 operation location vacated as described in paragraph
23 (1) shall have no interest in the basic production
24 history or annual production history previously asso-
25 ciated with the dairy operation at such location.

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

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

7 (b) BASIC PRODUCTION MARGIN PROTECTION PAY-
8 MENT.—The basic production margin protection payment
9 for the dairy operation of a participating dairy operation
10 for a consecutive 2-month period shall be equal to the
11 product obtained by multiplying—

12 (1) the difference between the average actual
13 dairy production margin for the consecutive 2-month
14 period and \$4.00, except that, if the difference is
15 more than \$4.00, the Secretary shall use \$4.00; by

16 (2) the lesser of—

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

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

22 **SEC. 1415. SUPPLEMENTAL PRODUCTION MARGIN PROTEC-**
23 **TION.**

24 (a) ELECTION OF SUPPLEMENTAL PRODUCTION
25 MARGIN PROTECTION.—A participating dairy operation
26 may annually purchase supplemental production margin

1 protection to protect, during the calendar year for which
2 purchased, a higher level of the income of a participating
3 dairy operation than the income level guaranteed by basic
4 production margin protection under section 1414.

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

11 (c) COVERAGE PERCENTAGE.—A participating dairy
12 operation purchasing supplemental production margin
13 protection for a year shall elect a percentage of coverage
14 equal to not more than 90 percent, nor less than 25 per-
15 cent, of the annual production history of the dairy oper-
16 ation.

17 (d) PREMIUMS FOR SUPPLEMENTAL PRODUCTION
18 MARGIN PROTECTION.—

19 (1) PREMIUMS REQUIRED.—A participating
20 dairy operation that purchases supplemental produc-
21 tion margin protection shall pay an annual premium
22 equal to the product obtained by multiplying—

23 (A) the percentage selected by the dairy
24 operation under subsection (c);

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

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

6 (2) PREMIUM PER HUNDREDWEIGHT FOR FIRST
7 4 MILLION POUNDS OF PRODUCTION.—For the first
8 4,000,000 pounds of milk marketings included in
9 the annual production history of a participating
10 dairy operation, the premium per hundredweight
11 corresponding to each coverage level specified in the
12 following table is as follows:

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

13 (3) PREMIUM PER HUNDREDWEIGHT FOR PRO-
14 DUCATION IN EXCESS OF 4 MILLION POUNDS.—For
15 milk marketings in excess of 4,000,000 pounds in-
16 cluded in the annual production history of a partici-
17 pating dairy operation, the premium per hundred-
18 weight corresponding to each coverage level is as fol-
19 lows:

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

1 (4) TIME FOR PAYMENT.—In promulgating the
2 rules to initiate the production margin protection
3 program, the Secretary shall provide more than 1
4 method by which a participating dairy operation that
5 purchases supplemental production margin protec-
6 tion for a calendar year may pay the premium under
7 this subsection for that year in any manner that
8 maximizes dairy operation payment flexibility and
9 program integrity.

10 (e) PREMIUM OBLIGATIONS.—

11 (1) PRO-RATION OF PREMIUM FOR NEW DAIRY
12 OPERATIONS.—A dairy operation described in sec-
13 tion 1412(c)(2) that purchases supplemental produc-
14 tion margin protection for a calendar year after the
15 start of the calendar year shall pay a pro-rated pre-
16 mium for that calendar year based on the portion of
17 the calendar year for which the dairy operation pur-
18 chases the coverage.

19 (2) LEGAL OBLIGATION.—A participating dairy
20 operation that purchases supplemental production

1 margin protection for a calendar year shall be legally
2 obligated to pay the applicable premium for that cal-
3 endar year, except that the Secretary may waive
4 that obligation, under terms and conditions deter-
5 mined by the Secretary, for 1 or more producers in
6 any dairy operation in the case of death, retirement,
7 permanent dissolution of a dairy operation, or other
8 circumstances as the Secretary considers appropriate
9 to ensure the integrity of the program.

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

17 (g) SUPPLEMENTAL PRODUCTION MARGIN PROTEC-
18 TION PAYMENTS.—

19 (1) IN GENERAL.—The supplemental produc-
20 tion margin protection payment for a participating
21 dairy operation is in addition to the basic production
22 margin protection payment.

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

1 (A) The Secretary shall calculate the dif-
2 ference between the coverage level threshold se-
3 lected by the dairy operation under subsection
4 (b) and the greater of—

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

8 (ii) \$4.00.

9 (B) The amount determined under sub-
10 paragraph (A) shall be multiplied by the per-
11 centage selected by the participating dairy oper-
12 ation under subsection (c) and by the lesser of
13 the following:

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

16 (ii) The actual amount of milk mar-
17 keted by the dairy operation during the
18 consecutive 2-month period.

19 **SEC. 1416. EFFECT OF FAILURE TO PAY ADMINISTRATION**
20 **FEEES OR PREMIUMS.**

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

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

3 (2) may not receive basic production margin
4 protection payments or supplemental production
5 margin protection payments until the fees or pre-
6 miums are fully paid.

7 (b) ENFORCEMENT.—The Secretary may take such
8 action as necessary to collect administration fees and pre-
9 mium payments for supplemental production margin pro-
10 tection.

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

12 **SEC. 1431. ESTABLISHMENT OF DAIRY MARKET STABILIZA-**
13 **TION PROGRAM.**

14 (a) PROGRAM REQUIRED; PURPOSE.—Effective not
15 later than 120 days after the effective date of this subtitle,
16 the Secretary shall establish and administer a dairy mar-
17 ket stabilization program applicable to participating dairy
18 operations for the purpose of assisting in balancing the
19 supply of milk with demand when dairy operations are ex-
20 perencing low or negative operating margins.

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

23 (1) ELECTION.—When a dairy operation signs
24 up under section 1412 to participate in the produc-
25 tion margin protection program, the dairy operation

1 shall inform the Secretary of the method by which
2 the stabilization program base for the dairy oper-
3 ation will be calculated under paragraph (3).

4 (2) CHANGE IN CALCULATION METHOD.—A
5 participating dairy operation may change the sta-
6 bilization program base calculation method to be
7 used for a calendar year by notifying the Secretary
8 of the change not later than a date determined by
9 the Secretary.

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

14 (A) The volume of the average monthly
15 milk marketings of the dairy operation for the
16 3 months immediately preceding the announce-
17 ment by the Secretary that the stabilization
18 program will become effective.

19 (B) The volume of the monthly milk mar-
20 ketings of the dairy operation for the same
21 month in the preceding year as the month for
22 which the Secretary has announced the sta-
23 bilization program will become effective.

1 **SEC. 1432. THRESHOLD FOR IMPLEMENTATION AND RE-**
2 **DUCTION IN DAIRY PAYMENTS.**

3 (a) WHEN STABILIZATION PROGRAM REQUIRED.—
4 Except as provided in subsection (b), the Secretary shall
5 announce that the stabilization program is in effect and
6 order reduced payments for any participating dairy oper-
7 ation that exceeds the applicable percentage of the dairy
8 operation's stabilization program base whenever—

9 (1) the actual dairy production margin has been
10 \$6.00 or less per hundredweight of milk for each of
11 the immediately preceding 2 months; or

12 (2) the actual dairy production margin has been
13 \$4.00 or less per hundredweight of milk for the im-
14 mediately preceding month.

15 (b) EXCEPTION.—If any of the conditions described
16 in section 1436(b) have been met during the 2-month pe-
17 riod immediately preceding the month in which the an-
18 nouncement under subsection (a) would otherwise be made
19 by the Secretary in the absence of this exception, the Sec-
20 retary shall—

21 (1) suspend the stabilization program;

22 (2) refrain from making the announcement
23 under subsection (a) to implement order the sta-
24 bilization payment; or

25 (3) order reduced payments.

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

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

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

12 (b) REDUCE REGULATORY BURDEN.—When imple-
13 menting the process under subsection (a), the Secretary
14 shall minimize the regulatory burden on dairy operations
15 and handlers.

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

18 (a) REDUCED DAIRY OPERATION PAYMENTS RE-
19 QUIRED.—During any month in which payment reductions
20 are in effect under the stabilization program, each handler
21 shall reduce payments to each participating dairy oper-
22 ation from whom the handler receives milk.

23 (b) REDUCTIONS BASED ON ACTUAL DAIRY PRO-
24 Duction MARGIN.—

1 (1) REDUCTION REQUIREMENT 1.—If the Sec-
2 retary determines that the average actual dairy pro-
3 duction margin has been less than \$6.00 but greater
4 than \$5.00 per hundredweight of milk for 2 consecu-
5 tive months, the handler shall make payments to a
6 participating dairy operation for a month based on
7 the greater of the following:

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

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

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

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

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

23 (3) REDUCTION REQUIREMENT 3.—If the Sec-
24 retary determines that the average actual dairy pro-
25 duction margin has been \$4.00 or less for any 1

1 month, the handler shall make payments to a par-
2 ticipating dairy operation for a month based on the
3 greater of the following:

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

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

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

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

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

24 (a) REMITTING FUNDS.—As soon as practicable after
25 the end of each month during which payment reductions

1 are in effect under the stabilization program, each handler
2 shall remit to the Secretary an amount equal to the
3 amount by which payments to participating dairy oper-
4 ations are reduced by the handler under section 1434.

5 (b) DEPOSIT OF FUNDS.—All funds received under
6 subsection (a) shall be available to the Secretary, without
7 further appropriation and until expended, for use or trans-
8 fer as provided in subsection (c).

9 (c) USE OF FUNDS.—

10 (1) AVAILABILITY FOR CERTAIN COMMODITY
11 DONATIONS.—Not later than 90 days after the date
12 of the receipt of funds under subsection (a), the Sec-
13 retary shall obligate the funds for the purpose of—

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

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

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

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

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

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

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

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

17 (e) ENFORCEMENT.—If a participating dairy oper-
18 ation or handler fails to remit or collect the amounts by
19 which payments to participating dairy operations are re-
20 duced under section 1434, the dairy operation or handler
21 responsible for the failure shall be liable to the Secretary
22 for the amount that should have been remitted or col-
23 lected, plus interest. In addition to the enforcement au-
24 thorities available under section 1437, the Secretary may
25 enforce this subsection in the courts of the United States.

1 **SEC. 1436. SUSPENSION OF REDUCED PAYMENT REQUIRE-**
2 **MENT.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (c) IMPLEMENTATION BY HANDLERS.—Effective on
21 the day after the date of the announcement by the Sec-
22 retary under subsection (b) of the suspension of the sta-
23 bilization program, the handler shall cease reducing pay-
24 ments to participating dairy operations under the sta-
25 bilization program.

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

6 (1) 2 months have passed, beginning on the
7 first day of the month immediately following the an-
8 nouncement by the Secretary; and

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

11 **SEC. 1437. ENFORCEMENT.**

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

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

22 (c) APPEAL.—An order of the Secretary under sub-
23 section (b) shall be final and conclusive unless an affected
24 person files an appeal of the order of the Secretary in
25 United States district court not later than 30 days after

1 the date of the issuance of the order. A finding of the
2 Secretary in the order shall be set aside only if the finding
3 is not supported by substantial evidence.

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

14 **SEC. 1438. AUDIT REQUIREMENTS.**

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

17 (1) AUDITS AUTHORIZED.—If determined by
18 the Secretary to be necessary to ensure compliance
19 by participating dairy operations and handlers with
20 the stabilization program, the Secretary may con-
21 duct periodic audits of participating dairy operations
22 and handlers.

23 (2) SAMPLE OF DAIRY OPERATIONS.—Any
24 audit conducted under this subsection shall include,
25 at a minimum, investigation of a statistically valid

1 and random sample of participating dairy oper-
2 ations.

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

10 **Subpart C—Duration**

11 **SEC. 1451. DURATION.**

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

14 **PART II—DAIRY MARKET TRANSPARENCY**

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

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

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

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

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

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

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

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

23 (2) in paragraph (2), by inserting “or those
24 that may significantly aid price discovery in the
25 dairy markets” after “Federal milk marketing

1 order” each place it appears in subparagraphs (A),
2 (B), and (C).

3 **SEC. 1462. FEDERAL MILK MARKETING ORDER INFORMA-**
4 **TION.**

5 (a) INFORMATION CLEARINGHOUSE.—

6 (1) IN GENERAL.—The Secretary shall, on be-
7 half of each milk marketing order issued under the
8 Agricultural Adjustment Act (7 U.S.C. 601 et seq.),
9 reenacted with amendments by the Agricultural
10 Marketing Agreement Act of 1937, establish an in-
11 formation clearinghouse for the purposes of edu-
12 cating the public about the Federal milk marketing
13 order system and any marketing order referenda, in-
14 cluding proposal information and timelines that shall
15 be kept current and updated as information becomes
16 available.

17 (2) REQUIREMENTS.—Information under para-
18 graph (1) shall include—

19 (A) information on procedures by which
20 cooperatives vote;

21 (B) if applicable, information on the man-
22 ner by which producers may cast an individual
23 ballot;

24 (C) in applicable, instructions on the man-
25 ner in which to vote online;

1 (D) due dates for each specific referendum;

2 (E) the text of each referendum question

3 under consideration;

4 (F) a description in plain language of the

5 question;

6 (G) any relevant background information

7 to the question; and

8 (H) any other information that increases

9 Federal milk marketing order transparency.

10 (b) NOTIFICATION LIST FOR UPCOMING REF-

11 ERENDUM.—Each Federal milk marketing order shall—

12 (1) make available the information described in

13 subsection (b) through an Internet site; and

14 (2) publicize the information in major agri-

15 culture and dairy-specific publications on upcoming

16 referenda.

17 **PART III—REPEAL OR REAUTHORIZATION OF**

18 **OTHER DAIRY-RELATED PROVISIONS**

19 **SEC. 1471. REPEAL OF DAIRY PRODUCT PRICE SUPPORT**

20 **AND MILK INCOME LOSS CONTRACT PRO-**

21 **GRAMS.**

22 (a) REPEAL OF DAIRY PRODUCT PRICE SUPPORT

23 PROGRAM.—Section 1501 of the Food, Conservation, and

24 Energy Act of 2008 (7 U.S.C. 8771) is repealed.

1 (b) REPEAL OF MILK INCOME LOSS CONTRACT PRO-
2 GRAM.—Effective June 30, 2013, section 1506 of the
3 Food, Conservation, and Energy Act of 2008 (7 U.S.C.
4 8773) is repealed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 **PART IV—EFFECTIVE DATE**

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

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

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

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

22 (a) DEFINITIONS.—In this section:

23 (1) ELIGIBLE PRODUCER ON A FARM.—

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

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

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

6 (i) a citizen of the United States;

7 (ii) a resident alien;

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

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

13 (2) FARM.—

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

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

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

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

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

11 (A) cattle (including dairy cattle);

12 (B) bison;

13 (C) poultry;

14 (D) sheep;

15 (E) swine;

16 (F) horses; and

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

19 (b) LIVESTOCK INDEMNITY PAYMENTS.—

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

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

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

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

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

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

23 (c) LIVESTOCK FORAGE DISASTER PROGRAM.—

24 (1) DEFINITIONS.—In this subsection:

25 (A) COVERED LIVESTOCK.—

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

- 8 (I) owned;
9 (II) leased;
10 (III) purchased;
11 (IV) entered into a contract to
12 purchase;
13 (V) is a contract grower; or
14 (VI) sold or otherwise disposed of
15 due to qualifying drought conditions
16 during—

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

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

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

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

12 (C) ELIGIBLE LIVESTOCK PRODUCER.—

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

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

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

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

3 (III) certifies grazing loss; and

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

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

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

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

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

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

13 (C) MONTHLY FEED COST.—

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

17 (I) 30 days;

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

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

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

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

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

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

16 (I) the higher of—

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

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

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

3 (II) 56.

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

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

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

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

21 (ii) DROUGHT INTENSITY.—

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

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

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

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

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

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

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

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

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

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

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

11 (C) PAYMENT DURATION.—

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

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

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

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

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

3 (5) NO DUPLICATIVE PAYMENTS.—

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

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

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

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

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

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

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

10 (e) TREE ASSISTANCE PROGRAM.—

11 (1) DEFINITIONS.—In this subsection:

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

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

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

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

3 (2) ELIGIBILITY.—

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

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

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

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

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

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

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

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

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

24 (4) LIMITATIONS ON ASSISTANCE.—

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

6 (B) AMOUNT.—The total amount of pay-
7 ments received, directly or indirectly, by a per-
8 son or legal entity (excluding a joint venture or
9 general partnership) under this subsection may
10 not exceed \$100,000 for any crop year, or an
11 equivalent value in tree seedlings.

12 (C) ACRES.—The total quantity of acres
13 planted to trees or tree seedlings for which a
14 person or legal entity shall be entitled to receive
15 payments under this subsection may not exceed
16 500 acres.

17 (f) PAYMENT LIMITATIONS.—

18 (1) DEFINITIONS OF LEGAL ENTITY AND PER-
19 SON.—In this subsection, the terms “legal entity”
20 and “person” have the meaning given those terms in
21 section 1001(a) of the Food Security Act of 1985 (7
22 U.S.C. 1308(a)).

23 (2) AMOUNT.—The total amount of disaster as-
24 sistance payments received, directly or indirectly, by
25 a person or legal entity (excluding a joint venture or

1 general partnership) under this section (excluding
2 payments received under subsection (e)) may not ex-
3 ceed \$100,000 for any crop year.

4 (3) DIRECT CONTRIBUTION.—Subsections (e)
5 and (f) of section 1001 of the Food Security Act of
6 1985 (7 U.S.C. 1308) or any successor provisions
7 relating to direct attribution shall apply with respect
8 to assistance provided under this section.

9 **SEC. 1502. CONFORMING AMENDMENTS.**

10 (a) The Federal Crop Insurance Act is amended by
11 striking “**Subtitle A—Federal Crop Insurance**
12 **Act**”.

13 (b) Subtitle B of the Federal Crop Insurance Act (7
14 U.S.C. 1531) is repealed.

15 (c) Title IX of the Trade Act of 1974 (19 U.S.C.
16 2497 et seq.) is repealed.

17 **Subtitle F—Administration**

18 **SEC. 1601. ADMINISTRATION GENERALLY.**

19 (a) USE OF COMMODITY CREDIT CORPORATION.—
20 The Secretary shall use the funds, facilities, and authori-
21 ties of the Commodity Credit Corporation to carry out this
22 title.

23 (b) DETERMINATIONS BY SECRETARY.—A deter-
24 mination made by the Secretary under this title shall be
25 final and conclusive.

1 (c) REGULATIONS.—

2 (1) IN GENERAL.—Except as otherwise pro-
3 vided in this subsection, not later than 90 days after
4 the date of enactment of this Act, the Secretary and
5 the Commodity Credit Corporation, as appropriate,
6 shall promulgate such regulations as are necessary
7 to implement this title and the amendments made by
8 this title.

9 (2) PROCEDURE.—The promulgation of the reg-
10 ulations and administration of this title and the
11 amendments made by this title and sections 11001
12 and 11010 of this Act shall be made without regard
13 to—

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

16 (B) chapter 35 of title 44, United States
17 Code (commonly known as the “Paperwork Re-
18 duction Act”); and

19 (C) the Statement of Policy of the Sec-
20 retary of Agriculture effective July 24, 1971
21 (36 Fed. Reg. 13804), relating to notices of
22 proposed rulemaking and public participation in
23 rulemaking.

24 (3) CONGRESSIONAL REVIEW OF AGENCY RULE-
25 MAKING.—In carrying out this subsection, the Sec-

1 retary shall use the authority provided under section
2 808 of title 5, United States Code.

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

5 (1) REQUIRED DETERMINATION; ADJUST-
6 MENT.—If the Secretary determines that expendi-
7 tures under this title that are subject to the total al-
8 lowable domestic support levels under the Uruguay
9 Round Agreements (as defined in section 2 of the
10 Uruguay Round Agreements Act (19 U.S.C. 3501))
11 will exceed the allowable levels for any applicable re-
12 porting period, the Secretary shall, to the maximum
13 extent practicable, make adjustments in the amount
14 of the expenditures during that period to ensure that
15 the expenditures do not exceed the allowable levels.

16 (2) CONGRESSIONAL NOTIFICATION.—Before
17 making any adjustment under paragraph (1), the
18 Secretary shall submit to the Committee on Agri-
19 culture of the House of Representatives and the
20 Committee on Agriculture, Nutrition, and Forestry
21 of the Senate a report describing the determination
22 made under that paragraph and the extent of the
23 adjustment to be made.

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

2 **AUTHORITY.**

3 (a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—

4 The following provisions of the Agricultural Adjustment
5 Act of 1938 shall not be applicable to the 2013 through
6 2017 crops of covered commodities (as defined in section
7 1104), cotton, and sugar and shall not be applicable to
8 milk during the period beginning on the date of enactment
9 of this Act through December 31, 2017:

10 (1) Parts II through V of subtitle B of title III
11 (7 U.S.C. 1326 et seq.).

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

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

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

17 (b) AGRICULTURAL ACT OF 1949.—The following
18 provisions of the Agricultural Act of 1949 shall not be ap-
19 plicable to the 2013 through 2017 crops of covered com-
20 modities (as defined in section 1104), cotton, and sugar
21 and shall not be applicable to milk during the period be-
22 ginning on the date of enactment of this Act and through
23 December 31, 2017:

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

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

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

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

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

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

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

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

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

7 (10) Title IV (7 U.S.C. 1421 et seq.), other
8 than sections 404, 412, and 416 (7 U.S.C. 1424,
9 1429, and 1431).

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

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

12 (c) **SUSPENSION OF CERTAIN QUOTA PROVISIONS.**—

13 The joint resolution entitled “A joint resolution relating
14 to corn and wheat marketing quotas under the Agricul-
15 tural Adjustment Act of 1938, as amended”, approved
16 May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be
17 applicable to the crops of wheat planted for harvest in the
18 calendar years 2013 through 2017.

19 **SEC. 1603. PAYMENT LIMITATIONS.**

20 (a) **IN GENERAL.**—Section 1001 of the Food Security
21 Act of 1985 (7 U.S.C. 1308) is amended by striking sub-
22 sections (b) and (c) and inserting the following:

23 “(b) **LIMITATION ON PAYMENTS FOR PEANUTS AND**
24 **OTHER COVERED COMMODITIES.**—The total amount of
25 payments received, directly or indirectly, by a person or

1 legal entity (except a joint venture or general partnership)
2 for any crop year under subtitle A of the _____ Act
3 of 2012 for—

4 “(1) peanuts may not exceed \$50,000; and

5 “(1) 1 or more other covered commodities may
6 not exceed \$50,000.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 1001 of the Food Security Act of
9 1985 (7 U.S.C. 1308) is amended—

10 (A) in subsection (a)(1), by striking “sec-
11 tion 1001 of the Food, Conservation, and En-
12 ergy Act of 2008” and inserting “section 1104
13 of the _____ Act of 2012”;

14 (B) in subsection (d), by inserting “or title
15 I of the _____ Act of 2012” before the
16 period at the end;

17 (C) in subsection (e)—

18 (i) in paragraph (1), by striking “sub-
19 sections (b) and (c) and a program de-
20 scribed in paragraphs (1)(C)” and insert-
21 ing “subsection (b) and a program de-
22 scribed in paragraph (1)(B)”;

23 (ii) in paragraph (3)(B), by striking
24 “subsections (b) and (c)” each place it ap-
25 pears and inserting “subsection (b)”;

1 (D) in subsection (f)—

2 (i) by striking “or title XII” each
3 place it appears in paragraphs (5)(A) and
4 (6)(A) and inserting “, title I of the
5 _____ Act of 2012, or title XII”;

6 (ii) in paragraph (2), by striking
7 “Subsections (b) and (c)” and inserting
8 “Subsection (b)”;

9 (iii) in paragraph (4)(B), by striking
10 “subsection (b) or (c)” and inserting “sub-
11 section (b)”;

12 (iv) in paragraph (5)—

13 (I) in subparagraph (A), by strik-
14 ing “subsection (d)” and inserting
15 “subsection (e)”;

16 (II) in subparagraph (B), by
17 striking “subsection (b), (c), or (d)”
18 and inserting “subsection (b) or (c)”;
19 and

20 (v) in paragraph (6)—

21 (I) in subparagraph (A), by strik-
22 ing “subsection (d), except as pro-
23 vided in subsection (g)” and inserting
24 “subsection (c), except as provided in
25 subsection (f)”;

1 (II) in subparagraph (B), by
2 striking “subsections (b), (c), and
3 (d)” and inserting “subsections (b)
4 and (c)”;

5 (E) in subsection (g)—

6 (i) in paragraph (1)—

7 (I) by striking “subsection
8 (f)(6)(A)” and inserting “subsection
9 (e)(6)(A)” and

10 (II) by striking “subsection (b)
11 or (c)” and inserting “subsection (b)”;
12 and

13 (ii) in paragraph (2)(A), by striking
14 “subsections (b) and (c)” and inserting
15 “subsection (b)”;

16 (F) by redesignating subsections (d)
17 through (h) as subsections (e) through (g), re-
18 spectively.

19 (2) Section 1001A of the Food Security Act of
20 1985 (7 U.S.C. 1308–1) is amended—

21 (A) in subsection (a), by striking “sub-
22 sections (b) and (c)” and inserting “subsection
23 (b)”;

1 (B) in subsection (b)(1), by striking “sub-
2 section (b) or (c)” and inserting “subsection
3 (b)”.

4 (3) Section 1001B(a) of the Food Security Act
5 of 1985 (7 U.S.C. 1308–2(a)) is amended in the
6 matter preceding paragraph (1) by striking “sub-
7 sections (b) and (c)” and inserting “subsection (b)”.

8 (4) Section 1001C(a) of the Food Security Act
9 of 1985 (7 U.S.C. 1308–3(a)) is amended by insert-
10 ing “title I of the _____ Act of 2012,” after
11 “2008,”.

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

14 **SEC. 1604. ADJUSTED GROSS INCOME LIMITATION.**

15 (a) IN GENERAL.—Section 1001D(b) of the Food
16 Security Act of 1985 (7 U.S.C. 1308–3a(b)) is amended
17 by striking paragraph (1) and inserting the following:

18 “(1) COMMODITY PROGRAMS.—

19 “(A) LIMITATION.—Notwithstanding any
20 other provision of law, a person or legal entity
21 shall not be eligible to receive any benefit de-
22 scribed in subparagraph (B) during a crop, fis-
23 cal or program year, as appropriate, if the aver-
24 age adjusted gross income (or comparable
25 measure over the 3 taxable years preceding the

1 most immediately preceding complete taxable
2 year, as determined by the Secretary) of the
3 person or legal entity exceeds \$900,000.

4 “(B) COVERED BENEFITS.—Subparagraph
5 (A) applies with respect to the following:

6 “(i) A payment under section 1105 of
7 the _____ Act of 2012.

8 “(ii) A marketing loan gain or loan
9 deficiency payment under subtitle B of title
10 I of the _____ Act of 2012.

11 “(iii) A payment under subtitle E of
12 the _____ Act of 2012.”

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

15 **SEC. 1605. GEOGRAPHICALLY DISADVANTAGED FARMERS**
16 **AND RANCHERS.**

17 Section 1621(d) of the Food, Conservation, and En-
18 ergy Act of 2008 (7 U.S.C. 8792(d)) is amended by strik-
19 ing “2012” and inserting “2017”.

20 **SEC. 1606. PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.**
21 **CIENCIES.**

22 Section 164 of the Federal Agriculture Improvement
23 and Reform Act of 1996 (7 U.S.C. 7284) is amended by
24 striking “and title I of the Food, Conservation, and En-
25 ergy Act of 2008” each place it appears and inserting

1 “title I of the Food, Conservation, and Energy Act of
2 2008 (7 U.S.C. 8702 et seq.), and title I of the
3 _____ Act of 2012”.

4 **SEC. 1607. PREVENTION OF DECEASED INDIVIDUALS RE-**
5 **CEIVING PAYMENTS UNDER FARM COM-**
6 **MODITY PROGRAMS.**

7 (a) RECONCILIATION.—At least twice each year, the
8 Secretary shall reconcile social security numbers of all in-
9 dividuals who receive payments under this title, whether
10 directly or indirectly, with the Commissioner of Social Se-
11 curity to determine if the individuals are alive.

12 (b) PRECLUSION.—The Secretary shall preclude the
13 issuance of payments to, and on behalf of, deceased indi-
14 viduals that were not eligible for payments.

15 **SEC. 1608. APPEALS.**

16 (a) DIRECTION, CONTROL, AND SUPPORT.—Section
17 272 of the Department of Agriculture Reorganization Act
18 of 1994 (7 U.S.C. 6992) is amended by striking sub-
19 section (c) and inserting the following:

20 “(c) DIRECTION, CONTROL, AND SUPPORT.—

21 “(1) DIRECTION AND CONTROL.—

22 “(A) IN GENERAL.—Except as provided in
23 paragraph (2), the Director shall be free from
24 the direction and control of any person other

1 than the Secretary or the Deputy Secretary of
2 Agriculture.

3 “(B) ADMINISTRATIVE SUPPORT.—The Di-
4 vision shall not receive administrative support
5 (except on a reimbursable basis) from any agen-
6 cy other than the Office of the Secretary.

7 “(C) PROHIBITION ON DELEGATION.—The
8 Secretary may not delegate to any other officer
9 or employee of the Department, other than the
10 Deputy Secretary of Agriculture or the Direc-
11 tor, the authority of the Secretary with respect
12 to the Division.

13 “(2) EXCEPTION.—The Assistant Secretary for
14 Administration is authorized to investigate, enforce,
15 and implement the provisions in law, Executive
16 order, or regulations that relate in general to com-
17 petitive and excepted service positions and employ-
18 ment within the Division, including the position of
19 Director, and such authority may be further dele-
20 gated to subordinate officials.”.

21 (b) DETERMINATION OF APPEALABILITY OF AGENCY
22 DECISIONS.—Section 272 of the Department of Agri-
23 culture Reorganization Act of 1994 (7 U.S.C. 6992) is
24 amended by striking subsection (d) and inserting the fol-
25 lowing:

1 “(d) DETERMINATION OF APPEALABILITY OF AGEN-
2 CY DECISIONS.—

3 “(1) DEFINITION OF A MATTER OF GENERAL
4 APPLICABILITY.—In this subsection, the term ‘a
5 matter of general applicability’ means a matter that
6 challenges the merits or authority of a rule, proce-
7 dure, local or national program practice, or deter-
8 mination of an agency that applies, or can apply, to
9 more than 1 interested party as opposed to the par-
10 ticular application of the rule, procedure, or practice
11 to a specific set of facts or the facts themselves as
12 the facts apply to 1 particular interested party.

13 “(2) MATTERS NOT SUBJECT TO APPEAL.—The
14 Division may not hear appeals—

15 “(A) unless the determination of the agen-
16 cy is adverse to the appellant;

17 “(B) that involve matters of general appli-
18 cability; and

19 “(C) that involve requests for equitable re-
20 lief unless the equitable relief has been denied
21 by the agency.

22 “(3) EQUITABLE RELIEF.—

23 “(A) IN GENERAL.—An appeal requesting
24 equitable relief may not be granted by the Di-
25 rector to an appellant unless, using the rules

1 and practices that the agency applies to itself,
2 the agency could in fact have granted the relief
3 because the appellant acted in good faith, but
4 failed to fully comply with the requirement of
5 the rule or practice of the agency.

6 “(B) REMAND.—If it cannot be deter-
7 mined whether the agency would have granted
8 equitable relief because the appellant acted in
9 good faith, but failed to comply with the rule or
10 practice of the agency, the matter shall be re-
11 manded to the agency for further consideration.

12 “(4) DETERMINATION OF APPEALABILITY.—If
13 an officer, employee, or committee of an agency de-
14 termines that a decision is not appealable and a par-
15 ticipant appeals the decision to the Director, the Di-
16 rector shall determine whether the decision is ad-
17 verse to the individual participant and appealable or
18 is a matter of general applicability and not subject
19 to appeal.

20 “(5) APPEALABILITY OF DETERMINATION.—
21 The determination of the Director as to whether a
22 decision is appealable is final.”.

23 (c) EQUITABLE RELIEF.—Section 278 of the Depart-
24 ment of Agriculture Reorganization Act of 1994 (7 U.S.C.

1 6998) is amended by striking subsection (d) and inserting
2 the following:

3 “(d) **EQUITABLE RELIEF.**—Subject to regulations
4 issued by the Secretary and the practice and rules of the
5 agency responsible for the relevant program under which
6 the matter arises, the Director shall have the authority
7 to grant equitable relief in the same manner and to the
8 same extent as such authority is provided to the Secretary
9 under section 1613 of Farm Security and Rural Invest-
10 ment Act of 2002 (7 U.S.C. 7996) or any other provision
11 of law.”.

12 (d) **CONFORMING AMENDMENT.**—Section 296(b) of
13 the Department of Agriculture Reorganization Act of
14 1994 (7 U.S.C. 7014(b)) is amended—

15 (1) in paragraph (6)(C), by striking “or” at the
16 end;

17 (2) in paragraph (7), by striking the period at
18 the end and inserting “; or”; and

19 (3) by adding at the end the following:

20 “(8) the authority of the Secretary to carry out
21 amendments to sections 272 and 278 made by the
22 _____ Act of 2012.”.

1 **SEC. 1609. TECHNICAL CORRECTIONS.**

2 (a) Section 359f(c)(1)(B) of the Agricultural Adjust-
3 ment Act of 1938 (7 U.S.C. 1359ff(c)(1)(B)) is amended
4 by adding a period at the end.

5 (b)(1) Section 1603(g) of the Food, Conservation,
6 and Energy Act of 2008 (Public Law 110–246; 122 Stat.
7 1739) is amended in paragraphs (2) through (6) and the
8 amendments made by those paragraphs by striking
9 “1703(a)” each place it appears and inserting “1603(a)”.

10 (2) This subsection and the amendments made by
11 this subsection take effect as if included in the Food, Con-
12 servation, and Energy Act of 2008 (Public Law 110–246;
13 122 Stat. 1651).

14 **SEC. 1610. ASSIGNMENT OF PAYMENTS.**

15 (a) IN GENERAL.—The provisions of section 8(g) of
16 the Soil Conservation and Domestic Allotment Act (16
17 U.S.C. 590h(g)), relating to assignment of payments, shall
18 apply to payments made under this title.

19 (b) NOTICE.—The producer making the assignment,
20 or the assignee, shall provide the Secretary with notice,
21 in such manner as the Secretary may require, of any as-
22 signment made under this section.

23 **SEC. 1611. TRACKING OF BENEFITS.**

24 As soon as practicable after the date of enactment
25 of this Act, the Secretary may track the benefits provided,

1 directly or indirectly, to individuals and entities under ti-
2 tles I and II and the amendments made by those titles.

3 **SEC. 1612. SIGNATURE AUTHORITY.**

4 (a) IN GENERAL.—In carrying out this title and title
5 II and amendments made by those titles, if the Secretary
6 approves a document, the Secretary shall not subsequently
7 determine the document is inadequate or invalid because
8 of the lack of authority of any person signing the docu-
9 ment on behalf of the applicant or any other individual,
10 entity, general partnership, or joint venture, or the docu-
11 ments relied upon were determined inadequate or invalid,
12 unless the person signing the program document know-
13 ingly and willfully falsified the evidence of signature au-
14 thority or a signature.

15 (b) AFFIRMATION.—

16 (1) IN GENERAL.—Nothing in this section pro-
17 hibits the Secretary from asking a proper party to
18 affirm any document that otherwise would be consid-
19 ered approved under subsection (a).

20 (2) NO RETROACTIVE EFFECT.—A denial of
21 benefits based on a lack of affirmation under para-
22 graph (1) shall not be retroactive with respect to
23 third-party producers who were not the subject of
24 the erroneous representation of authority, if the
25 third-party producers—

1 (A) relied on the prior approval by the Sec-
2 retary of the documents in good faith; and

3 (B) substantively complied with all pro-
4 gram requirements.

5 **SEC. 1613. IMPLEMENTATION.**

6 (a) STREAMLINING.—In implementing this title, the
7 Secretary shall, to the maximum extent practicable—

8 (1) seek to reduce administrative burdens and
9 costs to producers by streamlining and reducing pa-
10 perwork, forms, and other administrative require-
11 ments;

12 (2) improve coordination, information sharing,
13 and administrative work with the Risk Management
14 Agency and the Natural Resources Conservation
15 Service; and

16 (3) take advantage of new technologies to en-
17 hance efficiency and effectiveness of program deliv-
18 ery to producers.

19 (b) IMPLEMENTATION.—The Secretary shall make
20 available to the Farm Service Agency to carry out this
21 title \$100,000,000.

1 **TITLE II—CONSERVATION**
2 **Subtitle A—Conservation Reserve**
3 **Program**

4 **SEC. 2001. EXTENSION AND ENROLLMENT REQUIREMENTS**
5 **OF CONSERVATION RESERVE PROGRAM.**

6 (a) **EXTENSION.**—Section 1231(a) of the Food Secu-
7 rity Act of 1985 (16 U.S.C. 3831(a)) is amended by strik-
8 ing “2012” and inserting “2017”.

9 (b) **ELIGIBLE LAND.**—Section 1231(b) of the Food
10 Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

11 (1) in paragraph (1)(B), by striking “the date
12 of enactment of the Food, Conservation, and Energy
13 Act of 2008” and inserting “the date of enactment
14 of the _____ Act of 2012”;

15 (2) by striking paragraph (2) and redesignating
16 paragraph (3) as paragraph (2);

17 (3) by inserting before paragraph (4) the fol-
18 lowing:

19 “(3) grassland that—

20 “(A) contains forbs or shrubland (includ-
21 ing improved rangeland and pastureland) for
22 which grazing is the predominant use;

23 “(B) is located in an area historically
24 dominated by grassland; and

1 “(C) could provide habitat for animal and
2 plant populations of significant ecological value
3 if the land is retained in its current use or re-
4 stored to a natural condition;”;

5 (4) in paragraph (4)(C), by striking
6 “filterstrips devoted to trees or shrubs” and insert-
7 ing “filterstrips and riparian buffers devoted to
8 trees, shrubs, or grasses”; and

9 (5) by striking paragraph (5) and inserting the
10 following:

11 “(5) the portion of land in a field not enrolled
12 in the conservation reserve in a case in which—

13 “(A) more than 50 percent of the land in
14 the field is enrolled as a buffer or filterstrip or
15 more than 75 percent of the land in the field
16 is enrolled in a practice other than as a buffer
17 or filterstrip; and

18 “(B) the remainder of the field is—

19 “(i) infeasible to farm; and

20 “(ii) enrolled at regular rental rates.”.

21 (c) PLANTING STATUS OF CERTAIN LAND.—Section
22 1231(c) of the Food Security Act of 1985 (16 U.S.C.
23 3831(c)) is amended by striking “if” and all that follows
24 through the period at the end and inserting “if, during
25 the crop year, the land was devoted to a conserving use.”.

1 (d) ENROLLMENT.—Section 1231 of the Food Secu-
2 rity Act of 1985 (16 U.S.C. 3831) is amended by striking
3 subsection (d) and inserting the following:

4 “(d) ENROLLMENT.—

5 “(1) MAXIMUM ACREAGE ENROLLED.—The
6 Secretary may maintain in the conservation reserve
7 at any 1 time during—

8 “(A) fiscal year 2012, no more than
9 32,000,000 acres;

10 “(B) fiscal year 2013, no more than
11 30,000,000 acres;

12 “(C) fiscal year 2014, no more than
13 27,500,000 acres;

14 “(D) fiscal year 2015, no more than
15 26,500,000 acres;

16 “(E) fiscal year 2016, no more than
17 25,500,000 acres; and

18 “(F) fiscal year 2017, no more than
19 25,000,000 acres.

20 “(2) GRASSLAND.—

21 “(A) LIMITATION.—For purposes of apply-
22 ing the limitations in paragraph (1), no more
23 than 1,500,000 acres of the land described in
24 subsection (b)(3) may be enrolled in the pro-

1 gram at any 1 time during the 2013 through
2 2017 fiscal years.

3 “(B) PRIORITY.—In enrolling acres under
4 subparagraph (A), the Secretary may give pri-
5 ority to land with expiring conservation reserve
6 program contracts.

7 “(C) METHOD OF ENROLLMENT.—In en-
8 rolling acres under subparagraph (A), the Sec-
9 retary shall make the program available to own-
10 ers or operators of eligible land at least once
11 during each fiscal year.”.

12 (e) DURATION OF CONTRACT.—Section 1231(e) of
13 the Food Security Act of 1985 (16 U.S.C. 3831(e)) is
14 amended by striking paragraphs (2) and (3) and inserting
15 the following:

16 “(2) SPECIAL RULE FOR CERTAIN LAND.—In
17 the case of land devoted to hardwood trees,
18 shelterbelts, windbreaks, or wildlife corridors under
19 a contract entered into under this subchapter, the
20 owner or operator of the land may, within the limita-
21 tions prescribed under this section, specify the dura-
22 tion of the contract.”.

23 (f) CONSERVATION PRIORITY AREAS.—Section
24 1231(f) of the Food Security Act of 1985 (16 U.S.C.
25 3831(f)) is amended—

1 (1) in paragraph (1), by striking “watershed
2 areas of the Chesapeake Bay Region, the Great
3 Lakes Region, the Long Island Sound Region, and
4 other”;

5 (2) in paragraph (2), by striking “WATER-
6 SHEDS.—Watersheds” and inserting “AREAS.—
7 Areas”; and

8 (3) in paragraph (3), by striking “a watershed’s
9 designation—” and all that follows through the pe-
10 riod at the end and inserting “an area’s designation
11 if the Secretary finds that the area no longer con-
12 tains actual and significant adverse water quality or
13 habitat impacts related to agricultural production
14 activities.”.

15 **SEC. 2002. FARMABLE WETLAND PROGRAM.**

16 (a) EXTENSION.—Section 1231B(a)(1) of the Food
17 Security Act of 1985 (16 U.S.C. 3831b(a)(1)) is amend-
18 ed—

19 (1) by striking “2012” and inserting “2017”;
20 and

21 (2) by striking “a program” and inserting “a
22 farmable wetland program”.

23 (b) ELIGIBLE ACREAGE.—Section 1231B(b)(1)(B) of
24 the Food Security Act of 1985 (16 U.S.C.
25 3831b(b)(1)(B)) is amended by striking “flow from a row

1 crop agriculture drainage system” and inserting “surface
2 and subsurface flow from row crop agricultural produc-
3 tion”.

4 (c) CLERICAL AMENDMENT.—The heading of section
5 1231B of the Food Security Act of 1985 (16 U.S.C.
6 3831b) is amended to read as follows:

7 **“SEC. 1231B. FARMABLE WETLAND PROGRAM.”.**

8 **SEC. 2003. DUTIES OF OWNERS AND OPERATORS.**

9 (a) LIMITATION ON HARVESTING, GRAZING OR COM-
10 Mercial Use of Forage.—Section 1232(a)(8) of the
11 Food Security Act of 1985 (16 U.S.C. 3832(a)(8)) is
12 amended by striking “except that” and all that follows
13 through the semicolon at the end of the paragraph and
14 inserting “except as provided in section 1233(b)”.

15 (b) CONSERVATION PLAN REQUIREMENTS.—Section
16 1232 of the Food Security Act of 1985 (16 U.S.C. 3832)
17 is amended by striking subsection (b) and inserting the
18 following:

19 “(b) CONSERVATION PLANS.—The plan referred to
20 in subsection (a)(1) shall set forth—

21 “(1) the conservation measures and practices to
22 be carried out by the owner or operator during the
23 term of the contract; and

24 “(2) the commercial use, if any, to be permitted
25 on the land during the term.”.

1 (c) RENTAL PAYMENT REDUCTION.—Section 1232
2 of the Food Security Act of 1985 (16 U.S.C. 3832) is
3 amended by striking subsection (d).

4 **SEC. 2004. DUTIES OF THE SECRETARY.**

5 Section 1233 of the Food Security Act of 1985 (16
6 U.S.C. 3833) is amended to read as follows:

7 **“SEC. 1233. DUTIES OF THE SECRETARY.**

8 “(a) COST-SHARE AND RENTAL PAYMENTS.—In re-
9 turn for a contract entered into by an owner or operator,
10 the Secretary shall—

11 “(1) share the cost of carrying out the con-
12 servation measures and practices set forth in the
13 contract for which the Secretary determines that
14 cost sharing is appropriate and in the public inter-
15 est; and

16 “(2) for a period of years not in excess of the
17 term of the contract, pay an annual rental payment
18 in an amount necessary to compensate for—

19 “(A) the conversion of highly erodible crop-
20 land or other eligible land normally devoted to
21 the production of an agricultural commodity on
22 a farm or ranch to a less intensive use;

23 “(B) the retirement of any cropland base
24 and allotment history that the owner or oper-
25 ator agrees to retire permanently; and

1 “(C) the development and management of
2 grassland for multiple natural resource con-
3 servation benefits, including soil, water, air, and
4 wildlife.

5 “(b) SPECIFIED ACTIVITIES PERMITTED.—The Sec-
6 retary shall permit certain activities or commercial uses
7 of land that is subject to the contract if those activities
8 or uses are consistent with a plan approved by the Sec-
9 retary and include—

10 “(1) harvesting, grazing, or other commercial
11 use of the forage in response to a drought, flooding,
12 or other emergency without any reduction in the
13 rental rate;

14 “(2) consistent with the conservation of soil,
15 water quality, and wildlife habitat (including habitat
16 during the primary nesting season for critical birds
17 in the area) and in exchange for a reduction of not
18 less than 25 percent in the annual rental rate for
19 the acres covered by the authorized activity—

20 “(A) managed harvesting and other com-
21 mercial use (including the managed harvesting
22 of biomass), except that in permitting those ac-
23 tivities the Secretary, in coordination with the
24 State technical committee—

1 “(i) shall develop appropriate vegeta-
2 tion management requirements; and

3 “(ii) shall identify periods during
4 which the activities may be conducted,
5 such that the frequency is at least once
6 every 5 years but not more than once every
7 3 years;

8 “(B) prescribed grazing for the control of
9 invasive species, which may be conducted annu-
10 ally;

11 “(C) routine grazing, except that in per-
12 mitting routine grazing, the Secretary, in co-
13 ordination with the State technical committee—

14 “(i) shall develop appropriate vegeta-
15 tion management requirements and stock-
16 ing rates for the land that are suitable for
17 continued routine grazing; and

18 “(ii) shall identify the periods during
19 which routine grazing may be conducted,
20 such that the frequency is not more than
21 once every 2 years, taking into consider-
22 ation regional differences such as—

23 “(I) climate, soil type, and nat-
24 ural resources;

1 “(II) the number of years that
2 should be required between routine
3 grazing activities; and

4 “(III) how often during a year in
5 which routine grazing is permitted
6 that routine grazing should be allowed
7 to occur; and

8 “(D) the installation of wind turbines and
9 associated access, except that in permitting the
10 installation of wind turbines, the Secretary shall
11 determine the number and location of wind tur-
12 bines that may be installed, taking into ac-
13 count—

14 “(i) the location, size, and other phys-
15 ical characteristics of the land;

16 “(ii) the extent to which the land con-
17 tains threatened or endangered wildlife and
18 wildlife habitat; and

19 “(iii) the purposes of the conservation
20 reserve program under this subchapter;
21 and

22 “(3) the intermittent and seasonal use of vege-
23 tative buffer practices incidental to the production of
24 agriculture on land adjacent to the buffer such that

1 the permitted use does not destroy the permanent
2 vegetative cover.

3 “(c) AUTHORIZED ACTIVITIES ON GRASSLAND.—
4 Notwithstanding section 1232(a)(8), for eligible land de-
5 scribed in section 1231(b)(3), the Secretary shall permit
6 the following activities:

7 “(1) Common grazing practices, including
8 maintenance and necessary cultural practices, on the
9 land in a manner that is consistent with maintaining
10 the viability of grassland, forb, and shrub species ap-
11 propriate to that locality.

12 “(2) Haying, mowing, or harvesting for seed
13 production, subject to appropriate restrictions dur-
14 ing the primary nesting season for critical birds in
15 the area.

16 “(3) Fire presuppression, rehabilitation, and
17 construction of fire breaks.

18 “(4) Grazing-related activities, such as fencing
19 and livestock watering.

20 “(d) RESOURCE CONSERVING USE.—

21 “(1) IN GENERAL.—Beginning on the date that
22 is 1 year before the date of termination of a contract
23 under the program, the Secretary shall allow an
24 owner or operator to make conservation and land
25 improvements that facilitate maintaining protection

1 of highly erodible land after expiration of the con-
2 tract.

3 “(2) CONSERVATION PLAN.—The Secretary
4 shall require an owner or operator carrying out the
5 activities described in paragraph (1) to develop and
6 implement a conservation plan.

7 “(3) REENROLLMENT PROHIBITED.—Land al-
8 tered under paragraph (1) may not be reenrolled in
9 the conservation reserve program for 5 years.

10 “(4) PAYMENT.—The Secretary shall provide
11 an annual payment that is reduced in an amount
12 commensurate with any income or other compensa-
13 tion received as a result of the activities carried out
14 under paragraph (1).”.

15 **SEC. 2005. PAYMENTS.**

16 (a) TREES, WINDBREAKS, SHELTERBELTS, AND
17 WILDLIFE CORRIDORS.—Section 1234(b)(3)(A) of the
18 Food Security Act of 1985 (16 U.S.C. 3834(b)(3)(A)) is
19 amended—

20 (1) in clause (i), by inserting “and” after the
21 semicolon;

22 (2) by striking clause (ii); and

23 (3) by redesignating clause (iii) as clause (ii).

24 (b) INCENTIVES.—Section 1234(b)(3)(B)(i) of the
25 Food Security Act of 1985 (16 U.S.C. 3834(b)(3)(B)(i))

1 is amended by inserting “, practices to improve the condi-
2 tion of resources on the land,” after “operator)”.

3 (c) ANNUAL RENTAL PAYMENTS.—Section 1234(c)
4 of the Food Security Act of 1985 (16 U.S.C. 3834(c)) is
5 amended—

6 (1) in paragraph (1), by inserting “and other
7 eligible land” after “highly erodible cropland” both
8 places it appears;

9 (2) by striking paragraph (2) and inserting the
10 following:

11 “(2) METHODS OF DETERMINATION.—

12 “(A) IN GENERAL.—The amounts payable
13 to owners or operators in the form of rental
14 payments under contracts entered into under
15 this subchapter may be determined through—

16 “(i) the submission of bids for such
17 contracts by owners and operators in such
18 manner as the Secretary may prescribe; or

19 “(ii) such other means as the Sec-
20 retary determines are appropriate.

21 “(B) GRASSLAND.—In the case of eligible
22 land described in section 1231(b)(3), the Sec-
23 retary shall make annual payments in an
24 amount that is not more than 75 percent of the

1 grazing value of the land covered by the con-
2 tract.”; and

3 (3) in paragraph (5)(A)—

4 (A) by striking “The Secretary” and in-
5 serting the following:

6 “(i) SURVEY.—The Secretary”; and

7 (B) by adding at the end the following:

8 “(ii) USE.—The Secretary may use
9 the survey of dryland cash rental rates de-
10 scribed in clause (i) as a factor in deter-
11 mining rental rates under this section as
12 the Secretary determines appropriate.”.

13 (d) PAYMENT SCHEDULE.—Section 1234 of the Food
14 Security Act of 1985 (16 U.S.C. 3834) is amended by
15 striking subsection (d) and inserting the following:

16 “(d) PAYMENT SCHEDULE.—

17 “(1) IN GENERAL.—Except as otherwise pro-
18 vided in this section, payments under this sub-
19 chapter shall be made in cash in such amount and
20 on such time schedule as is agreed on and specified
21 in the contract.

22 “(2) SOURCE.—Payments under this sub-
23 chapter shall be made using the funds of the Com-
24 modity Credit Corporation.

1 “(3) ADVANCE PAYMENT.—Payments under
2 this subchapter may be made in advance of deter-
3 mination of performance.”.

4 (e) PAYMENT LIMITATION.—Section 1234(f) of the
5 Food Security Act of 1985 (16 U.S.C. 3834(f)) is amend-
6 ed—

7 (1) in paragraph (1), by striking “, including
8 rental payments made in the form of in-kind com-
9 modities,”;

10 (2) by striking paragraph (3); and

11 (3) by redesignating paragraph (4) as para-
12 graph (2).

13 **SEC. 2006. CONTRACT REQUIREMENTS.**

14 Section 1235(f) of the Food Security Act of 1985 (16
15 U.S.C. 3835(f)) is amended—

16 (1) in paragraph (1)—

17 (A) in the matter preceding subparagraph
18 (A), by striking “DUTIES” and all that follows
19 through “a beginning farmer” and inserting
20 “TRANSITION TO COVERED FARMER OR RANCH-
21 ER.—In the case of a contract modification ap-
22 proved in order to facilitate the transfer of land
23 subject to a contract from a retired farmer or
24 rancher to a beginning farmer”;

1 (B) in subparagraph (D), by striking “the
2 farmer or rancher” and inserting “the covered
3 farmer or rancher”; and

4 (C) in subparagraph (E), by striking “sec-
5 tion 1001A(b)(3)(B)” and inserting “section
6 1001”; and

7 (2) in paragraph (2), by striking “requirement
8 of section 1231(h)(4)(B)” and inserting “option pro-
9 vided under section 1234(c)(2)(A)(ii)”.

10 **SEC. 2007. CONVERSION OF LAND SUBJECT TO CONTRACT**
11 **TO OTHER CONSERVING USES.**

12 Section 1235A of the Food Security Act of 1985 (16
13 U.S.C. 3835a) is repealed.

14 **SEC. 2008. EFFECTIVE DATE.**

15 (a) IN GENERAL.—The amendments made by this
16 title shall take effect on October 1, 2012, except, the
17 amendment made by section 2001(d), which shall take ef-
18 fect on the date of enactment of this Act.

19 (b) EFFECT ON EXISTING CONTRACTS.—

20 (1) IN GENERAL.—Except as provided in para-
21 graph (2), the amendments made by this title shall
22 not affect the validity or terms of any contract en-
23 tered into by the Secretary of Agriculture under sub-
24 chapter B of chapter 1 of subtitle D of title XII of
25 the Food Security Act of 1985 (16 U.S.C. 3831 et

1 seq.) before October 1, 2012, or any payments re-
2 quired to be made in connection with the contract.

3 (2) UPDATING OF EXISTING CONTRACTS.—The
4 Secretary shall permit an owner or operator with a
5 contract entered into under subchapter B of chapter
6 1 of subtitle D of title XII of the Food Security Act
7 of 1985 (16 U.S.C. 3831 et seq.) before October 1,
8 2012, to update the contract to reflect the activities
9 and uses of land under contract permitted under the
10 terms and conditions of paragraphs (1) and (2) of
11 section 1233(b) of that Act (as amended by section
12 2004).

13 **Subtitle B—Conservation** 14 **Stewardship Program**

15 **SEC. 2101. CONSERVATION STEWARDSHIP PROGRAM.**

16 (a) REVISION OF CURRENT PROGRAM.—Subchapter
17 B of chapter 2 of subtitle D of title XII of the Food Secu-
18 rity Act of 1985 (16 U.S.C. 3838d et seq.) is amended
19 to read as follows:

20 **“Subchapter B—Conservation Stewardship** 21 **Program**

22 **“SEC. 1238D. DEFINITIONS.**

23 “In this subchapter:

1 “(1) AGRICULTURAL OPERATION.—The term
2 ‘agricultural operation’ means all eligible land,
3 whether or not contiguous, that is—

4 “(A) under the effective control of a pro-
5 ducer at the time the producer enters into a
6 contract under the program; and

7 “(B) operated with equipment, labor, man-
8 agement, and production or cultivation prac-
9 tices that are substantially separate from other
10 agricultural operations, as determined by the
11 Secretary.

12 “(2) CONSERVATION ACTIVITIES.—

13 “(A) IN GENERAL.—The term ‘conserva-
14 tion activities’ means conservation systems,
15 practices, or management measures that are de-
16 signed to address 1 or more priority resource
17 concerns.

18 “(B) INCLUSIONS.—The term ‘conserva-
19 tion activities’ includes—

20 “(i) structural measures, vegetative
21 measures, and land management measures,
22 including agriculture drainage manage-
23 ment systems, as determined by the Sec-
24 retary; and

1 “(B) INCLUSIONS.—The term ‘eligible
2 land’ includes—

3 “(i) cropland;

4 “(ii) grassland;

5 “(iii) rangeland;

6 “(iv) pastureland;

7 “(v) nonindustrial private forest land;

8 and

9 “(vi) other agricultural land (includ-
10 ing cropped woodland, marshes, and agri-
11 cultural land used for the production of
12 livestock), as determined by the Secretary.

13 “(5) PRIORITY RESOURCE CONCERN.—The
14 term ‘priority resource concern’ means a natural re-
15 source concern or problem, as determined by the
16 Secretary, that—

17 “(A) is identified at the national, State or
18 local level, as a priority for a particular area of
19 the State;

20 “(B) represents a significant concern in a
21 State or region; and

22 “(C) is likely to be addressed successfully
23 through the implementation of conservation ac-
24 tivities under this program.

1 “(6) PROGRAM.—The term ‘program’ means
2 the conservation stewardship program established by
3 this subchapter.

4 “(7) STEWARDSHIP THRESHOLD.—The term
5 ‘stewardship threshold’ means the level of manage-
6 ment required, as determined by the Secretary, to
7 conserve and improve the quality and condition of a
8 natural resource.

9 **“SEC. 1238E. CONSERVATION STEWARDSHIP PROGRAM.**

10 “(a) ESTABLISHMENT AND PURPOSE.—During each
11 of fiscal years 2013 through 2017, the Secretary shall
12 carry out a conservation stewardship program to encour-
13 age producers to address priority resource concerns in a
14 comprehensive manner—

15 “(1) by undertaking additional conservation ac-
16 tivities; and

17 “(2) by improving, maintaining, and managing
18 existing conservation activities.

19 “(b) EXCLUSIONS.—

20 “(1) LAND ENROLLED IN OTHER CONSERVA-
21 TION PROGRAMS.—Subject to paragraph (2), the fol-
22 lowing land (even if covered by the definition of eli-
23 gible land) is not eligible for enrollment in the pro-
24 gram:

1 “(A) Land enrolled in the conservation re-
2 serve program.

3 “(B) Land enrolled in the Agricultural
4 Conservation Easement Program in a wetland
5 easement.

6 “(C) Land enrolled in the conservation se-
7 curity program.

8 “(2) CONVERSION TO CROPLAND.—Eligible
9 land used for crop production after October 1, 2012,
10 that had not been planted, considered to be planted,
11 or devoted to crop production for at least 4 of the
12 6 years preceding that date shall not be the basis for
13 any payment under the program, unless the land
14 does not meet the requirement because—

15 “(A) the land had previously been enrolled
16 in the conservation reserve program;

17 “(B) the land has been maintained using
18 long-term crop rotation practices, as determined
19 by the Secretary; or

20 “(C) the land is incidental land needed for
21 efficient operation of the farm or ranch, as de-
22 termined by the Secretary.

23 **“SEC. 1238F. STEWARDSHIP CONTRACTS.**

24 “(a) SUBMISSION OF CONTRACT OFFERS.—To be eli-
25 gible to participate in the conservation stewardship pro-

1 gram, a producer shall submit a contract offer for the ag-
2 ricultural operation that—

3 “(1) demonstrates to the satisfaction of the
4 Secretary that the producer, at the time of the con-
5 tract offer, is meeting the stewardship threshold for
6 at least 2 priority resource concerns; and

7 “(2) would, at a minimum, meet or exceed the
8 stewardship threshold for at least 1 additional pri-
9 ority resource concern by the end of the stewardship
10 contract by—

11 “(A) installing and adopting additional
12 conservation activities; and

13 “(B) improving, maintaining, and man-
14 aging existing conservation activities on the ag-
15 ricultural operation in a manner that increases
16 or extends the conservation benefits in place at
17 the time the contract offer is accepted by the
18 Secretary.

19 “(b) EVALUATION OF CONTRACT OFFERS.—

20 “(1) RANKING OF APPLICATIONS.—In evalu-
21 ating contract offers the Secretary shall rank appli-
22 cations based on—

23 “(A) the level of conservation treatment on
24 all applicable priority resource concerns at the
25 time of application;

1 “(B) the degree to which the proposed con-
2 servation activities effectively increase conserva-
3 tion performance;

4 “(C) the number of applicable priority re-
5 source concerns proposed to be treated to meet
6 or exceed the stewardship threshold by the end
7 of the contract;

8 “(D) the extent to which other priority re-
9 source concerns will be addressed to meet or ex-
10 ceed the stewardship threshold by the end of
11 the contract period;

12 “(E) the extent to which the actual and
13 anticipated conservation benefits from the con-
14 tract are provided at the least cost relative to
15 other similarly beneficial contract offers; and

16 “(F) the extent to which priority resource
17 concerns will be addressed when transitioning
18 from the conservation reserve program to agri-
19 cultural production.

20 “(2) PROHIBITION.—The Secretary may not as-
21 sign a higher priority to any application because the
22 applicant is willing to accept a lower payment than
23 the applicant would otherwise be eligible to receive.

24 “(3) ADDITIONAL CRITERIA.—The Secretary
25 may develop and use such additional criteria that

1 the Secretary determines are necessary to ensure
2 that national, State, and local priority resource con-
3 cerns are effectively addressed.

4 “(c) ENTERING INTO CONTRACTS.—After a deter-
5 mination that a producer is eligible for the program under
6 subsection (a), and a determination that the contract offer
7 ranks sufficiently high under the evaluation criteria under
8 subsection (b), the Secretary shall enter into a conserva-
9 tion stewardship contract with the producer to enroll the
10 eligible land to be covered by the contract.

11 “(d) CONTRACT PROVISIONS.—

12 “(1) TERM.—A conservation stewardship con-
13 tract shall be for a term of 5 years.

14 “(2) REQUIRED PROVISIONS.—The conservation
15 stewardship contract of a producer shall—

16 “(A) state the amount of the payment the
17 Secretary agrees to make to the producer for
18 each year of the conservation stewardship con-
19 tract under section 1238G(d);

20 “(B) require the producer—

21 “(i) to implement a conservation stew-
22 ardship plan that describes the program
23 purposes to be achieved through 1 or more
24 conservation activities;

1 “(ii) to maintain and supply informa-
2 tion as required by the Secretary to deter-
3 mine compliance with the conservation
4 stewardship plan and any other require-
5 ments of the program; and

6 “(iii) not to conduct any activities on
7 the agricultural operation that would tend
8 to defeat the purposes of the program;

9 “(C) permit all economic uses of the eligi-
10 ble land that—

11 “(i) maintain the agricultural nature
12 of the land; and

13 “(ii) are consistent with the conserva-
14 tion purposes of the conservation steward-
15 ship contract;

16 “(D) include a provision to ensure that a
17 producer shall not be considered in violation of
18 the contract for failure to comply with the con-
19 tract due to circumstances beyond the control
20 of the producer, including a disaster or related
21 condition, as determined by the Secretary;

22 “(E) include provisions where upon the
23 violation of a term or condition of the contract
24 at any time the producer has control of the
25 land—

1 “(i) if the Secretary determines that
2 the violation warrants termination of the
3 contract—

4 “(I) to forfeit all rights to receive
5 payments under the contract; and

6 “(II) to refund all or a portion of
7 the payments received by the producer
8 under the contract, including any in-
9 terest on the payments, as determined
10 by the Secretary; or

11 “(ii) if the Secretary determines that
12 the violation does not warrant termination
13 of the contract, to refund or accept adjust-
14 ments to the payments provided to the pro-
15 ducer, as the Secretary determines to be
16 appropriate;

17 “(F) include provisions in accordance with
18 paragraphs (3) and (4) of this section; and

19 “(G) include any additional provisions the
20 Secretary determines are necessary to carry out
21 the program.

22 “(3) CHANGE OF INTEREST IN LAND SUBJECT
23 TO A CONTRACT.—

24 “(A) IN GENERAL.—At the time of appli-
25 cation, a producer shall have control of the eli-

1 gible land to be enrolled in the program. Except
2 as provided in subparagraph (B), a change in
3 the interest of a producer in eligible land cov-
4 ered by a contract under the program shall re-
5 sult in the termination of the contract with re-
6 gard to that land.

7 “(B) TRANSFER OF DUTIES AND
8 RIGHTS.—Subparagraph (A) shall not apply
9 if—

10 “(i) within a reasonable period of time
11 (as determined by the Secretary) after the
12 date of the change in the interest in all or
13 a portion of the land covered by a contract
14 under the program, the transferee of the
15 land provides written notice to the Sec-
16 retary that duties and rights under the
17 contract have been transferred to, and as-
18 sumed by, the transferee for the portion of
19 the land transferred;

20 “(ii) the transferee meets the eligi-
21 bility requirements of the program; and

22 “(iii) the Secretary approves the
23 transfer of all duties and rights under the
24 contract.

1 “(4) MODIFICATION AND TERMINATION OF
2 CONTRACTS.—

3 “(A) VOLUNTARY MODIFICATION OR TER-
4 MINATION.—The Secretary may modify or ter-
5 minate a contract with a producer if—

6 “(i) the producer agrees to the modi-
7 fication or termination; and

8 “(ii) the Secretary determines that
9 the modification or termination is in the
10 public interest.

11 “(B) INVOLUNTARY TERMINATION.—The
12 Secretary may terminate a contract if the Sec-
13 retary determines that the producer violated the
14 contract.

15 “(5) REPAYMENT.—If a contract is terminated,
16 the Secretary may, consistent with the purposes of
17 the program—

18 “(A) allow the producer to retain payments
19 already received under the contract; or

20 “(B) require repayment, in whole or in
21 part, of payments received and assess liquidated
22 damages.

23 “(e) CONTRACT RENEWAL.—At the end of the initial
24 5-year contract period, the Secretary may allow the pro-

1 ducer to renew the contract for 1 additional 5-year period
2 if the producer—

3 “(1) demonstrates compliance with the terms of
4 the existing contract;

5 “(2) agrees to adopt and continue to integrate
6 conservation activities across the entire agricultural
7 operation as determined by the Secretary; and

8 “(3) agrees to address at least 2 additional pri-
9 ority resource concerns on the agricultural operation
10 by the end of the contract period.

11 **“SEC. 1238G. DUTIES OF THE SECRETARY.**

12 “(a) IN GENERAL.—To achieve the conservation
13 goals of a contract under the conservation stewardship
14 program, the Secretary shall—

15 “(1) make the program available to eligible pro-
16 ducers on a continuous enrollment basis with 1 or
17 more ranking periods, 1 of which shall occur in the
18 first quarter of each fiscal year;

19 “(2) identify not less than 5 priority resource
20 concerns in a particular watershed or other appro-
21 priate region or area within a State; and

22 “(3) establish a science-based stewardship
23 threshold for each priority resource concern identi-
24 fied under subparagraph (2).

1 “(b) ALLOCATION TO STATES.—The Secretary shall
2 allocate acres to States for enrollment, based—

3 “(1) primarily on each State’s proportion of eli-
4 gible land to the total acreage of eligible land in all
5 States; and

6 “(2) also on consideration of—

7 “(A) the extent and magnitude of the con-
8 servation needs associated with agricultural
9 production in each State;

10 “(B) the degree to which implementation
11 of the program in the State is, or will be, effec-
12 tive in helping producers address those needs;
13 and

14 “(C) other considerations to achieve equi-
15 table geographic distribution of funds, as deter-
16 mined by the Secretary.

17 “(c) ACREAGE ENROLLMENT LIMITATION.—During
18 the period beginning on October 1, 2012, and ending on
19 September 30, 2021, the Secretary shall, to the maximum
20 extent practicable—

21 “(1) enroll in the program an additional
22 10,348,000 acres for each fiscal year; and

23 “(2) manage the program to achieve a national
24 average rate of \$18 per acre, which shall include the
25 costs of all financial assistance, technical assistance,

1 and any other expenses associated with enrollment
2 or participation in the program.

3 “(d) CONSERVATION STEWARDSHIP PAYMENTS.—

4 “(1) AVAILABILITY OF PAYMENTS.—The Sec-
5 retary shall provide annual payments under the pro-
6 gram to compensate the producer for—

7 “(A) installing and adopting additional
8 conservation activities; and

9 “(B) improving, maintaining, and man-
10 aging conservation activities in place at the op-
11 eration of the producer at the time the contract
12 offer is accepted by the Secretary.

13 “(2) PAYMENT AMOUNT.—The amount of the
14 conservation stewardship annual payment shall be
15 determined by the Secretary and based, to the max-
16 imum extent practicable, on the following factors:

17 “(A) Costs incurred by the producer asso-
18 ciated with planning, design, materials, installa-
19 tion, labor, management, maintenance, or train-
20 ing.

21 “(B) Income forgone by the producer.

22 “(C) Expected conservation benefits.

23 “(D) The extent to which priority resource
24 concerns will be addressed through the installa-

1 tion and adoption of conservation activities on
2 the agricultural operation.

3 “(E) The level of stewardship in place at
4 the time of application and maintained over the
5 term of the contract.

6 “(F) The degree to which the conservation
7 activities will be integrated across the entire ag-
8 ricultural operation for all applicable priority
9 resource concerns over the term of the contract.

10 “(G) Such other factors as determined by
11 the Secretary.

12 “(3) EXCLUSIONS.—A payment to a producer
13 under this subsection shall not be provided for—

14 “(A) the design, construction, or mainte-
15 nance of animal waste storage or treatment fa-
16 cilities or associated waste transport or transfer
17 devices for animal feeding operations; or

18 “(B) conservation activities for which there
19 is no cost incurred or income forgone to the
20 producer.

21 “(4) DELIVERY OF PAYMENTS.—In making
22 stewardship payments, the Secretary shall, to the ex-
23 tent practicable—

24 “(A) prorate conservation performance
25 over the term of the contract so as to accommo-

1 date, to the extent practicable, producers earn-
2 ing equal annual stewardship payments in each
3 fiscal year; and

4 “(B) make stewardship payments as soon
5 as practicable after October 1 of each fiscal
6 year for activities carried out in the previous
7 fiscal year.

8 “(e) SUPPLEMENTAL PAYMENTS FOR RESOURCE-
9 CONSERVING CROP ROTATIONS.—

10 “(1) AVAILABILITY OF PAYMENTS.—The Sec-
11 retary shall provide additional payments to pro-
12 ducers that, in participating in the program, agree
13 to adopt resource-conserving crop rotations to
14 achieve beneficial crop rotations as appropriate for
15 the eligible land of the producers.

16 “(2) BENEFICIAL CROP ROTATIONS.—The Sec-
17 retary shall determine whether a resource-conserving
18 crop rotation is a beneficial crop rotation eligible for
19 additional payments under paragraph (1), based on
20 whether the resource-conserving crop rotation is de-
21 signed to provide natural resource conservation and
22 production benefits.

23 “(3) ELIGIBILITY.—To be eligible to receive a
24 payment described in paragraph (1), a producer

1 shall agree to adopt and maintain the resource-con-
2 serving crop rotations for the term of the contract.

3 “(4) RESOURCE-CONSERVING CROP ROTA-
4 TION.—In this subsection, the term ‘resource-con-
5 serving crop rotation’ means a crop rotation that—

6 “(A) includes at least 1 resource con-
7 serving crop (as defined by the Secretary);

8 “(B) reduces erosion;

9 “(C) improves soil fertility and tilth;

10 “(D) interrupts pest cycles; and

11 “(E) in applicable areas, reduces depletion
12 of soil moisture or otherwise reduces the need
13 for irrigation.

14 “(f) PAYMENT LIMITATIONS.—A person or legal enti-
15 ty may not receive, directly or indirectly, payments under
16 the program that, in the aggregate, exceed \$200,000
17 under all contracts entered into during fiscal years 2013
18 through 2017, excluding funding arrangements with In-
19 dian tribes, regardless of the number of contracts entered
20 into under the program by the person or legal entity.

21 “(g) SPECIALTY CROP AND ORGANIC PRODUCERS.—
22 The Secretary shall ensure that outreach and technical as-
23 sistance are available, and program specifications are ap-
24 propriate to enable specialty crop and organic producers
25 to participate in the program.

1 “(h) COORDINATION WITH ORGANIC CERTIFI-
2 CATION.—The Secretary shall establish a transparent
3 means by which producers may initiate organic certifi-
4 cation under the Organic Foods Production Act of 1990
5 (7 U.S.C. 6501 et seq.) while participating in a contract
6 under the program.

7 “(i) REGULATIONS.—The Secretary shall promulgate
8 regulations that—

9 “(1) prescribe such other rules as the Secretary
10 determines to be necessary to ensure a fair and rea-
11 sonable application of the limitations established
12 under subsection (f); and

13 “(2) otherwise enable the Secretary to carry out
14 the program.”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall take effect on October 1, 2012.

17 (c) EFFECT ON EXISTING CONTRACTS.—

18 (1) IN GENERAL.—The amendment made by
19 this section shall not affect the validity or terms of
20 any contract entered into by the Secretary of Agri-
21 culture under subchapter B of chapter 2 of subtitle
22 D of title XII of the Food Security Act of 1985 (16
23 U.S.C. 3838d et seq.) before October 1, 2012, or
24 any payments required to be made in connection
25 with the contract.

1 (2) CONSERVATION STEWARDSHIP PROGRAM.—
2 Funds made available under section 1241(a)(4) of
3 the Food Security Act of 1985 (16 U.S.C.
4 3841(a)(4)) (as amended by section 2601(a)) may
5 be used to administer and make payments to pro-
6 gram participants enrolled into contracts during any
7 of fiscal years 2009 through 2012.

8 **Subtitle C—Environmental Quality**
9 **Incentives Program**

10 **SEC. 2201. PURPOSES.**

11 Section 1240 of the Food Security Act of 1985 (16
12 U.S.C. 3839aa) is amended—

13 (1) in paragraph (3)—

14 (A) in subparagraph (A), by striking
15 “and” at the end;

16 (B) by redesignating subparagraph (B) as
17 subparagraph (C) and, in such subparagraph,
18 by inserting “and” after the semicolon; and

19 (C) by inserting after subparagraph (A)
20 the following:

21 “(B) develop and improve wildlife habitat;
22 and”;

23 (2) in paragraph (4), by striking “; and” and
24 inserting a period; and

25 (3) by striking paragraph (5).

1 **SEC. 2202. DEFINITIONS.**

2 Section 1240A of the Food Security Act of 1985 (16
3 U.S.C. 3839aa-1) is amended—

4 (1) by striking paragraph (2) and redesignating
5 paragraphs (3) through (6) as paragraphs (2)
6 through (5), respectively; and

7 (2) in paragraph (2) (as so redesignated), by
8 inserting “established under the Organic Foods Pro-
9 duction Act of 1990 (7 U.S.C. 6501 et seq.)” after
10 “national organic program”.

11 **SEC. 2203. ESTABLISHMENT AND ADMINISTRATION.**

12 Section 1240B of the Food Security Act of 1985 (16
13 U.S.C. 3839aa-2) is amended—

14 (1) in subsection (a), by striking “2014” and
15 inserting “2017”;

16 (2) in subsection (b), by striking paragraph (2)
17 and inserting the following:

18 “(2) TERM.—A contract under the program
19 shall have a term that does not exceed 10 years.”;

20 (3) in subsection (d)—

21 (A) in paragraph (3), by striking subpara-
22 graphs (A) through (G) and inserting the fol-
23 lowing:

24 “(A) soil health;

25 “(B) water quality and quantity improve-
26 ment;

1 “(C) nutrient management;

2 “(D) pest management;

3 “(E) air quality improvement;

4 “(F) wildlife habitat development, includ-
5 ing pollinator habitat;

6 “(G) invasive species management; or

7 “(H) other resource issues of regional or
8 national significance, as determined by the Sec-
9 retary.”; and

10 (B) in paragraph (4), by striking subpara-
11 graph (B) and inserting the following:

12 “(B) ADVANCE PAYMENTS.—

13 “(i) IN GENERAL.—Not more than 30
14 percent of the amount determined under
15 subparagraph (A) may be provided in ad-
16 vance for the purpose of purchasing mate-
17 rials or contracting.

18 “(ii) RETURN OF FUNDS.—If funds
19 provided in advance are not expended dur-
20 ing the 90-day period beginning on the
21 date of receipt of the funds, the funds shall
22 be returned within a reasonable time
23 frame, as determined by the Secretary.”;

24 (4) by striking subsection (f) and inserting the
25 following:

1 “(f) ALLOCATION OF FUNDING.—

2 “(1) LIVESTOCK.—For each of fiscal years
3 2013 through 2017, at least 60 percent of the funds
4 made available for payments under the program
5 shall be targeted at practices relating to livestock
6 production.

7 “(2) WILDLIFE HABITAT.—For each of fiscal
8 years 2013 through 2017, at least 5 percent of the
9 funds made available for payments under the pro-
10 gram shall be targeted at practices benefitting wild-
11 life habitat under subsection (g).”; and

12 (5) by striking subsection (g) and inserting the
13 following:

14 “(g) WILDLIFE HABITAT INCENTIVE PRACTICE.—
15 The Secretary shall provide payments under the program
16 for conservation practices that support the restoration, de-
17 velopment, and improvement of wildlife habitat on eligible
18 land, including—

19 “(1) upland wildlife habitat;

20 “(2) wetland wildlife habitat;

21 “(3) habitat for threatened and endangered
22 species;

23 “(4) fish habitat;

24 “(5) habitat on pivot corners and other irreg-
25 ular areas of a field; and

1 “(6) other types of wildlife habitat, as deter-
2 mined by the Secretary.”.

3 **SEC. 2204. EVALUATION OF APPLICATIONS.**

4 Section 1240C(b) of the Food Security Act of 1985
5 (16 U.S.C. 3839aa–3(b)) is amended—

6 (1) in paragraph (1), by striking “environ-
7 mental” and inserting “conservation”; and

8 (2) in paragraph (3), by striking “purpose of
9 the environmental quality incentives program speci-
10 fied in section 1240(1)” and inserting “purposes of
11 the program”.

12 **SEC. 2205. DUTIES OF PRODUCERS.**

13 Section 1240D(2) of the Food Security Act of 1985
14 (16 U.S.C. 3839aa–4(2)) is amended by striking “farm,
15 ranch, or forest” and inserting “enrolled”.

16 **SEC. 2206. LIMITATION ON PAYMENTS.**

17 Section 1240G of the Food Security Act of 1985 (16
18 U.S.C. 3839aa–7) is amended—

19 (1) in subsection (a)—

20 (A) by striking “by the person or entity
21 during any six-year period,” and inserting
22 “during fiscal years 2013 through 2017”; and

23 (B) by striking “federally recognized” and
24 all that follows through the period and inserting
25 “Indian tribes under section 1244(l).”; and

1 (2) in subsection (b)(2), by striking “any six-
2 year period” and inserting “fiscal years 2013
3 through 2017”.

4 **SEC. 2207. CONSERVATION INNOVATION GRANTS AND PAY-**
5 **MENTS.**

6 Section 1240H of the Food Security Act of 1985 (16
7 U.S.C. 3839aa–8) is amended by striking subsection (b)
8 and inserting the following:

9 “(b) REPORTING.—Not later than December 31,
10 2013, and every 2 years thereafter, the Secretary shall
11 submit to the Committee on Agriculture, Nutrition, and
12 Forestry of the Senate and the Committee on Agriculture
13 of the House of Representatives a report on the status
14 of projects funded under this section, including—

15 “(1) funding awarded;

16 “(2) project results; and

17 “(3) incorporation of project findings, such as
18 new technology and innovative approaches, into the
19 conservation efforts implemented by the Secretary.”.

20 **SEC. 2208. EFFECTIVE DATE.**

21 (a) IN GENERAL.—The amendments made by this
22 title shall take effect on October 1, 2012.

23 (b) EFFECT ON EXISTING CONTRACTS.—The amend-
24 ments made by this title shall not affect the validity or
25 terms of any contract entered into by the Secretary of Ag-

1 riculture under chapter 4 of subtitle D of title XII of the
2 Food Security Act of 1985 (16 U.S.C. 3839aa et seq.)
3 before October 1, 2012, or any payments required to be
4 made in connection with the contract.

5 **Subtitle D—Agricultural**
6 **Conservation Easement Program**

7 **SEC. 2301. AGRICULTURAL CONSERVATION EASEMENT**
8 **PROGRAM.**

9 (a) ESTABLISHMENT.—Title XII of the Food Secu-
10 rity Act of 1985 is amended by adding at the end the fol-
11 lowing:

12 **“Subtitle H—Agricultural**
13 **Conservation Easement Program**

14 **“SEC. 1265. ESTABLISHMENT AND PURPOSES.**

15 “(a) ESTABLISHMENT.—The Secretary shall estab-
16 lish an Agricultural Conservation Easement Program for
17 the conservation of eligible land and natural resources
18 through easements or other interests in land.

19 “(b) PURPOSES.—The purposes of the program are
20 to—

21 “(1) combine the purposes and coordinate the
22 functions of the wetlands reserve program estab-
23 lished under section 1237, the grassland reserve pro-
24 gram established under section 1238N, and the

1 farmland protection program established under sec-
2 tion 1238I;

3 “(2) restore, protect, and enhance wetland on
4 eligible land;

5 “(3) protect the agricultural use and related
6 conservation values of eligible land by limiting non-
7 agricultural uses of that land; and

8 “(4) protect grazing uses and related conserva-
9 tion values by restoring and conserving eligible land.

10 **“SEC. 1265A. DEFINITIONS.**

11 “In this subtitle:

12 “(1) AGRICULTURAL LAND EASEMENT.—The
13 term ‘agricultural land easement’ means an ease-
14 ment or other interest in eligible land that—

15 “(A) is conveyed for the purpose of pro-
16 tecting natural resources and the agricultural
17 nature of the land; and

18 “(B) permits the landowner the right to
19 continue agricultural production and related
20 uses subject to an agricultural land easement
21 plan.

22 “(2) ELIGIBLE ENTITY.—The term ‘eligible en-
23 tity’ means—

24 “(A) an agency of State or local govern-
25 ment or an Indian tribe (including farmland

1 protection board or land resource council estab-
2 lished under State law); or

3 “(B) an organization that is—

4 “(i) organized for, and at all times
5 since the formation of the organization has
6 been operated principally for, 1 or more of
7 the conservation purposes specified in
8 clause (i), (ii), (iii), or (iv) of section
9 170(h)(4)(A) of the Internal Revenue Code
10 of 1986;

11 “(ii) an organization described in sec-
12 tion 501(c)(3) of that Code that is exempt
13 from taxation under section 501(a) of that
14 Code; or

15 “(iii) described in—

16 “(I) paragraph (1) or (2) of sec-
17 tion 509(a) of that Code; or

18 “(II) section 509(a)(3) of that
19 Code and is controlled by an organiza-
20 tion described in section 509(a)(2) of
21 that Code.

22 “(3) ELIGIBLE LAND.—The term ‘eligible land’
23 means private or tribal land that is—

1 as a buffer to protect such land from
2 development;

3 “(B) in the case of a wetland easement, a
4 wetland or related area, including—

5 “(i) farmed or converted wetland, to-
6 gether with the adjacent land that is func-
7 tionally dependent on that land if the Sec-
8 retary determines it—

9 “(I) is likely to be successfully
10 restored in a cost effective manner;
11 and

12 “(II) will maximize the wildlife
13 benefits and wetland functions and
14 values as determined by the Secretary
15 in consultation with the Secretary of
16 the Interior at the local level;

17 “(ii) cropland or grassland that was
18 used for agricultural production prior to
19 flooding from the natural overflow of a
20 closed basin lake (if the State or other en-
21 tity is willing to provide a 50-percent share
22 of the cost of an easement) or pothole, as
23 determined by the Secretary, together
24 (where practicable) with the adjacent land

1 that is functionally dependent on the crop-
2 land or grassland;

3 “(iii) farmed wetland and adjoining
4 land that—

5 “(I) is enrolled in the conserva-
6 tion reserve program;

7 “(II) has the highest wetland
8 functions and values; and

9 “(III) is likely to return to pro-
10 duction after the land leaves the con-
11 servation reserve program;

12 “(iv) riparian areas that link wetland
13 that is protected by easements or some
14 other device that achieves the same pur-
15 pose as an easement; or

16 “(v) other wetland of an owner that
17 would not otherwise be eligible if the Sec-
18 retary determines that the inclusion of
19 such wetland in such easement would sig-
20 nificantly add to the functional value of the
21 easement; and

22 “(C) in the case of both an agricultural
23 land easement or wetland easement, other land
24 that is incidental to eligible land if the Sec-
25 retary determines that it is necessary for the ef-

1 efficient administration of the easements under
2 this program.

3 “(4) PROGRAM.—The term ‘program’ means
4 the Agricultural Conservation Easement Program
5 established by this subtitle.

6 “(5) WETLAND EASEMENT.—The term ‘wetland
7 easement’ means a reserved interest in eligible land
8 that—

9 “(A) is defined and delineated in a deed;
10 and

11 “(B) stipulates—

12 “(i) the rights, title, and interests in
13 land conveyed to the Secretary; and

14 “(ii) the rights, title, and interests in
15 land that are reserved to the landowner.

16 **“SEC. 1265B. AGRICULTURAL LAND EASEMENTS.**

17 “(a) AVAILABILITY OF ASSISTANCE.—The Secretary
18 shall facilitate and provide funding for—

19 “(1) the purchase of agricultural land ease-
20 ments and other interests in eligible land; and

21 “(2) technical assistance to provide for the con-
22 servation of natural resources pursuant to an agri-
23 cultural land easement plan.

24 “(b) COST-SHARE ASSISTANCE.—

1 “(1) IN GENERAL.—The Secretary shall provide
2 cost-share assistance to eligible entities for pur-
3 chasing agricultural land easements to protect the
4 agricultural use, including grazing, and related con-
5 servation values of eligible land.

6 “(2) SCOPE OF ASSISTANCE AVAILABLE.—

7 “(A) FEDERAL SHARE.—Subject to sub-
8 paragraph (C), an agreement described in para-
9 graph (4) shall provide for a Federal share de-
10 termined by the Secretary of an amount not to
11 exceed 50 percent of the fair market value of
12 the agricultural land easement or other interest
13 in land, as determined by the Secretary using—

14 “(i) the Uniform Standards of Profes-
15 sional Appraisal Practices;

16 “(ii) an area-wide market analysis or
17 survey; or

18 “(iii) another industry approved meth-
19 od.

20 “(B) NON-FEDERAL SHARE.—

21 “(i) IN GENERAL.—Subject to sub-
22 paragraph (C), under the agreement, the
23 eligible entity shall provide a share that is
24 at least equivalent to that provided by the
25 Secretary.

1 “(ii) SOURCE OF CONTRIBUTION.—An
2 eligible entity may include as part of its
3 share a charitable donation or qualified
4 conservation contribution (as defined by
5 section 170(h) of the Internal Revenue
6 Code of 1986) from the private landowner
7 if the eligible entity contributes its own
8 cash resources in an amount that is at
9 least 50 percent of the amount contributed
10 by the Secretary.

11 “(C) WAIVER AUTHORITY.—In the case of
12 grassland of special environmental significance,
13 as determined by the Secretary, the Secretary
14 may provide up to 75 percent of the fair market
15 value of the agricultural land easement.

16 “(3) EVALUATION AND RANKING OF APPLICA-
17 TIONS.—

18 “(A) CRITERIA.—The Secretary shall es-
19 tablish evaluation and ranking criteria to maxi-
20 mize the benefit of Federal investment under
21 the program.

22 “(B) CONSIDERATIONS.—In establishing
23 the criteria, the Secretary shall emphasize sup-
24 port for—

1 “(i) protecting agricultural uses and
2 related conservation values of the land; and

3 “(ii) maximizing the protection of con-
4 tiguous acres devoted to agricultural use.

5 “(C) BIDDING DOWN.—If the Secretary
6 determines that 2 or more applications for cost-
7 share assistance are comparable in achieving
8 the purpose of the program, the Secretary shall
9 not assign a higher priority to any of those ap-
10 plications solely on the basis of lesser cost to
11 the program.

12 “(4) AGREEMENTS WITH ELIGIBLE ENTITIES.—

13 “(A) IN GENERAL.—The Secretary shall
14 enter into agreements with eligible entities to
15 stipulate the terms and conditions under which
16 the eligible entity is permitted to use cost-share
17 assistance provided under this section.

18 “(B) LENGTH OF AGREEMENTS.—An
19 agreement shall be for a term that is—

20 “(i) in the case of an eligible entity
21 certified under the process described in
22 paragraph (5), a minimum of 5 years; and

23 “(ii) for all other eligible entities, at
24 least 3, but not more than 5 years.

1 “(C) MINIMUM TERMS AND CONDITIONS.—

2 An eligible entity shall be authorized to use its
3 own terms and conditions for agricultural land
4 easements so long as the Secretary determines
5 such terms and conditions—

6 “(i) are consistent with the purposes
7 of the program;

8 “(ii) are permanent or for the max-
9 imum duration allowed under applicable
10 State law;

11 “(iii) permit effective enforcement of
12 the conservation purposes of such ease-
13 ments, including appropriate restrictions
14 depending on the purposes for which the
15 easement is acquired;

16 “(iv) include a right of enforcement
17 for the Secretary;

18 “(v) subject the land purchased to an
19 agricultural land easement plan that—

20 “(I) describes the activities which
21 promote the long-term viability of the
22 land to meet the purposes for which
23 the easement was acquired;

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1 “(II) requires the management of
2 grassland according to a grassland
3 management plan; and

4 “(III) includes a conservation
5 plan, where appropriate, and requires,
6 at the option of the Secretary, the
7 conversion of highly erodible cropland
8 to less intensive uses; and

9 “(vi) include a limit on the impervious
10 surfaces to be allowed that is consistent
11 with the agricultural activities to be con-
12 ducted.

13 “(D) SUBSTITUTION OF QUALIFIED
14 PROJECTS.—An agreement shall allow, upon
15 mutual agreement of the parties, substitution of
16 qualified projects that are identified at the time
17 of the proposed substitution.

18 “(E) EFFECT OF VIOLATION.—If a viola-
19 tion occurs of a term or condition of an agree-
20 ment under this subsection—

21 “(i) the agreement may be termi-
22 nated; and

23 “(ii) the Secretary may require the el-
24 igible entity to refund all or part of any
25 payments received by the entity under the

1 program, with interest on the payments as
2 determined appropriate by the Secretary.

3 “(5) CERTIFICATION OF ELIGIBLE ENTITIES.—

4 “(A) CERTIFICATION PROCESS.—The Sec-
5 retary shall establish a process under which the
6 Secretary may—

7 “(i) directly certify eligible entities
8 that meet established criteria;

9 “(ii) enter into long-term agreements
10 with certified eligible entities; and

11 “(iii) accept proposals for cost-share
12 assistance for the purchase of agricultural
13 land easements throughout the duration of
14 such agreements.

15 “(B) CERTIFICATION CRITERIA.—In order
16 to be certified, an eligible entity shall dem-
17 onstrate to the Secretary that the entity will
18 maintain, at a minimum, for the duration of the
19 agreement—

20 “(i) a plan for administering ease-
21 ments that is consistent with the purpose
22 of this subtitle;

23 “(ii) the capacity and resources to
24 monitor and enforce agricultural land ease-
25 ments; and

1 “(iii) policies and procedures to en-
2 sure—

3 “(I) the long-term integrity of
4 agricultural land easements on eligible
5 land;

6 “(II) timely completion of acqui-
7 sitions of easements; and

8 “(III) timely and complete eval-
9 uation and reporting to the Secretary
10 on the use of funds provided under
11 the program.

12 “(C) REVIEW AND REVISION.—

13 “(i) REVIEW.—The Secretary shall
14 conduct a review of eligible entities cer-
15 tified under subparagraph (A) every 3
16 years to ensure that such entities are
17 meeting the criteria established under sub-
18 paragraph (B).

19 “(ii) REVOCATION.—If the Secretary
20 finds that the certified entity no longer
21 meets the criteria established under sub-
22 paragraph (B), the Secretary may—

23 “(I) allow the certified entity a
24 specified period of time, at a min-
25 imum 180 days, in which to take such

1 actions as may be necessary to meet
2 the criteria; and

3 “(II) revoke the certification of
4 the entity, if after the specified period
5 of time, the certified entity does not
6 meet such criteria.

7 “(c) **TECHNICAL ASSISTANCE.**—The Secretary may
8 provide technical assistance, if requested, to assist in—

9 “(1) compliance with the terms and conditions
10 of easements; and

11 “(2) implementation of an agricultural land
12 easement plan.

13 **“SEC. 1265C. WETLAND EASEMENTS.**

14 “(a) **AVAILABILITY OF ASSISTANCE.**—The Secretary
15 shall provide assistance to owners of eligible land to re-
16 store, protect, and enhance wetland through—

17 “(1) easements and related wetland easement
18 plans; and

19 “(2) technical assistance.

20 “(b) **EASEMENTS.**—

21 “(1) **METHOD OF ENROLLMENT.**—The Sec-
22 retary shall enroll eligible land through the use of—

23 “(A) 30-year easements;

24 “(B) permanent easements;

1 “(C) easements for the maximum duration
2 allowed under applicable State laws; or

3 “(D) as an option for Indian tribes only,
4 30-year contracts.

5 “(2) LIMITATIONS.—

6 “(A) INELIGIBLE LAND.—The Secretary
7 may not acquire easements on—

8 “(i) land established to trees under
9 the conservation reserve program, except in
10 cases where the Secretary determines it
11 would further the purposes of the program;
12 and

13 “(ii) farmed wetland or converted wet-
14 land where the conversion was not com-
15 menced prior to December 23, 1985.

16 “(B) CHANGES IN OWNERSHIP.—No ease-
17 ment shall be created on land that has changed
18 ownership during the preceding 24-month pe-
19 riod unless—

20 “(i) the new ownership was acquired
21 by will or succession as a result of the
22 death of the previous owner;

23 “(ii)(I) the ownership change occurred
24 because of foreclosure on the land; and

1 “(II) immediately before the fore-
2 closure, the owner of the land exercises a
3 right of redemption from the mortgage
4 holder in accordance with State law; or

5 “(iii) the Secretary determines that
6 the land was acquired under circumstances
7 that give adequate assurances that such
8 land was not acquired for the purposes of
9 placing it in the program.

10 “(3) EVALUATION AND RANKING OF OFFERS.—

11 “(A) CRITERIA.—The Secretary shall es-
12 tablish evaluation and ranking criteria to maxi-
13 mize the benefit of Federal investment under
14 the program.

15 “(B) CONSIDERATIONS.—When evaluating
16 offers from landowners, the Secretary may con-
17 sider—

18 “(i) the conservation benefits of ob-
19 taining an easement or 30-year contract,
20 including the potential environmental bene-
21 fits if the land was removed from agricul-
22 tural production;

23 “(ii) the cost-effectiveness of each
24 easement or 30-year contract, so as to

1 maximize the environmental benefits per
2 dollar expended;

3 “(iii) whether the landowner or an-
4 other person is offering to contribute fi-
5 nancially to the cost of the easement or
6 30-year contract to leverage Federal funds;
7 and

8 “(iv) such other factors as the Sec-
9 retary determines are necessary to carry
10 out the purposes of the program.

11 “(C) PRIORITY.—The Secretary shall place
12 priority on acquiring easements based on the
13 value of the easement for protecting and en-
14 hancing habitat for migratory birds and other
15 wildlife.

16 “(4) AGREEMENT.—To be eligible to place eligi-
17 ble land into the program through a wetland ease-
18 ment, the owner of such land shall enter into an
19 agreement with the Secretary to—

20 “(A) grant an easement on such land to
21 the Secretary;

22 “(B) authorize the implementation of a
23 wetland easement plan;

1 “(C) create and record an appropriate
2 deed restriction in accordance with applicable
3 State law to reflect the easement agreed to;

4 “(D) provide a written statement of con-
5 sent to such easement signed by those holding
6 a security interest in the land;

7 “(E) comply with the terms and conditions
8 of the easement and any related agreements;
9 and

10 “(F) permanently retire any existing crop-
11 land base and allotment history for the land on
12 which the easement has been obtained.

13 “(5) TERMS AND CONDITIONS OF EASEMENT.—

14 “(A) IN GENERAL.—A wetland easement
15 shall include terms and conditions that—

16 “(i) permit—

17 “(I) repairs, improvements, and
18 inspections on the land that are nec-
19 essary to maintain existing public
20 drainage systems; and

21 “(II) owners to control public ac-
22 cess on the easement areas while iden-
23 tifying access routes to be used for
24 restoration activities and management
25 and easement monitoring;

1 “(ii) prohibit—

2 “(I) the alteration of wildlife
3 habitat and other natural features of
4 such land, unless specifically author-
5 ized by the Secretary;

6 “(II) the spraying of such land
7 with chemicals or the mowing of such
8 land, except where such spraying or
9 mowing is authorized by the Secretary
10 or is necessary—

11 “(aa) to comply with Fed-
12 eral or State noxious weed con-
13 trol laws;

14 “(bb) to comply with a Fed-
15 eral or State emergency pest
16 treatment program; or

17 “(cc) to meet habitat needs
18 of specific wildlife species;

19 “(III) any activities to be carried
20 out on the owner’s or successor’s land
21 that is immediately adjacent to, and
22 functionally related to, the land that
23 is subject to the easement if such ac-
24 tivities will alter, degrade, or other-

1 wise diminish the functional value of
2 the eligible land; and

3 “(IV) the adoption of any other
4 practice that would tend to defeat the
5 purposes of the program, as deter-
6 mined by the Secretary;

7 “(iii) provide for the efficient and ef-
8 fective establishment of wetland functions
9 and values; and

10 “(iv) include such additional provi-
11 sions as the Secretary determines are de-
12 sirable to carry out the program or facili-
13 tate the practical administration thereof.

14 “(B) VIOLATION.—On the violation of the
15 terms or conditions of the easement, the ease-
16 ment shall remain in force and the Secretary
17 may require the owner to refund all or part of
18 any payments received by the owner under the
19 program, together with interest thereon as de-
20 termined appropriate by the Secretary.

21 “(C) COMPATIBLE USES.—Land subject to
22 a wetland easement may be used for compatible
23 economic uses, including such activities as
24 hunting and fishing, managed timber harvest,
25 or periodic haying or grazing, if such use is spe-

1 “(E) APPLICATION.—The relevant provi-
2 sions of this paragraph shall also apply to a 30-
3 year contract.

4 “(6) COMPENSATION.—

5 “(A) DETERMINATION.—

6 “(i) IN GENERAL.—The Secretary
7 shall pay as compensation for a permanent
8 easement acquired an amount necessary to
9 encourage enrollment in the program based
10 on the lowest of—

11 “(I) the fair market value of the
12 land, as determined by the Secretary,
13 using the Uniform Standards of Pro-
14 fessional Appraisal Practices or an
15 area-wide market analysis or survey;

16 “(II) the amount corresponding
17 to a geographical cap, as determined
18 by the Secretary in regulations; or

19 “(III) the offer made by the
20 landowner.

21 “(ii) OTHER.—Compensation for a
22 30-year contract or 30-year easement shall
23 be not less than 50 percent, but not more
24 than 75 percent, of the compensation that
25 would be paid for a permanent easement.

1 “(B) FORM OF PAYMENT.—Compensation
2 shall be provided by the Secretary in the form
3 of a cash payment, in an amount determined
4 under subparagraph (A).

5 “(C) PAYMENT SCHEDULE.—

6 “(i) EASEMENTS VALUED AT LESS
7 THAN \$500,000.—For easements valued at
8 \$500,000 or less, the Secretary may pro-
9 vide easement payments in not more than
10 10 annual payments.

11 “(ii) EASEMENTS VALUED AT MORE
12 THAN \$500,000.—For easements valued at
13 more than \$500,000, the Secretary may
14 provide easement payments in at least 5,
15 but not more than 10 annual payments,
16 except that, if the Secretary determines it
17 would further the purposes of the program,
18 the Secretary may make a lump sum pay-
19 ment for such an easement.

20 “(c) EASEMENT RESTORATION.—

21 “(1) IN GENERAL.—The Secretary shall provide
22 financial assistance to carry out the establishment of
23 conservation measures and practices and protect
24 wetland functions and values, including necessary

1 maintenance activities, as set forth in a wetland
2 easement plan.

3 “(2) PAYMENTS.—The Secretary shall—

4 “(A) in the case of a permanent easement,
5 pay an amount that is not less than 75 percent,
6 but not more than 100 percent, of the eligible
7 costs; and

8 “(B) in the case of a 30-year contract or
9 30-year easement, pay an amount that is not
10 less than 50 percent, but not more than 75 per-
11 cent, of the eligible costs.

12 “(d) TECHNICAL ASSISTANCE.—

13 “(1) IN GENERAL.—The Secretary shall assist
14 owners in complying with the terms and conditions
15 of easements and 30-year contracts.

16 “(2) CONTRACTS OR AGREEMENTS.—The Sec-
17 retary may enter into 1 or more contracts with pri-
18 vate entities or agreements with a State, non-govern-
19 mental organization, or Indian tribe to carry out
20 necessary restoration, enhancement or maintenance
21 of an easement if the Secretary determines that the
22 contract or agreement will advance the purposes of
23 the program.

24 “(e) WETLAND ENHANCEMENT OPTION.—The Sec-
25 retary may enter into 1 or more agreements with a State

1 (including a political subdivision or agency of a State),
2 nongovernmental organization, or Indian tribe to carry out
3 a special wetland enhancement option that the Secretary
4 determines would advance the purposes of the program.

5 “(f) ADMINISTRATION.—

6 “(1) WETLAND EASEMENT PLAN.—The Sec-
7 retary shall develop a wetland easement plan for eli-
8 gible land subject to a wetland easement, which will
9 include the practices and activities necessary to re-
10 store, protect, enhance, and maintain the enrolled
11 land.

12 “(2) DELEGATION OF EASEMENT ADMINISTRA-
13 TION.—

14 “(A) IN GENERAL.—The Secretary may
15 delegate any of the easement management,
16 monitoring, and enforcement responsibilities of
17 the Secretary to other Federal or State agencies
18 that have the appropriate authority, expertise
19 and resources necessary to carry out such dele-
20 gated responsibilities or to other conservation
21 organizations if the Secretary determines the
22 organization has similar expertise and re-
23 sources.

24 “(B) LIMITATION.—The Secretary shall
25 not delegate any of the monitoring or enforce-

1 ment responsibilities under the program to con-
2 servation organizations.

3 “(3) PAYMENTS.—

4 “(A) TIMING OF PAYMENTS.—The Sec-
5 retary shall provide payment for obligations in-
6 curred by the Secretary under this section—

7 “(i) with respect to any easement res-
8 toration obligation as soon as possible after
9 the obligation is incurred; and

10 “(ii) with respect to any annual ease-
11 ment payment obligation incurred by the
12 Secretary as soon as possible after October
13 1 of each calendar year.

14 “(B) PAYMENTS TO OTHERS.—If an owner
15 who is entitled to a payment dies, becomes in-
16 competent, is otherwise unable to receive such
17 payment, or is succeeded by another person or
18 entity who renders or completes the required
19 performance, the Secretary shall make such
20 payment, in accordance with regulations pre-
21 scribed by the Secretary and without regard to
22 any other provision of law, in such manner as
23 the Secretary determines is fair and reasonable
24 in light of all of the circumstances.

1 **“SEC. 1265D. ADMINISTRATION.**

2 “(a) INELIGIBLE LAND.—The Secretary may not ac-
3 quire an easement under the program on—

4 “(1) land owned by an agency of the United
5 States, other than land held in trust for Indian
6 tribes;

7 “(2) land owned in fee title by a State, includ-
8 ing an agency or a subdivision of a State, or a unit
9 of local government;

10 “(3) land subject to an easement or deed re-
11 striction which, as determined by the Secretary, pro-
12 vides similar protection as would be provided by en-
13 rollment in the program; and

14 “(4) land where the purposes of the program
15 would be undermined due to on-site or off-site condi-
16 tions, such as risk of hazardous substances, pro-
17 posed or existing rights of way, infrastructure devel-
18 opment, or adjacent land uses.

19 “(b) PRIORITY.—In evaluating applications under the
20 program, the Secretary may give priority to land that is
21 currently enrolled in the conservation reserve program in
22 a contract that is set to expire within 1 year and—

23 “(1) in the case of an agricultural land ease-
24 ment, is grassland that would benefit from protec-
25 tion under a long-term easement; and

1 “(2) in the case of a wetland easement, is a
2 wetland or related area with the highest functions
3 and value and is likely to return to production after
4 the land leaves the conservation reserve program.

5 “(c) SUBORDINATION, EXCHANGE, MODIFICATION,
6 AND TERMINATION.—

7 “(1) IN GENERAL.—The Secretary may subor-
8 dinate, exchange, terminate, or modify any interest
9 in land, or portion of such interest, administered by
10 the Secretary, either directly or on behalf of the
11 Commodity Credit Corporation under the program
12 when the Secretary determines that—

13 “(A) it is in the Federal Government’s in-
14 terest to subordinate, exchange, modify or ter-
15 minate the interest in land;

16 “(B) the subordination, exchange, modi-
17 fication, or termination action—

18 “(i) will address a compelling public
19 need for which there is no practicable al-
20 ternative, or

21 “(ii) such action will further the prac-
22 tical administration of the program; and

23 “(C) the subordination, exchange, modi-
24 fication, or termination action will result in

1 comparable conservation value and equivalent
2 or greater economic value to the United States.

3 “(2) CONSULTATION.—The Secretary shall
4 work with the current owner, and eligible entity if
5 applicable, to address any subordination, exchange,
6 termination, or modification of the interest, or por-
7 tion of such interest in land.

8 “(3) NOTICE.—At least 90 days before taking
9 any termination action described in paragraph (1),
10 the Secretary shall provide written notice of such ac-
11 tion to the Committee on Agriculture of the House
12 of Representatives and the Committee on Agri-
13 culture, Nutrition, and Forestry of the Senate.

14 “(d) LAND ENROLLED IN OTHER PROGRAMS.—

15 “(1) CONSERVATION RESERVE PROGRAM.—The
16 Secretary may terminate or modify an existing con-
17 tract entered into under section 1231(a) if eligible
18 land that is subject to such contract is transferred
19 into the program.

20 “(2) OTHER.—Land enrolled in the wetlands
21 reserve program, grassland reserve program, or
22 farmland protection program shall be considered en-
23 rolled in this program.

24 “(e) ALLOCATION OF FUNDS FOR AGRICULTURAL
25 LAND EASEMENTS.—Of the funds made available under

1 section 1241 to carry out the program for a fiscal year,
2 the Secretary shall, to the extent practicable, use no less
3 than 40 percent for agricultural land easements.”.

4 (b) CROSS REFERENCE.—Section 1244 of the Food
5 Security Act of 1985 (16 U.S.C. 3844) is amended—

6 (1) in subsection (c)—

7 (A) in paragraph (1)—

8 (i) by inserting “and” at the end of
9 subparagraph (A);

10 (ii) by striking “and” at the end of
11 subparagraph (B); and

12 (iii) by striking subparagraph (C);

13 (B) by redesignating paragraph (2) as
14 paragraph (3); and

15 (C) by inserting after paragraph (1) the
16 following:

17 “(2) the Agricultural Conservation Easement
18 Program established under subtitle H; and”;

19 (2) in subsection (f)(1)—

20 (A) in subparagraph (A), by striking “pro-
21 grams administered under subchapters B and C
22 of chapter 1 of subtitle D” and inserting “con-
23 servation reserve program established under
24 subchapter B of chapter 1 of subtitle D and the
25 Agricultural Conservation Easement Program

1 under subtitle H using wetland easements
2 under section 1265C”; and

3 (B) in subparagraph (B), by striking “sub-
4 chapter C of chapter 1 of subtitle D” and in-
5 serting “the Agricultural Conservation Ease-
6 ment Program under subtitle H using wetland
7 easements under section 1265C”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall take effect on October 1, 2012.

10 **Subtitle E—Regional Conservation**
11 **Partnership Program**

12 **SEC. 2401. REGIONAL CONSERVATION PARTNERSHIP PRO-**
13 **GRAM.**

14 (a) IN GENERAL.—Title XII of the Food Security
15 Act of 1985 is amended by inserting after subtitle H (as
16 added by section 2301) the following:

17 **“Subtitle I—Regional Conservation**
18 **Partnership Program**

19 **“SEC. 1271. ESTABLISHMENT AND PURPOSES.**

20 “(a) ESTABLISHMENT.—The Secretary shall estab-
21 lish a Regional Conservation Partnership Program to im-
22 plement eligible activities through—

23 “(1) partnership agreements with eligible part-
24 ners; and

25 “(2) contracts with producers.

1 “(b) PURPOSES.—The purposes of the program
2 are—

3 “(1) to combine the purposes and coordinate
4 the functions of—

5 “(A) the agricultural water enhancement
6 program established under section 1240I;

7 “(B) the Chesapeake Bay watershed pro-
8 gram established under section 1240Q;

9 “(C) the cooperative conservation partner-
10 ship initiative established under section 1243;
11 and

12 “(D) the Great Lakes basin program for
13 soil erosion and sediment control established
14 under section 1240P;.

15 “(2) to further the conservation, restoration,
16 and sustainable use of soil, water, wildlife, and re-
17 lated natural resources on a regional or watershed
18 scale; and

19 “(3) to encourage partners to cooperate with
20 producers in—

21 “(A) meeting or avoiding the need for na-
22 tional, State, and local natural resource regu-
23 latory requirements related to production; and

24 “(B) implementing projects that will result
25 in the installation and maintenance of eligible

1 activities that affect multiple agricultural or
2 nonindustrial private forest operations on a
3 local, regional, State, or multi-State basis.

4 **“SEC. 1271A. DEFINITIONS.**

5 “In this subtitle:

6 “(1) COVERED PROGRAMS.—The term ‘covered
7 programs’ means—

8 “(A) the agricultural conservation ease-
9 ment program;

10 “(B) the environmental quality incentives
11 program; and

12 “(C) the conservation stewardship pro-
13 gram.

14 “(2) ELIGIBLE ACTIVITY.—The term ‘eligible
15 activity’ means any of the following conservation ac-
16 tivities when delivered through a covered program:

17 “(A) Water quality or quantity conserva-
18 tion, restoration, or enhancement projects relat-
19 ing to surface water and groundwater re-
20 sources, including—

21 “(i) the conversion of irrigated crop-
22 land to the production of less water-inten-
23 sive agricultural commodities or dryland
24 farming; and

1 “(ii) irrigation system improvement
2 and irrigation efficiency enhancement.

3 “(B) Drought mitigation.

4 “(C) Flood prevention.

5 “(D) Water retention.

6 “(E) Habitat conservation, restoration,
7 and enhancement.

8 “(F) Erosion control and sediment reduc-
9 tion.

10 “(G) Other related activities that the Sec-
11 retary determines will help achieve conservation
12 benefits.

13 “(3) ELIGIBLE PARTNER.—The term ‘eligible
14 partner’ means any of the following:

15 “(A) An agricultural or silvicultural pro-
16 ducer association or other group of producers.

17 “(B) A State or unit of local government.

18 “(C) An Indian tribe.

19 “(D) A farmer cooperative.

20 “(E) An institution of higher education.

21 “(F) An organization with an established
22 history of working cooperatively with producers
23 on agricultural land, as determined by the Sec-
24 retary, to address—

1 “(i) local conservation priorities re-
2 lated to agricultural production, wildlife
3 habitat development, and nonindustrial pri-
4 vate forest land management; or

5 “(ii) critical watershed-scale soil ero-
6 sion, water quality, or sediment reduction,
7 or other natural resource concerns.

8 “(4) PARTNERSHIP AGREEMENT.—The term
9 ‘partnership agreement’ means an agreement be-
10 tween the Secretary and an eligible partner.

11 “(5) PROGRAM.—The term ‘program’ means
12 the Regional Conservation Partnership Program es-
13 tablished by this subtitle.

14 **“SEC. 1271B. REGIONAL CONSERVATION PARTNERSHIPS.**

15 “(a) PARTNERSHIP AGREEMENTS AUTHORIZED.—
16 The Secretary may enter into a partnership agreement
17 with an eligible partner to implement a project that will
18 assist producers with installing and maintaining an eligi-
19 ble activity.

20 “(b) LENGTH.—A partnership agreement shall be for
21 a period not to exceed 5 years, except that the Secretary
22 may extend the agreement 1 time for up to 12 months
23 when an extension is necessary to meet the objectives of
24 the program.

25 “(c) DUTIES OF PARTNERS.—

1 “(1) IN GENERAL.—Under a partnership agree-
2 ment, the eligible partner shall—

3 “(A) define the scope of a project, includ-
4 ing—

5 “(i) the eligible activities to be imple-
6 mented;

7 “(ii) the potential agricultural or non-
8 industrial private forest operations af-
9 fected;

10 “(iii) the local, State, multi-State or
11 other geographic area covered; and

12 “(iv) the planning, outreach, imple-
13 mentation and assessment to be conducted;

14 “(B) conduct outreach to producers for po-
15 tential participation in the project;

16 “(C) at the request of a producer, act on
17 behalf of a producer participating in the project
18 in applying for assistance under section 1271C;

19 “(D) leverage financial or technical assist-
20 ance provided by the Secretary with additional
21 funds to help achieve the project objectives;

22 “(E) conduct an assessment of the
23 project’s effects; and

1 “(F) at the conclusion of the project, re-
2 port to the Secretary on its results and funds
3 leveraged.

4 “(2) CONTRIBUTION.—A partner shall provide
5 a significant portion of the overall costs of the scope
6 of the project as determined by the Secretary.

7 “(d) APPLICATIONS.—

8 “(1) COMPETITIVE PROCESS.—The Secretary
9 shall conduct a competitive process to select applica-
10 tions for partnership agreements and may assess
11 and rank applications with similar conservation pur-
12 poses as a group.

13 “(2) CRITERIA USED.—In carrying out the
14 process described in paragraph (1), the Secretary
15 shall make public the criteria used in evaluating ap-
16 plications.

17 “(3) CONTENT.—An application to the Sec-
18 retary shall include a description of—

19 “(A) the scope of the project as described
20 in subsection (c)(1)(A);

21 “(B) the plan for monitoring, evaluating,
22 and reporting on progress made towards achiev-
23 ing the project’s objectives;

24 “(C) the program resources requested for
25 the project, including the covered programs to

1 be used and estimated funding needed from the
2 Secretary;

3 “(D) the partners collaborating to achieve
4 project objectives, including their roles, respon-
5 sibilities, capabilities, and financial contribu-
6 tion; and

7 “(E) any other elements the Secretary con-
8 siders necessary to adequately evaluate and
9 competitively select applications for funding
10 under the program.

11 “(4) PRIORITY TO CERTAIN APPLICATIONS.—
12 The Secretary may give a higher priority to applica-
13 tions that—

14 “(A) have a high percentage of producers
15 in the area to be covered by the agreement;

16 “(B) assist producers in meeting or avoid-
17 ing the need for a natural resource regulatory
18 requirement;

19 “(C) significantly leverage non-Federal fi-
20 nancial and technical resources and coordinate
21 with other local, State, regional, or national ef-
22 forts;

23 “(D) deliver high percentages of applied
24 conservation to address conservation priorities

1 or local, State, regional, or national conserva-
2 tion initiatives;

3 “(E) provide innovation in conservation
4 methods and delivery, including outcome-based
5 performance measures and methods; or

6 “(F) meet other factors that are important
7 for achieving the purposes of the program, as
8 determined by the Secretary.

9 **“SEC. 1271C. ASSISTANCE TO PRODUCERS.**

10 “(a) IN GENERAL.—The Secretary shall enter into
11 contracts to provide financial and technical assistance
12 to—

13 “(1) producers participating in a project with
14 an eligible partner as described in section 1271B; or

15 “(2) producers that fit within the scope of a
16 project described in section 1271B or a critical con-
17 servation area described in section 1271F, but who
18 are seeking to implement an eligible activity inde-
19 pendent of a partner.

20 “(b) TERMS AND CONDITIONS.—

21 “(1) CONSISTENCY WITH PROGRAM RULES.—
22 Except as provided in paragraph (2), the Secretary
23 shall ensure that the terms and conditions of a con-
24 tract under this section are consistent with the ap-
25 plicable rules of the covered programs to be used as

1 part of the project, as described in the application
2 under section 1271B(d)(3)(C).

3 “(2) ADJUSTMENTS.—Except for statutory pro-
4 gram requirements governing appeals, payment limi-
5 tations, and conservation compliance, the Secretary
6 may adjust the discretionary program rules of a cov-
7 ered program—

8 “(A) to provide a simplified application
9 and evaluation process; and

10 “(B) to better reflect unique local cir-
11 cumstances and purposes if the Secretary deter-
12 mines such adjustments are necessary to
13 achieve the purposes of the program.

14 “(3) ALTERNATIVE FUNDING ARRANGE-
15 MENTS.—

16 “(A) IN GENERAL.—For the purposes of
17 land described in subsection (a) and section
18 1271F, the Secretary may enter into alternative
19 funding arrangements with a multistate water
20 resource agency or authority if—

21 “(i) the Secretary determines that the
22 goals and objectives of the program will be
23 met by the alternative funding arrange-
24 ments;

1 “(ii) the agency or authority certifies
2 that the limitations established under this
3 section on agreements with individual pro-
4 ducers will not be exceeded; and

5 “(iii) all participating producers meet
6 applicable payment eligibility provisions.

7 “(B) CONDITIONS.—As a condition on re-
8 ceipt of funding under subparagraph (A), the
9 multistate water resource agency or authority
10 shall agree—

11 “(i) to submit an annual independent
12 audit to the Secretary that describes the
13 use of funds under this paragraph;

14 “(ii) to provide any data necessary for
15 the Secretary to issue a report on the use
16 of funds under this paragraph; and

17 “(iii) not to use any funds for admin-
18 istration or contracting with another enti-
19 ty.

20 “(C) LIMITATION.—The Secretary may
21 enter into not more than 10 agreements under
22 this paragraph.

23 “(c) PAYMENTS.—

24 “(1) IN GENERAL.—In accordance with statu-
25 tory requirements of the covered programs involved,

1 the Secretary may make payments to a producer in
2 an amount determined by the Secretary to be nec-
3 essary to achieve the purposes of the program.

4 “(2) PAYMENTS TO PRODUCERS IN STATES
5 WITH WATER QUANTITY CONCERNS.—The Secretary
6 may provide payments to producers participating in
7 a project that addresses water quantity concerns for
8 a period of 5 years in an amount sufficient to en-
9 courage conversion from irrigated farming to
10 dryland farming.

11 “(3) WAIVER AUTHORITY.—To assist in the im-
12 plementation of the program, the Secretary may
13 waive the applicability of the limitation in section
14 1001D(b)(2)(B) of this Act for participating pro-
15 ducers if the Secretary determines that the waiver is
16 necessary to fulfill the objectives of the program.

17 **“SEC. 1271D. FUNDING.**

18 “(a) AVAILABILITY OF FUNDS.—The Secretary shall
19 use \$100,000,000 of the funds of the Commodity Credit
20 Corporation for each of fiscal years 2013 through 2017
21 to carry out the program established under this subtitle.

22 “(b) DURATION OF AVAILABILITY.—Funds made
23 available under subsection (a) shall remain available until
24 expended.

25 “(c) ADDITIONAL FUNDING AND ACRES.—

1 “(1) IN GENERAL.—In addition to the funds
2 made available under subsection (a), the Secretary
3 shall reserve 6 percent of the funds and acres made
4 available for a covered program for each of fiscal
5 years 2013 through 2017 in order to ensure addi-
6 tional resources are available to carry out this pro-
7 gram.

8 “(2) UNUSED FUNDS AND ACRES.—Any funds
9 or acres reserved under paragraph (1) for a fiscal
10 year from a covered program that are not obligated
11 under this program by April 1 of that fiscal year
12 shall be returned for use under the covered program.

13 “(d) ALLOCATION OF FUNDING.—Of the funds and
14 acres made available for the program under subsections
15 (a) and (c), the Secretary shall allocate—

16 “(1) 25 percent of the funds and acres to
17 projects based on a State competitive process admin-
18 istered by the State conservationist, with the advice
19 of the State technical committee;

20 “(2) 50 percent of the funds and acres to
21 projects based on a national competitive process to
22 be established by the Secretary; and

23 “(3) 25 percent of the funds and acres to
24 projects for the critical conservation areas described
25 in section 1271F.

1 “(e) LIMITATION ON ADMINISTRATIVE EXPENSES.—
2 None of the funds made available under the program may
3 be used to pay for the administrative expenses of partners.

4 **“SEC. 1271E. ADMINISTRATION.**

5 “(a) DISCLOSURE.—In addition to the criteria used
6 in evaluating applications as described in section
7 1271B(d)(2), the Secretary shall make publicly available
8 information on projects selected through the competitive
9 process described in section 1271B(d)(1).

10 “(b) REPORTING.—Not later than December 31,
11 2013, and for every 2 years thereafter, the Secretary shall
12 submit to the Committee on Agriculture of the House of
13 Representatives and the Committee on Agriculture, Nutri-
14 tion, and Forestry of the Senate a report on the status
15 of projects funded under the program, including—

16 “(1) the number and types of partners and pro-
17 ducers participating in the partnership agreements
18 selected;

19 “(2) the number of producers receiving assist-
20 ance;

21 “(3) total funding committed to projects, in-
22 cluding Federal and non-Federal resources; and

23 “(4) a description of how the funds under sec-
24 tion 1271C(b)(3) are being administered, includ-
25 ing—

1 “(A) any oversight mechanisms that the
2 Secretary has implemented;

3 “(B) the process through which the Sec-
4 retary is resolving appeals by program partici-
5 pants; and

6 “(C) the means by which the Secretary is
7 tracking adherence to any applicable provisions
8 for payment eligibility.

9 **“SEC. 1271F. CRITICAL CONSERVATION AREAS.**

10 “(a) IN GENERAL.—When administering the funding
11 described in section 1271D(d)(3), the Secretary shall se-
12 lect applications for partnership agreements and producer
13 contracts within designated critical conservation areas.

14 “(b) CRITICAL CONSERVATION AREA DESIGNA-
15 TIONS.—In designating geographical areas as critical con-
16 servation areas under this section, the Secretary may give
17 priority to not more than 8 areas based on the degree to
18 which an area—

19 “(1) includes multiple States with significant
20 agricultural production;

21 “(2) is covered by an existing regional, State,
22 binational, or multistate agreement or plan that has
23 established objectives, goals and work plans and is
24 adopted by a Federal, State, or regional authority;

1 “(3) has water quality concerns, including con-
2 cerns for reducing erosion and promoting sediment
3 control in large bodies of water of regional, national,
4 or international significance;

5 “(4) has water quantity concerns, including—

6 “(A) concerns for groundwater, surface
7 water, aquifer, or other water sources; or

8 “(B) a need to promote water retention
9 and flood prevention; or

10 “(5) will be subject to regulatory requirements
11 that could reduce the economic scope of agricultural
12 operations within the area.

13 “(c) ADMINISTRATION.—

14 “(1) IN GENERAL.—Except as provided in para-
15 graph (2), the Secretary shall administer any part-
16 nership agreement or producer contract under this
17 section in a manner that is consistent with the terms
18 of the program.

19 “(2) RELATIONSHIP TO EXISTING ACTIVITY.—

20 The Secretary shall, to the maximum extent prac-
21 ticable, ensure that eligible activities carried out in
22 critical conservation areas designated under this sec-
23 tion complement and are consistent with other Fed-
24 eral and State programs and water quality strate-
25 gies.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall take effect on October 1, 2012.

3 **Subtitle F—Other Conservation**
4 **Programs**

5 **SEC. 2501. CONSERVATION OF PRIVATE GRAZING LAND.**

6 Section 1240M(e) of the Food Security Act of 1985
7 (16 U.S.C. 3839bb(e)) is amended inserting “and
8 \$30,000,000 for each of fiscal years 2013 through 2017”
9 before the period at the end.

10 **SEC. 2502. GRASSROOTS SOURCE WATER PROTECTION**
11 **PROGRAM.**

12 Section 1240O(b) of the Food Security Act of 1985
13 (16 U.S.C. 3839bb–2(b)) is amended by inserting “and
14 \$15,000,000 for each of fiscal years 2013 through 2017”
15 before the period at the end.

16 **SEC. 2503. VOLUNTARY PUBLIC ACCESS AND HABITAT IN-**
17 **CENTIVE PROGRAM.**

18 (a) FUNDING.—Section 1240R(f) of the Food Secu-
19 rity Act of 1985 (16 U.S.C. 3839bb–5(f)) is amended by
20 inserting “and \$30,000,000 for the period of fiscal years
21 2013 through 2017” before the period at the end .

22 (b) REPORT ON PROGRAM EFFECTIVENESS.—Not
23 later than 2 years after the date of enactment of this Act,
24 the Secretary of Agriculture shall submit to the Com-
25 mittee on Agriculture of the House of Representatives and

1 the Committee on Agriculture, Nutrition, and Forestry of
2 the Senate a report evaluating the effectiveness of the vol-
3 untary public access and habitat incentive program estab-
4 lished by section 1240R of the Food Security Act of 1985
5 (16 U.S.C. 3839bb–5), including—

6 (1) identifying cooperating agencies;

7 (2) identifying the number of land holdings and
8 total acres enrolled by State;

9 (3) evaluating the extent of improved access on
10 eligible land, improved wildlife habitat, and related
11 economic benefits; and

12 (4) any other relevant information and data re-
13 lating to the program that would be helpful to such
14 Committees.

15 (c) EFFECTIVE DATE.—The amendment made by
16 this section shall take effect on October 1, 2012.

17 **SEC. 2504. AGRICULTURE CONSERVATION EXPERIENCED**
18 **SERVICES PROGRAM.**

19 (a) FUNDING.—Section 1252 of the Food Security
20 Act of 1985 (16 U.S.C. 3851) is amended by striking sub-
21 section (c) and inserting the following:

22 “(c) FUNDING.—

23 “(1) IN GENERAL.—The Secretary may carry
24 out the ACES program using funds made available
25 to carry out each program under this title.

1 “(2) EXCLUSION.—Funds made available to
2 carry out the conservation reserve program may not
3 be used to carry out the ACES program.”.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall take effect on October 1, 2012.

6 **SEC. 2505. SMALL WATERSHED REHABILITATION PRO-**
7 **GRAM.**

8 (a) AVAILABILITY OF FUNDS.—Section 14(h)(1) of
9 the Watershed Protection and Flood Prevention Act (16
10 U.S.C. 1012(h)(1)) is amended—

11 (1) in subparagraph (E), by striking “and” at
12 the end;

13 (2) in subparagraph (F), by striking the period
14 at the end and inserting a semicolon;

15 (3) in subparagraph (G), by striking the period
16 at the end and inserting “; and”; and

17 (4) by adding at the end the following:

18 “(H) \$150,000,000 for fiscal year 2013, to
19 remain available until expended.”.

20 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
21 14(h)(2)(E) of the Watershed Protection and Flood Pre-
22 vention Act (16 U.S.C. 1012(h)(2)(E)) is amended by
23 striking “2012” and inserting “2017”.

1 “(D) \$525,000,000 for fiscal year 2016;

2 and

3 “(E) \$250,000,000 for fiscal year 2017.

4 “(3) The conservation security program under
5 subchapter A of chapter 2 of subtitle D, using such
6 sums as are necessary to administer contracts en-
7 tered into before September 30, 2008.

8 “(4) The conservation stewardship program
9 under subchapter B of chapter 2 of subtitle D.

10 “(5) The environmental quality incentives pro-
11 gram under chapter 4 of subtitle D, using, to the
12 maximum extent practicable—

13 “(A) \$1,500,000,000 for fiscal year 2013;

14 “(B) \$1,600,000,000 for fiscal year 2014;

15 and

16 “(C) \$1,650,000,000 for each of fiscal
17 years 2015 through 2017.”.

18 (b) GUARANTEED AVAILABILITY OF FUNDS.—Sec-
19 tion 1241 of the Food Security Act of 1985 (16 U.S.C.
20 3841) is amended—

21 (1) by redesignating subsections (b) through (h)
22 as subsections (c) through (i), respectively; and

23 (2) by inserting after subsection (a) the fol-
24 lowing:

1 “(b) AVAILABILITY OF FUNDS.—Amounts made
2 available by subsection (a) shall be used by the Secretary
3 to carry out the programs specified in such subsection for
4 fiscal years 2013 through 2017 and shall remain available
5 until expended. Amounts made available for the programs
6 specified in such subsection during a fiscal year through
7 modifications, cancellations, terminations, and other re-
8 lated administrative actions and not obligated in that fis-
9 cal year shall remain available for obligation during subse-
10 quent fiscal years, but shall reduce the amount of addi-
11 tional funds made available in the subsequent fiscal year
12 by an amount equal to the amount remaining unobli-
13 gated.”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall take effect on October 1, 2012.

16 **SEC. 2602. TECHNICAL ASSISTANCE.**

17 Section 1241 of the Food Security Act of 1985 (16
18 U.S.C. 3841) is amended by striking subsection (c) (as
19 redesignated by section 2601(b)(1)) and inserting the fol-
20 lowing:

21 “(c) TECHNICAL ASSISTANCE.—

22 “(1) AVAILABILITY OF FUNDS.—Commodity
23 Credit Corporation funds made available for a fiscal
24 year for each of the programs specified in subsection
25 (a)—

1 “(A) shall be available for the provision of
2 technical assistance for the programs for which
3 funds are made available as necessary to imple-
4 ment the programs effectively; and

5 “(B) shall not be available for the provi-
6 sion of technical assistance for conservation
7 programs specified in subsection (a) other than
8 the program for which the funds were made
9 available.

10 “(2) REPORT.—Not later than December 31,
11 2012, the Secretary shall submit (and update as
12 necessary in subsequent years) to the Committee on
13 Agriculture of the House of Representatives and the
14 Committee on Agriculture, Nutrition, and Forestry
15 of the Senate a report—

16 “(A) detailing the amount of technical as-
17 sistance funds requested and apportioned in
18 each program specified in subsection (a) during
19 the preceding fiscal year; and

20 “(B) any other data relating to this provi-
21 sion that would be helpful to such Commit-
22 tees.”.

23 **SEC. 2603. REGIONAL EQUITY.**

24 Section 1241 of the Food Security Act of 1985 (16
25 U.S.C. 3841) is amended by striking subsection (e) (as

1 redesignated by section 2601(b)(1)) and inserting the fol-
2 lowing:

3 “(e) REGIONAL EQUITY.—

4 “(1) EQUITABLE DISTRIBUTION.—When deter-
5 mining funding allocations each fiscal year, the Sec-
6 retary shall, after considering available funding and
7 program demand in each State, provide a distribu-
8 tion of funds for conservation programs under sub-
9 title D (excluding the conservation reserve program
10 under subchapter B of chapter 1), subtitle H (ex-
11 cluding wetland easements under section 1265C),
12 and subtitle I to ensure equitable program participa-
13 tion proportional to historical funding allocations
14 and usage by all States.

15 “(2) MINIMUM PERCENTAGE.—In determining
16 the specific funding allocations under paragraph (1),
17 the Secretary shall ensure that during the first quar-
18 ter of each fiscal year each State has the oppor-
19 tunity to establish that they can use an aggregate
20 allocation amount of at least 0.6 percent of the
21 funds made available for those conservation pro-
22 grams.”.

1 **SEC. 2604. RESERVATION OF FUNDS TO PROVIDE ASSIST-**
2 **ANCE TO CERTAIN FARMERS OR RANCHERS**
3 **FOR CONSERVATION ACCESS.**

4 Subsection (h) of section 1241 of the Food Security
5 Act of 1985 (16 U.S.C. 3841) (as redesignated by section
6 2601(b)(1)) is amended in paragraph (1) by striking
7 “2012” and inserting “2017”.

8 **SEC. 2605. ANNUAL REPORT ON PROGRAM ENROLLMENTS**
9 **AND ASSISTANCE.**

10 Subsection (i) of section 1241 of the Food Security
11 Act of 1985 (16 U.S.C. 3841) (as redesignated by section
12 2601(b)(1)) is amended—

13 (1) in paragraph (1), by striking “wetlands re-
14 serve program” and inserting “agricultural conserva-
15 tion easement program”;

16 (2) by striking paragraphs (2) and (3) and re-
17 designating paragraphs (4), (5), and (6) as para-
18 graphs (2), (3), and (4), respectively;

19 (3) in paragraph (3) (as so redesignated), by
20 striking “agricultural water enhancement program”
21 and inserting “regional conservation partnership
22 program”; and

23 (4) by adding at the end the following:

24 “(5) Payments made under the conservation
25 stewardship program.

1 “(6) Waivers granted by the Secretary under
2 section 1265B(b)(2)(C).”.

3 **SEC. 2606. ADMINISTRATIVE REQUIREMENTS FOR CON-**
4 **SERVATION PROGRAMS.**

5 Section 1244 of the Food Security Act of 1985 (16
6 U.S.C. 3844) is amended—

7 (1) in subsection (d), by inserting “, H, and I”
8 before the period at the end;

9 (2) in subsection (f)—

10 (A) in paragraph (1)(B), by striking
11 “country” and inserting “county”; and

12 (B) in paragraph (3), by striking “sub-
13 section (c)(2)(B) or (f)(4)” and inserting “sub-
14 section (c)(2)(A)(ii) or (f)(2)”; and

15 (3) by adding at the end the following:

16 “(j) IMPROVED ADMINISTRATIVE EFFICIENCY AND
17 EFFECTIVENESS.—In administering a conservation pro-
18 gram under this title, the Secretary shall, to the maximum
19 extent practicable—

20 “(1) seek to reduce administrative burdens and
21 costs to producers by streamlining conservation
22 planning and program resources; and

23 “(2) take advantage of new technologies to en-
24 hance efficiency and effectiveness.

1 “(k) RELATION TO OTHER PAYMENTS.—Any pay-
2 ment received by an owner or operator under this title,
3 including an easement payment or rental payment, shall
4 be in addition to, and not affect, the total amount of pay-
5 ments that the owner or operator is otherwise eligible to
6 receive under any of the following:

7 “(1) This Act.

8 “(2) The Agricultural Act of 1949 (7 U.S.C.
9 1421 et seq.).

10 “(3) The _____ Act of 2012.

11 “(4) Any law that succeeds a law specified in
12 paragraph (1), (2), or (3).

13 “(l) FUNDING FOR INDIAN TRIBES.—In carrying out
14 the conservation stewardship program under subchapter
15 B of chapter 2 of subtitle D and the environmental quality
16 incentives program under chapter 4 of subtitle D, the Sec-
17 retary may enter into alternative funding arrangements
18 with Indian tribes if the Secretary determines that the
19 goals and objectives of the programs will be met by such
20 arrangements, and that statutory limitations regarding
21 contracts with individual producers will not be exceeded
22 by any Tribal member.”.

1 **SEC. 2607. RULEMAKING AUTHORITY.**

2 Subtitle E of title XII of the Food Security Act of
3 1985 (16 U.S.C. 3841 et seq.) is amended by adding at
4 the end the following:

5 **“SEC. 1246. REGULATIONS.**

6 “(a) IN GENERAL.—The Secretary shall promulgate
7 such regulations as are necessary to implement programs
8 under this title, including such regulations as the Sec-
9 retary determines to be necessary to ensure a fair and rea-
10 sonable application of the limitations established under
11 section 1244(f).

12 “(b) RULEMAKING PROCEDURE.—The promulgation
13 of regulations and administration of programs under this
14 title—

15 “(1) shall be carried out without regard to—

16 “(A) the Statement of Policy of the Sec-
17 retary effective July 24, 1971 (36 Fed. Reg.
18 13804), relating to notices of proposed rule-
19 making and public participation in rulemaking;
20 and

21 “(B) chapter 35 of title 44, United States
22 Code (commonly known as the Paperwork Re-
23 duction Act); and

24 “(2) shall be made as an interim rule effective
25 on publication with an opportunity for notice and
26 comment.

1 “(c) CONGRESSIONAL REVIEW OF AGENCY RULE-
2 MAKING.—In promulgating regulations under this section,
3 the Secretary shall use the authority provided under sec-
4 tion 808 of title 5, United States Code.”.

5 **SEC. 2608. STANDARDS FOR STATE TECHNICAL COMMIT-**
6 **TEES.**

7 Section 1261(b) of the Food Security Act of 1985
8 (16 U.S.C. 3861(b)) is amended by striking “Not later
9 than 180 days after the date of enactment of the Food,
10 Conservation, and Energy Act of 2008, the Secretary shall
11 develop” and inserting “The Secretary shall review and
12 update as necessary”.

13 **Subtitle H—Repeal of Superseded**
14 **Program Authorities and Tran-**
15 **sitional Provisions**

16 **SEC. 2701. COMPREHENSIVE CONSERVATION ENHANCE-**
17 **MENT PROGRAM.**

18 Section 1230 of the Food Security Act of 1985 (16
19 U.S.C. 3830) is repealed.

20 **SEC. 2702. EMERGENCY FORESTRY CONSERVATION RE-**
21 **SERVE PROGRAM.**

22 (a) REPEAL.—Section 1231A of the Food Security
23 Act of 1985 (16 U.S.C. 3831a) is repealed.

24 (b) TRANSITIONAL PROVISIONS.—

1 (1) EFFECT ON EXISTING CONTRACTS.—The
2 amendment made by this section shall not affect the
3 validity or terms of any contract entered into by the
4 Secretary of Agriculture under section 1231A of the
5 Food Security Act of 1985 (16 U.S.C. 3831a) before
6 October 1, 2012, or any payments required to be
7 made in connection with the contract.

8 (2) FUNDING.—The Secretary may use funds
9 made available to carry out the conservation reserve
10 program under subchapter B of chapter 1 of subtitle
11 D of title XII of the Food Security Act of 1985 (16
12 U.S.C. 3831 et seq.) to continue to carry out con-
13 tracts referred to in paragraph (1) using the provi-
14 sions of law and regulation applicable to such con-
15 tracts as in existence on September 30, 2012.

16 (c) EFFECTIVE DATE.—The amendment made by
17 this section shall take effect on October 1, 2012.

18 **SEC. 2703. WETLANDS RESERVE PROGRAM.**

19 (a) REPEAL.—Subchapter C of chapter 1 of subtitle
20 D of title XII of the Food Security Act of 1985 (16 U.S.C.
21 3837 et seq.) is repealed.

22 (b) TRANSITIONAL PROVISIONS.—

23 (1) EFFECT ON EXISTING CONTRACTS AND
24 EASEMENTS.—The amendment made by this section
25 shall not affect the validity or terms of any contract

1 or easement entered into by the Secretary of Agri-
2 culture under subchapter C of chapter 1 of subtitle
3 D of title XII of the Food Security Act of 1985 (16
4 U.S.C. 3837 et seq.) before October 1, 2012, or any
5 payments required to be made in connection with the
6 contract or easement.

7 (2) FUNDING.—

8 (A) USE OF PRIOR YEAR FUNDS.—Not-
9 withstanding the repeal of subchapter C of
10 chapter 1 of subtitle D of title XII of the Food
11 Security Act of 1985 (16 U.S.C. 3837 et seq.),
12 any funds made available from the Commodity
13 Credit Corporation to carry out the wetlands
14 reserve program under that subchapter for fis-
15 cal years 2009 through 2012 shall be made
16 available to carry out contracts or easements
17 referred to in paragraph (1) that were entered
18 into prior to October 1, 2012 (including the
19 provision of technical assistance), provided that
20 no such contract or easement is modified so as
21 to increase the amount of the payment received.

22 (B) OTHER.—The Secretary may use
23 funds made available to carry out the agricul-
24 tural conservation easement program under
25 subtitle H of title XII of the Food Security Act

1 of 1985, as added by section 2301 of this Act,
2 to continue to carry out contracts and ease-
3 ments referred to in paragraph (1) using the
4 provisions of law and regulation applicable to
5 such contracts and easements as in existence on
6 September 30, 2012.

7 (c) EFFECTIVE DATE.—The amendment made by
8 this section shall take effect on October 1, 2012.

9 **SEC. 2704. FARMLAND PROTECTION PROGRAM AND FARM**
10 **VIABILITY PROGRAM.**

11 (a) REPEAL.—Subchapter C of chapter 2 of subtitle
12 D of title XII of the Food Security Act of 1985 (16 U.S.C.
13 3838h et seq.) is repealed.

14 (b) TRANSITIONAL PROVISIONS.—

15 (1) EFFECT ON EXISTING AGREEMENTS AND
16 EASEMENTS.—The amendment made by this section
17 shall not affect the validity or terms of any agree-
18 ment or easement entered into by the Secretary of
19 Agriculture under subchapter C of chapter 2 of sub-
20 title D of title XII of the Food Security Act of 1985
21 (16 U.S.C. 3838h et seq.) before October 1, 2012,
22 or any payments required to be made in connection
23 with the agreement or easement.

24 (2) FUNDING.—

1 (A) USE OF PRIOR YEAR FUNDS.—Not-
2 withstanding the repeal of subchapter C of
3 chapter 2 of subtitle D of title XII of the Food
4 Security Act of 1985 (16 U.S.C. 3838h et seq.),
5 any funds made available from the Commodity
6 Credit Corporation to carry out the farmland
7 protection program under that subchapter for
8 fiscal years 2009 through 2012 shall be made
9 available to carry out agreements and ease-
10 ments referred to in paragraph (1) that were
11 entered into prior to October 1, 2012 (including
12 the provision of technical assistance).

13 (B) OTHER.—On exhaustion of funds
14 made available under subparagraph (A), the
15 Secretary may use funds made available to
16 carry out the agricultural conservation ease-
17 ment program under subtitle H of title XII of
18 the Food Security Act of 1985, as added by
19 section 2301 of this Act, to continue to carry
20 out agreements and easements referred to in
21 paragraph (1) using the provisions of law and
22 regulation applicable to such agreements and
23 easement as in existence on September 30,
24 2012.

1 (c) EFFECTIVE DATE.—The amendment made by
2 this section shall take effect on October 1, 2012.

3 **SEC. 2705. GRASSLAND RESERVE PROGRAM.**

4 (a) REPEAL.—Subchapter D of chapter 2 of subtitle
5 D of title XII of the Food Security Act of 1985 (16 U.S.C.
6 3838n et seq.) is repealed.

7 (b) TRANSITIONAL PROVISIONS.—

8 (1) EFFECT ON EXISTING CONTRACTS, AGREE-
9 MENTS, AND EASEMENTS.—The amendment made
10 by this section shall not affect the validity or terms
11 of any contract, agreement, or easement entered into
12 by the Secretary of Agriculture under subchapter D
13 of chapter 2 of subtitle D of title XII of the Food
14 Security Act of 1985 (16 U.S.C. 3838n et seq.) be-
15 fore October 1, 2012, or any payments required to
16 be made in connection with the contract, agreement,
17 or easement.

18 (2) FUNDING.—

19 (A) USE OF PRIOR YEAR FUNDS.—Not-
20 withstanding the repeal of subchapter D of
21 chapter 2 of subtitle D of title XII of the Food
22 Security Act of 1985 (16 U.S.C. 3838n et seq.),
23 any funds made available from the Commodity
24 Credit Corporation to carry out the grassland
25 reserve program under that subchapter for fis-

1 cal years 2009 through 2012 shall be made
2 available to carry out contracts, agreements, or
3 easements referred to in paragraph (1) that
4 were entered into prior to October 1, 2012 (in-
5 cluding the provision of technical assistance),
6 provided that no such contract, agreement, or
7 easement is modified so as to increase the
8 amount of the payment received.

9 (B) OTHER.—The Secretary may use
10 funds made available to carry out the agricul-
11 tural conservation easement program under
12 subtitle H of title XII of the Food Security Act
13 of 1985, as added by section 2301 of this Act,
14 to continue to carry out contracts, agreements,
15 and easements referred to in paragraph (1)
16 using the provisions of law and regulation appli-
17 cable to such contracts, agreements, and ease-
18 ments as in existence on September 30, 2012.

19 (c) EFFECTIVE DATE.—The amendment made by
20 this section shall take effect on October 1, 2012.

21 **SEC. 2706. AGRICULTURAL WATER ENHANCEMENT PRO-**
22 **GRAM.**

23 (a) REPEAL.—Section 1240I of the Food Security
24 Act of 1985 (16 U.S.C. 3839aa–9) is repealed.

25 (b) TRANSITIONAL PROVISIONS.—

1 (1) EFFECT ON EXISTING CONTRACTS AND
2 AGREEMENTS.—The amendment made by this sec-
3 tion shall not affect the validity or terms of any con-
4 tract or agreement entered into by the Secretary of
5 Agriculture under section 1240I of the Food Secu-
6 rity Act of 1985 (16 U.S.C. 3839aa–9) before Octo-
7 ber 1, 2012, or any payments required to be made
8 in connection with the contract or agreement.

9 (2) FUNDING.—

10 (A) USE OF PRIOR YEAR FUNDS.—Not-
11 withstanding the repeal of section 1240I of the
12 Food Security Act of 1985 (16 U.S.C. 3839aa–
13 9), any funds made available from the Com-
14 modity Credit Corporation to carry out the ag-
15 ricultural water enhancement program under
16 that section for fiscal years 2009 through 2012
17 shall be made available to carry out contracts
18 and agreements referred to in paragraph (1)
19 that were entered into prior to October 1, 2012
20 (including the provision of technical assistance).

21 (B) OTHER.—On exhaustion of funds
22 made available under subparagraph (A), the
23 Secretary may use funds made available to
24 carry out the regional conservation partnerships
25 program under subtitle I of title XII of the

1 Food Security Act of 1985, as added by section
2 2401 of this Act, to continue to carry out con-
3 tracts and agreements referred to in paragraph
4 (1) using the provisions of law and regulation
5 applicable to such contracts and agreements as
6 in existence on September 30, 2012.

7 (c) EFFECTIVE DATE.—The amendment made by
8 this section shall take effect on October 1, 2012.

9 **SEC. 2707. WILDLIFE HABITAT INCENTIVE PROGRAM.**

10 (a) REPEAL.—Section 1240N of the Food Security
11 Act of 1985 (16 U.S.C. 3839bb–1) is repealed.

12 (b) TRANSITIONAL PROVISIONS.—

13 (1) EFFECT ON EXISTING CONTRACTS.—The
14 amendment made by this section shall not affect the
15 validity or terms of any contract entered into by the
16 Secretary of Agriculture under section 1240N of the
17 Food Security Act of 1985 (16 U.S.C. 3839bb–1)
18 before October 1, 2012, or any payments required to
19 be made in connection with the contract.

20 (2) FUNDING.—

21 (A) USE OF PRIOR YEAR FUNDS.—Not-
22 withstanding the repeal of section 1240N of the
23 Food Security Act of 1985 (16 U.S.C. 3839bb–
24 1), any funds made available from the Com-
25 modity Credit Corporation to carry out the

1 wildlife habitat incentive program under that
2 section for fiscal years 2009 through 2012 shall
3 be made available to carry out contracts re-
4 ferred to in paragraph (1) which were entered
5 into prior to October 1, 2012 (including the
6 provision of technical assistance).

7 (B) OTHER.—On exhaustion of funds
8 made available under subparagraph (A), the
9 Secretary may use funds made available to
10 carry out the environmental quality incentives
11 program under chapter 4 of subtitle D of title
12 XII of the Food Security Act of 1985 (16
13 U.S.C. 3839aa et seq.) to continue to carry out
14 contracts referred to in paragraph (1) using the
15 provisions of law and regulation applicable to
16 such contracts as in existence on September 30,
17 2012.

18 (c) EFFECTIVE DATE.—The amendment made by
19 this section shall take effect on October 1, 2012.

20 **SEC. 2708. GREAT LAKES BASIN PROGRAM.**

21 (a) REPEAL.—Section 1240P of the Food Security
22 Act of 1985 (16 U.S.C. 3839bb–3) is repealed.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall take effect on October 1, 2012.

1 **SEC. 2709. CHESAPEAKE BAY WATERSHED PROGRAM.**

2 (a) REPEAL.—Section 1240Q of the Food Security
3 Act of 1985 (16 U.S.C. 3839bb–4) is repealed.

4 (b) TRANSITIONAL PROVISIONS.—

5 (1) EFFECT ON EXISTING CONTRACTS, AGREE-
6 MENTS, AND EASEMENTS.—The amendment made
7 by this section shall not affect the validity or terms
8 of any contract, agreement, or easement entered into
9 by the Secretary of Agriculture under section 1240Q
10 of the Food Security Act of 1985 (16 U.S.C.
11 3839bb–4) before October 1, 2012, or any payments
12 required to be made in connection with the contract,
13 agreement, or easement.

14 (2) FUNDING.—

15 (A) USE OF PRIOR YEAR FUNDS.—Not-
16 withstanding the repeal of section 1240Q of the
17 Food Security Act of 1985 (16 U.S.C. 3839bb–
18 4), any funds made available from the Com-
19 modity Credit Corporation to carry out the
20 Chesapeake Bay watershed program under that
21 section for fiscal years 2009 through 2012 shall
22 be made available to carry out contracts, agree-
23 ments, and easements referred to in paragraph
24 (1) that were entered into prior to October 1,
25 2012 (including the provision of technical as-
26 sistance).

1 (B) OTHER.—The Secretary may use
2 funds made available to carry out the regional
3 conservation partnerships program under sub-
4 title I of title XII of the Food Security Act of
5 1985, as added by section 2401 of this Act, to
6 continue to carry out contracts, agreements,
7 and easements referred to in paragraph (1)
8 using the provisions of law and regulation appli-
9 cable to such contracts, agreements, and ease-
10 ments as in existence on September 30, 2012.

11 (c) EFFECTIVE DATE.—The amendment made by
12 this section shall take effect on October 1, 2012.

13 **SEC. 2710. COOPERATIVE CONSERVATION PARTNERSHIP**
14 **INITIATIVE.**

15 (a) REPEAL.—Section 1243 of the Food Security Act
16 of 1985 (16 U.S.C. 3843) is repealed.

17 (b) TRANSITIONAL PROVISIONS.—

18 (1) EFFECT ON EXISTING CONTRACTS AND
19 AGREEMENTS.—The amendment made by this sec-
20 tion shall not affect the validity or terms of any con-
21 tract or agreement entered into by the Secretary of
22 Agriculture under section 1243 of the Food Security
23 Act of 1985 (16 U.S.C. 3843) before October 1,
24 2012, or any payments required to be made in con-
25 nection with the contract or agreement.

1 (2) FUNDING.—

2 (A) USE OF PRIOR YEAR FUNDS.—Not-
3 withstanding the repeal of section 1243 of the
4 Food Security Act of 1985 (16 U.S.C. 3843),
5 any funds made available from the Commodity
6 Credit Corporation to carry out the cooperative
7 conservation partnership initiative under that
8 section for fiscal years 2009 through 2012 shall
9 be made available to carry out contracts and
10 agreements referred to in paragraph (1) that
11 were entered into prior to October 1, 2012 (in-
12 cluding the provision of technical assistance).

13 (B) OTHER.—On exhaustion of funds
14 made available under subparagraph (A), the
15 Secretary may use funds made available to
16 carry out the regional conservation partnerships
17 program under subtitle I of title XII of the
18 Food Security Act of 1985, as added by section
19 2401 of this Act, to continue to carry out con-
20 tracts and agreements referred to in paragraph
21 (1) using the provisions of law and regulation
22 applicable to such contracts and agreements as
23 in existence on September 30, 2012.

24 (c) EFFECTIVE DATE.—The amendment made by
25 this section shall take effect on October 1, 2012.

1 **SEC. 2711. ENVIRONMENTAL EASEMENT PROGRAM.**

2 Chapter 3 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839 et seq.) is repealed.

4 **SEC. 2712. TECHNICAL AMENDMENTS.**

5 (a) Section 1211(a) of the Food Security Act of 1985
6 (16 U.S.C. 3811(a)) is amended by striking “predomi-
7 nate” each place it appears and inserting “predominant”.

8 (b) Section 1242(i) of the Food Security Act of
9 1985(16 U.S.C. 3842(i)) is amended in the subsection
10 heading by striking “SPECIALITY” and inserting “SPE-
11 CIALTY”.

12 **TITLE III—TRADE**

13 **Subtitle A—Food for Peace Act**

14 **SEC. 3001. SET-ASIDE FOR SUPPORT FOR ORGANIZATIONS**
15 **THROUGH WHICH NONEMERGENCY ASSIST-**
16 **ANCE IS PROVIDED.**

17 Effective October 1, 2012, section 202(e)(1) of the
18 Food for Peace Act (7 U.S.C. 1722(e)(1)) is amended—

19 (1) in the matter preceding subparagraph (A),
20 by striking “13 percent” and inserting “15 per-
21 cent”; and

22 (2) in subparagraph (A), by striking “new”.

23 **SEC. 3002. FOOD AID QUALITY.**

24 Section 202(h) of the Food for Peace Act (7 U.S.C.
25 1722) is amended—

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

3 “(1) IN GENERAL.—The Administrator shall
4 use funds made available for fiscal year 2013 and
5 subsequent fiscal years to carry out this title—

6 “(A) to assess the types and quality of ag-
7 ricultural commodities and products donated for
8 food aid;

9 “(B) to adjust products and formulations,
10 including potential introduction of new
11 fortificants and products, as necessary to cost-
12 effectively meet nutrient needs of target popu-
13 lations;

14 “(C) to test prototypes;

15 “(D) to adopt new specifications or im-
16 prove existing specifications for micronutrient
17 fortified food aid products, based on the latest
18 developments in food and nutrition science, and
19 in coordination with other international part-
20 ners;

21 “(E) to develop new program guidance to
22 facilitate improved matching of products to pur-
23 poses having nutritional intent, in coordination
24 with other international partners;

1 “(F) to develop improved guidance for im-
2 plementing partners on how to address nutri-
3 tional deficiencies that emerge among recipients
4 for whom food assistance is the sole source of
5 diet in emergency programs that extend beyond
6 1 year, in coordination with other international
7 partners; and

8 “(G) to evaluate, in appropriate settings
9 and as necessary, the performance and cost-ef-
10 fectiveness of new or modified specialized food
11 products and program approaches designed to
12 meet the nutritional needs of the most vulner-
13 able groups, such as pregnant and lactating
14 mothers, and children under the age of 5.”; and

15 (2) in paragraph (3), by striking “2011” and
16 inserting “2017”.

17 **SEC. 3003. MINIMUM LEVELS OF ASSISTANCE.**

18 Section 204(a) of the Food for Peace Act (7 U.S.C.
19 1724(a)) is amended—

20 (1) in paragraph (1), by striking “2012” and
21 inserting “2017”; and

22 (2) in paragraph (2), by striking “2012” and
23 inserting “2017”.

1 **SEC. 3004. REAUTHORIZATION OF FOOD AID CONSULT-**
2 **ATIVE GROUP.**

3 Section 205(f) of the Food for Peace Act (7 U.S.C.
4 1725(f)) is amended by striking “2012” and inserting
5 “2017”.

6 **SEC. 3005. OVERSIGHT, MONITORING, AND EVALUATION OF**
7 **FOOD FOR PEACE ACT PROGRAMS.**

8 Section 207(f) of the Food for Peace Act (7 U.S.C.
9 1726a(f)) is amended—

10 (1) in paragraph (2)—

11 (A) by inserting “and” at the end of sub-
12 paragraph (D);

13 (B) by striking “; and” at the end of sub-
14 paragraph (E) and inserting the period; and

15 (C) by striking subparagraph (F);

16 (2) by striking paragraph (4) and redesignating
17 paragraphs (5) and (6) as paragraphs (4) and (5),
18 respectively; and

19 (3) in subparagraph (A) of paragraph (5) (as
20 so redesignated)—

21 (A) by striking “2012” and inserting
22 “2017”; and

23 (B) by striking “during fiscal year 2009”
24 and inserting “during the period of fiscal years
25 2013 through 2017”.

1 **SEC. 3006. ASSISTANCE FOR STOCKPILING AND RAPID**
2 **TRANSPORTATION, DELIVERY, AND DIS-**
3 **TRIBUTION OF SHELF-STABLE PRE-**
4 **PACKAGED FOODS.**

5 Section 208(f) of the Food for Peace Act (7 U.S.C.
6 1726b(f)) is amended by striking “2012” and inserting
7 “2017”.

8 **SEC. 3007. LIMITATION ON TOTAL VOLUME OF COMMOD-**
9 **ITIES MONETIZED.**

10 Section 403 of the Food for Peace Act (7 U.S.C.
11 1733) is amended by adding at the end the following:

12 “(m) **LIMITATION ON MONETIZATION OF COMMOD-**
13 **ITIES.—**

14 “(1) **LIMITATION.—**

15 “(A) **IN GENERAL.—**Subject to paragraph
16 (2), no commodity shall be made available
17 under this Act unless the rate of return for the
18 commodity (as determined under subparagraph
19 (B)) is at least 70 percent.

20 “(B) **RATE OF RETURN.—**For purposes of
21 subparagraph (A), the rate of return shall be
22 equal to the proportion that—

23 “(i) the proceeds the implementing
24 partners generate through monetization;
25 bears to

1 “(ii) the cost to the Federal Govern-
2 ment to procure and ship the commodities
3 to a recipient country for monetization.

4 “(2) WAIVER AUTHORITY.—The Administrator
5 or Secretary may waive the application of the limita-
6 tion in paragraph (1) with regard to a commodity
7 for a recipient country if the Administrator or Sec-
8 retary determines that it is necessary to achieve the
9 purposes of this Act in the recipient country.

10 “(3) REPORT.—Not later than 90 days after a
11 waiver is granted under paragraph (2), the Adminis-
12 trator or Secretary shall prepare, publish in the Fed-
13 eral Register, and submit to the Committees on
14 International Relations, Agriculture, and Appropria-
15 tions of the House of Representatives, and the Com-
16 mittees on Appropriations and Agriculture, Nutri-
17 tion, and Forestry of the Senate a report containing
18 the reasons for granting the waiver and the actual
19 rate of return for the commodity.”.

20 **SEC. 3008. FLEXIBILITY.**

21 Section 406 of the Food for Peace Act (7 U.S.C.
22 1736) is amended—

23 (1) by redesignating subsections (c) and (d) as
24 subsections (d) and (e), respectively; and

1 (2) by inserting after subsection (b) the fol-
2 lowing:

3 “(c) FLEXIBILITY.—Notwithstanding any other pro-
4 vision of law and as necessary to achieve the purposes of
5 this Act, funds available under this Act may be used to
6 pay the costs of up to 20 percent of activities conducted
7 in recipient countries by nonprofit voluntary organiza-
8 tions, cooperatives, or intergovernmental agencies or orga-
9 nizations.”.

10 **SEC. 3009. PROCUREMENT, TRANSPORTATION, AND STOR-**
11 **AGE OF AGRICULTURAL COMMODITIES FOR**
12 **PREPOSITIONING IN THE UNITED STATES**
13 **AND FOREIGN COUNTRIES.**

14 Section 407(c)(4)(A) of the Food for Peace Act (7
15 U.S.C. 1736a(c)(4)(A)) is amended—

16 (1) by striking “2012” and inserting “2017”;
17 and

18 (2) by striking “for each such fiscal year not
19 more than \$10,000,000 of such funds” and inserting
20 “for each of fiscal years 2001 through 2012 not
21 more than \$10,000,000 of such funds and for each
22 of fiscal years 2013 through 2017 not more than
23 \$15,000,000 of such funds”.

1 **SEC. 3010. DEADLINE FOR AGREEMENTS TO FINANCE**
2 **SALES OR TO PROVIDE OTHER ASSISTANCE.**

3 Section 408 of the Food for Peace Act (7 U.S.C.
4 1736b) is amended by striking “2012” and inserting
5 “2017”.

6 **SEC. 3011. MINIMUM LEVEL OF NONEMERGENCY FOOD AS-**
7 **SISTANCE.**

8 Section 412 of the Food for Peace Act (7 U.S.C.
9 1736f) is amended by striking subsection (e) and inserting
10 the following:

11 “(e) **MINIMUM LEVEL OF NONEMERGENCY FOOD AS-**
12 **SISTANCE.**—

13 “(1) **IN GENERAL.**—Subject to paragraph (2),
14 of the amounts made available to carry out emer-
15 gency and nonemergency food assistance programs
16 under title II, not less than 15 percent nor more
17 than 30 percent for each of fiscal years 2013
18 through 2017 shall be expended for nonemergency
19 food assistance programs under title II.

20 “(2) **MINIMUM LEVEL.**—The amount made
21 available to carry out nonemergency food assistance
22 programs under title II shall not be less than
23 \$275,000,000 for any fiscal year.”.

1 **SEC. 3012. COORDINATION OF FOREIGN ASSISTANCE PRO-**
2 **GRAMS REPORT.**

3 Section 413 of the Food for Peace Act (7 U.S.C.
4 1736(g)) is amended—

5 (1) by striking “(a) IN GENERAL.—To the
6 maximum” and inserting “To the maximum”; and

7 (2) by striking subsection (b).

8 **SEC. 3013. MICRONUTRIENT FORTIFICATION PROGRAMS.**

9 (a) **ELIMINATION OF OBSOLETE REFERENCE TO**
10 **STUDY.**—Section 415(a)(2)(B) of the Food for Peace Act
11 (7 U.S.C. 1736g–2(a)(2)(B)) is amended by striking “,
12 using recommendations” and all that follows through
13 “quality enhancements”.

14 (b) **EXTENSION.**—Section 415(c) of the Food for
15 Peace Act (7 U.S.C. 1736g–2(c)) is amended by striking
16 “2012” and inserting “2017”.

17 **SEC. 3014. JOHN OGWONSKI AND DOUG BEREUTER FARM-**
18 **ER-TO-FARMER PROGRAM.**

19 Section 501 of the Food for Peace Act (7 U.S.C.
20 1737) is amended—

21 (1) in subsection (d)—

22 (A) by striking “0.5 percent” and inserting
23 “0.6 percent”; and

24 (B) by striking “2012” and inserting
25 “2017”; and

1 (2) in subsection (e)(1), by striking “2012” and
2 inserting “2017”.

3 **Subtitle B—Agricultural Trade Act**
4 **of 1978**

5 **SEC. 3101. FUNDING FOR EXPORT CREDIT GUARANTEE**
6 **PROGRAM.**

7 Section 211(b) of the Agricultural Trade Act of 1978
8 (7 U.S.C. 5641(b)) is amended by striking “2012” and
9 inserting “2017”.

10 **SEC. 3102. FUNDING FOR MARKET ACCESS PROGRAM.**

11 Section 211(c)(1)(A) of the Agricultural Trade Act
12 of 1978 (7 U.S.C. 5641(c)(1)(A)) is amended by striking
13 “2012” and inserting “2017”.

14 **SEC. 3103. FOREIGN MARKET DEVELOPMENT COOPERATOR**
15 **PROGRAM.**

16 Section 703(a) of the Agricultural Trade Act of 1978
17 (7 U.S.C. 5723(a)) is amended by striking “2012” and
18 inserting “2017”.

19 **Subtitle C—Other Agricultural**
20 **Trade Laws**

21 **SEC. 3201. FOOD FOR PROGRESS ACT OF 1985.**

22 (a) EXTENSION.—The Food for Progress Act of 1985
23 (7 U.S.C. 1736o) is amended—

24 (1) in subsection (f)(3), by striking “2012” and
25 inserting “2017”;

1 (2) in subsection (g), by striking “2012” and
2 inserting “2017”;

3 (3) in subsection (k), by striking “2012” and
4 inserting “2017”; and

5 (4) in subsection (l)(1), by striking “2012” and
6 inserting “2017”.

7 (b) REPEAL OF COMPLETED PROJECT.—Subsection
8 (f) of the Food for Progress Act of 1985 (7 U.S.C. 1736o)
9 is amended by striking paragraph (6).

10 (c) FLEXIBILITY.—The Food for Progress Act of 198
11 (7 U.S.C. 1736o) is amended in subsection (l) by adding
12 at the end the following:

13 “(5) FLEXIBILITY.—Notwithstanding any other
14 provision of law and as necessary to achieve the pur-
15 poses of this Act, funds available under this Act may
16 be used to pay the costs of up to 20 percent of ac-
17 tivities conducted in recipient countries by nonprofit
18 voluntary organizations, cooperatives, or intergovern-
19 mental agencies or organizations.”.

20 (d) LIMITATION ON TOTAL VOLUME OF COMMOD-
21 ITIES MONETIZED.—The Food for Progress Act of 1985
22 (7 U.S.C. 1736o) is amended by adding at the end the
23 following:

24 “(p) LIMITATION ON MONETIZATION OF COMMOD-
25 ITIES.—

1 “(1) LIMITATION.—

2 “(A) IN GENERAL.—Subject to paragraph
3 (2), no eligible commodity shall be made avail-
4 able under this section unless the rate of return
5 for the eligible commodity (as determined under
6 subparagraph (B)) is at least 70 percent.

7 “(B) RATE OF RETURN.—For purposes of
8 subparagraph (A), the rate of return shall be
9 equal to the proportion that—

10 “(i) the proceeds the implementing
11 partners generate through monetization;
12 bears to

13 “(ii) the cost to the Federal Govern-
14 ment to procure and ship the eligible com-
15 modities to a recipient country for mone-
16 tization.

17 “(2) WAIVER AUTHORITY.—The President may
18 waive the application of the limitation in paragraph
19 (1) with regard to an eligible commodity for a recipi-
20 ent country if the President determines that it is
21 necessary to achieve the purposes of this section in
22 the recipient country.

23 “(3) REPORT.—Not later than 90 days after a
24 waiver is granted under paragraph (2), the Presi-
25 dent shall prepare, publish in the Federal Register,

1 and submit to the Committees on International Re-
2 lations, Agriculture, and Appropriations of the
3 House of Representatives, and the Committees on
4 Appropriations and Agriculture, Nutrition, and For-
5 estry of the Senate a report containing the reasons
6 for granting the waiver and the actual rate of return
7 for the eligible commodity.”.

8 **SEC. 3202. BILL EMERSON HUMANITARIAN TRUST.**

9 Section 302 of the Bill Emerson Humanitarian Trust
10 Act (7 U.S.C. 1736f–1) is amended—

11 (1) in subsection (b)(2)(B)(i), by striking
12 “2012” both places it appears and inserting “2017”;
13 and

14 (2) in subsection (h), by striking “2012” both
15 places it appears and inserting “2017”.

16 **SEC. 3203. PROMOTION OF AGRICULTURAL EXPORTS TO**
17 **EMERGING MARKETS.**

18 (a) DIRECT CREDITS OR EXPORT CREDIT GUARAN-
19 TEES.—Section 1542(a) of the Food, Agriculture, Con-
20 servation, and Trade Act of 1990 (Public Law 101–624;
21 7 U.S.C. 5622 note) is amended by striking “2012” and
22 inserting “2017”.

23 (b) DEVELOPMENT OF AGRICULTURAL SYSTEMS.—
24 Section 1542(d)(1)(A)(i) of the Food, Agriculture, Con-
25 servation, and Trade Act of 1990 (Public Law 101–624;

1 7 U.S.C. 5622 note) is amended by striking “2012” and
2 inserting “2017”.

3 **SEC. 3204. MCGOVERN-DOLE INTERNATIONAL FOOD FOR**
4 **EDUCATION AND CHILD NUTRITION PRO-**
5 **GRAM.**

6 (a) REAUTHORIZATION.—Section 3107(l)(2) of the
7 Farm Security and Rural Investment Act of 2002 (7
8 U.S.C. 1736o–1(l)(2)) is amended by striking “2012” and
9 inserting “2017”.

10 (b) TECHNICAL CORRECTION.—Section 3107(d) of
11 the Farm Security and Rural Investment Act of 2002 (7
12 U.S.C. 1736o–1(d)) is amended by striking “to” in the
13 matter preceding paragraph (1).

14 **SEC. 3205. TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.**

15 (a) PURPOSE.—Section 3205(b) of the Farm Secu-
16 rity and Rural Investment Act of 2002 (7 U.S.C. 5680(b))
17 is amended by striking “related barriers to trade” and in-
18 serting “technical barriers to trade”.

19 (b) FUNDING.—Section 3205(e)(2) of the Farm Se-
20 curity and Rural Investment Act of 2002 (7 U.S.C.
21 5680(e)(2)) is amended—

22 (1) by inserting “and” at the end of subpara-
23 graph (C); and

24 (2) by striking subparagraphs (D) and (E) and
25 inserting the following new subparagraph:

1 “(D) \$9,000,000 for each of fiscal years
2 2011 through 2017.”.

3 **SEC. 3206. GLOBAL CROP DIVERSITY TRUST.**

4 Section 3202(c) of the Food, Conservation, and En-
5 ergy Act of 2008 (Public Law 110–246; 22 U.S.C. 2220a
6 note) is amended by striking “2012” and inserting
7 “2017”.

8 **SEC. 3207. LOCAL AND REGIONAL FOOD AID PROCURE-**
9 **MENT PROJECTS.**

10 Section 3206 of the Food, Conservation, and Energy
11 Act of 2008 (7 U.S.C. 1726c) is amended—

12 (1) in subsection (b)—

13 (A) by striking “(b) STUDY; FIELD-BASED
14 PROJECTS.—” and all that follows through “(2)
15 FIELD-BASED PROJECTS.—” and inserting the
16 following:

17 “(b) FIELD-BASED PROJECTS.—”;

18 (B) by redesignating subparagraphs (A)
19 and (B) as paragraphs (1) and (2), respectively,
20 and indenting appropriately;

21 (C) in paragraph (1) (as so redesignated),
22 by striking “subparagraph (B)” and inserting
23 “paragraph (2)”; and

- 1 (D) in paragraph (2) (as so redesignated),
2 by striking “subparagraph (A)” and inserting
3 “paragraph (1)”;
4 (2) in subsection (e)(1), by striking “subsection
5 (b)(2)” and inserting “subsection (b)”;
6 (3) by striking subsections (d), (f), and (g);
7 (4) by redesignating subsection (e) as sub-
8 section (d);
9 (5) in subsection (d) (as so redesignated)—
10 (A) in paragraph (2)—
11 (i) by striking subparagraph (B); and
12 (ii) in subparagraph (A)—
13 (I) by striking “(A) APPLICA-
14 TION.—” and all that follows through
15 “To be eligible” in clause (i) and in-
16 serting the following:
17 “(A) IN GENERAL.—To be eligible”;
18 (II) by redesignating clause (ii)
19 as subparagraph (B) and indenting
20 appropriately; and
21 (III) in subparagraph (B) (as so
22 redesignated), by striking “clause (i)”
23 and inserting “subparagraph (A)”;
24 and
25 (B) by striking paragraph (4); and

1 (6) by adding at the end the following:

2 “(e) FUNDING.—

3 “(1) AUTHORIZATION OF APPROPRIATIONS.—

4 There is authorized to be appropriated to carry out
5 this section \$40,000,000 for each of fiscal years
6 2013 through 2017.

7 “(2) PREFERENCE.—In carrying out this sec-
8 tion, the Secretary may give a preference to eligible
9 organizations that have, or are working toward,
10 projects under the McGovern-Dole International
11 Food for Education and Child Nutrition Program
12 established under section 3107 of the Farm Security
13 and Rural Investment Act of 2002 (7 U.S.C. 1736o-
14 1).

15 “(3) REPORTING.—Each year, the Secretary
16 shall submit to the appropriate committees of Con-
17 gress a report that describes the use of funds under
18 this section, including—

19 “(A) the impact of procurements and
20 projects on—

21 “(i) local and regional agricultural
22 producers; and

23 “(ii) markets and consumers, includ-
24 ing low-income consumers; and

1 (B) an intergovernmental organization,
2 such as the World Food Program.

3 (4) HORN OF AFRICA.—The term “Horn of Af-
4 rica” means the countries of—

5 (A) Ethiopia;

6 (B) Somalia;

7 (C) Kenya;

8 (D) Djibouti;

9 (E) Eritrea;

10 (F) South Sudan;

11 (G) Uganda; and

12 (H) such other countries as the Adminis-
13 trator determines to be appropriate after pro-
14 viding notification to the appropriate commit-
15 tees of Congress.

16 (5) RESILIENCE.—The term “resilience”
17 means—

18 (A) the capacity to mitigate the negative
19 impacts of crises (including natural disasters,
20 conflicts, and economic shocks) in order to re-
21 duce loss of life and depletion of productive as-
22 sets;

23 (B) the capacity to respond effectively to
24 crises, ensuring basic needs are met in a way

1 that is integrated with long-term development
2 efforts; and

3 (C) the capacity to recover and rebuild
4 after crises so that future shocks can be ab-
5 sorbed with less need for ongoing external as-
6 sistance.

7 (b) PURPOSE.—The purpose of this section is to es-
8 tablish a pilot program to effectively integrate all United
9 States-funded emergency and long-term development ac-
10 tivities that aim to improve food security in the Horn of
11 Africa, building resilience so as—

12 (1) to reduce the impacts of future crises;

13 (2) to enhance local capacity for emergency re-
14 sponse;

15 (3) to enhance sustainability of long-term devel-
16 opment programs targeting poor and vulnerable
17 households; and

18 (4) to reduce the need for repeated costly emer-
19 gency operations.

20 (c) STUDY.—

21 (1) IN GENERAL.—Not later than 30 days after
22 the date of enactment of this Act, the Administrator
23 shall initiate a study of prior programs to support
24 resilience in the Horn of Africa conducted by—

25 (A) other donor countries;

1 (B) private voluntary organizations;

2 (C) the World Food Program of the
3 United Nations; and

4 (D) multilateral institutions, including the
5 World Bank.

6 (2) REQUIREMENTS.—The study shall—

7 (A) include all programs implemented
8 through the Agency for International Develop-
9 ment, the Department of Agriculture, the De-
10 partment of Treasury, the Millennium Chal-
11 lenge Corporation, the Peace Corps, and other
12 relevant Federal agencies;

13 (B) evaluate how well the programs de-
14 scribed in subparagraph (A) work together to
15 complement each other and leverage impacts
16 across programs;

17 (C) include recommendations for how full
18 integration of efforts can be achieved; and

19 (D) evaluate the degree to which country-
20 led development plans support programs that
21 increase resilience, including review of the in-
22 vestments by each country in nutrition and
23 safety nets.

24 (3) REPORT.—Not later than 180 days after
25 the date of enactment of this Act, the Administrator

1 shall submit to the appropriate committees of Con-
2 gress a report containing the results of the study.

3 (d) FIELD-BASED PROJECT GRANTS OR COOPERA-
4 TIVE AGREEMENTS.—

5 (1) IN GENERAL.—The Administrator shall—

6 (A) provide grants to, or enter into cooper-
7 ative agreements with, eligible organizations to
8 carry out field-based projects that build resil-
9 ience in the Horn of Africa in accordance with
10 this section; and

11 (B) develop a project approval process to
12 ensure full integration of efforts.

13 (2) REQUIREMENTS OF ELIGIBLE ORGANIZA-
14 TIONS.—

15 (A) APPLICATION.—To be eligible to re-
16 ceive a grant from, or enter into a cooperative
17 agreement with, the Administrator under this
18 subsection, an eligible organization shall submit
19 to the Administrator an application by such
20 date, in such manner, and containing such in-
21 formation as the Administrator may require.

22 (B) COMPLETION REQUIREMENT.—To be
23 eligible to receive a grant from, or enter into a
24 cooperative agreement with, the Administrator

1 under this subsection, an eligible organization
2 shall agree—

3 (i) to collect, not later than September
4 30, 2016, data containing the information
5 required under subsection (f)(2) relating to
6 the field-based project funded through the
7 grant or cooperative agreement; and

8 (ii) to provide to the Administrator
9 the data collected under clause (i).

10 (3) REQUIREMENTS OF ADMINISTRATOR.—

11 (A) PROJECT DIVERSITY.—

12 (i) IN GENERAL.—Subject to clause
13 (ii) and subparagraph (B), in selecting
14 proposals for field-based projects to fund
15 under this section, the Administrator shall
16 select a diversity of projects, including
17 projects located in—

18 (I) areas most prone to repeated
19 crises;

20 (II) areas with effective existing
21 resilience programs that can be
22 scaled; and

23 (III) areas in all countries of the
24 Horn of Africa.

1 (ii) PRIORITY.—In selecting proposals
2 for field-based projects under clause (i),
3 the Administrator shall ensure that the se-
4 lected proposals are for field-based projects
5 that—

6 (I) effectively integrate emer-
7 gency and long-term development pro-
8 grams to improve sustainability;

9 (II) demonstrate the potential to
10 reduce the need for future emergency
11 assistance; and

12 (III) build targeted productive
13 safety nets, in coordination with host
14 country governments, through food
15 for work, cash for work, and other
16 proven program methodologies.

17 (B) AVAILABILITY.—The Administrator
18 shall not award a grant or cooperative agree-
19 ment or approve a field-based project under this
20 subsection until the date on which the Adminis-
21 trator promulgates regulations or issues guide-
22 lines under subsection (e).

23 (e) REGULATIONS; GUIDELINES.—

24 (1) IN GENERAL.—Not later than 180 days
25 after the date of completion of the study under sub-

1 section (c), the Administrator shall promulgate regu-
2 lations or issue guidelines to carry out field-based
3 projects under this section.

4 (2) REQUIREMENTS.—In promulgating regula-
5 tions or issuing guidelines under paragraph (1), the
6 Administrator shall—

7 (A) take into consideration the results of
8 the study described in subsection (c); and

9 (B) provide an opportunity for public re-
10 view and comment.

11 (f) REPORT.—

12 (1) IN GENERAL.—Not later than November 1,
13 2016, the Administrator shall submit to the appro-
14 priate committees of Congress a report that—

15 (A) addresses each factor described in
16 paragraph (2); and

17 (B) is conducted in accordance with this
18 section.

19 (2) REQUIRED FACTORS.—The report shall in-
20 clude baseline and end-of-project data that meas-
21 ures—

22 (A) the prevalence of moderate and severe
23 hunger so as to provide an accurate accounting
24 of project impact on household access to and

1 consumption of food during every month of the
2 year prior to data collection;

3 (B) household ownership of and access to
4 productive assets, including at a minimum land,
5 livestock, homes, equipment, and other mate-
6 rials assets needed for income generation;

7 (C) household incomes, including informal
8 sources of employment; and

9 (D) the productive assets of women using
10 the Women's Empowerment in Agriculture
11 Index.

12 (3) PUBLIC ACCESS TO RECORDS AND RE-
13 PORTS.—Not later than 180 days after the date on
14 which the report is submitted under paragraph (1),
15 the Administrator shall provide public access to the
16 report.

17 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
18 authorized to be appropriated to carry out this section
19 \$10,000,000 for each of fiscal years 2013 through 2017.

1 **TITLE IV—NUTRITION**
2 **Subtitle A—Supplemental**
3 **Nutrition Assistance Program**

4 **SEC. 4001. FOOD DISTRIBUTION PROGRAM ON INDIAN RES-**
5 **ERVATIONS.**

6 Section 4(b)(6)(F) of the Food and Nutrition Act of
7 2008 (7 U.S.C. 2013(b)(6)(F)) is amended by striking
8 “2012” and inserting “2017”.

9 **SEC. 4002. STANDARD UTILITY ALLOWANCES BASED ON**
10 **THE RECEIPT OF ENERGY ASSISTANCE PAY-**
11 **MENTS.**

12 (a) STANDARD UTILITY ALLOWANCES IN THE SUP-
13 PLEMENTAL NUTRITION ASSISTANCE PROGRAM.—Section
14 5(e)(6)(C) of the Food and Nutrition Act of 2008 (7
15 U.S.C. 2014(e)(6)(C)) is amended—

16 (1) in clause (i), by inserting “, subject to
17 clause (iv)” after “Secretary”; and

18 (2) in clause (iv)(I), by striking “the household
19 still incurs” and all that follows through the end of
20 the subclause and inserting “the payment received
21 by, or made on behalf of, the household exceeds \$10
22 or a higher amount annually, as determined by the
23 Secretary.”.

24 (b) CONFORMING AMENDMENT.—Section
25 2605(f)(2)(A) of the Low-Income Home Energy Assist-

1 ance Act of 1981 (42 U.S.C. 8624(f)(2)(A)) is amended
2 by inserting before the semicolon at the end “, except that,
3 for purposes of the supplemental nutrition assistance pro-
4 gram established under the Food and Nutrition Act of
5 2008 (7 U.S.C. 2011 et seq.), such payments or allow-
6 ances exceed \$10 or a higher amount annually, as deter-
7 mined by the Secretary of Agriculture in accordance with
8 section 5(e)(6)(C)(iv)(I) of that Act (7 U.S.C.
9 2014(e)(6)(C)(iv)(I))”.

10 (c) EFFECTIVE AND IMPLEMENTATION DATE.—

11 (1) IN GENERAL.—Except as provided in para-
12 graph (2), this section and the amendments made by
13 this section shall take effect beginning on October 1,
14 2013, for all certification periods beginning after
15 that date.

16 (2) STATE OPTION TO DELAY IMPLEMENTATION
17 FOR CURRENT RECIPIENTS.—A State may, at the
18 option of the State, implement a policy that elimi-
19 nates or minimizes the effect of the amendments
20 made by this section for households that receive a
21 standard utility allowance as of the date of enact-
22 ment of this Act for not more than a 180-day period
23 beginning on the date on which the amendments
24 made by this section would otherwise affect the ben-
25 efits received by a household.

1 **SEC. 4003. ELIGIBILITY DISQUALIFICATIONS.**

2 Section 6(e)(3)(B) of Food and Nutrition Act of
3 2008 (7 U.S.C. 2015(e)(3)(B)) is amended by striking
4 “section” and inserting the following: “section, subject to
5 the condition that the course or program of study—

6 “(i) is part of a program of career
7 and technical education (as defined in sec-
8 tion 3 of the Carl D. Perkins Career and
9 Technical Education Act of 2006 (20
10 U.S.C. 2302)) that may be completed in
11 not more than 4 years at an institution of
12 higher education (as defined in section 102
13 of the Higher Education Act of 1965 (20
14 U.S.C. 1002)); or

15 “(ii) is limited to remedial courses,
16 basic adult education, literacy, or English
17 as a second language;”.

18 **SEC. 4004. ENDING SUPPLEMENTAL NUTRITION ASSIST-**
19 **ANCE PROGRAM BENEFITS FOR LOTTERY OR**
20 **GAMBLING WINNERS.**

21 (a) IN GENERAL.—Section 6 of the Food and Nutri-
22 tion Act of 2008 (7 U.S.C. 2015) is amended by adding
23 at the end the following:

24 “(r) INELIGIBILITY FOR BENEFITS DUE TO RECEIPT
25 OF SUBSTANTIAL LOTTERY OR GAMBLING WINNINGS.—

1 “(1) IN GENERAL.—Any household in which a
2 member receives substantial lottery or substantial
3 gambling winnings, as determined by the Secretary,
4 shall lose eligibility for benefits immediately upon re-
5 ceipt of the winnings.

6 “(2) DURATION OF INELIGIBILITY.—A house-
7 hold described in paragraph (1) shall remain ineli-
8 gible for participation until the household meets the
9 allowable financial resources and income eligibility
10 requirements under subsections (c), (d), (e), (f), (g),
11 (i), (k), (l), (m), and (n) of section 5.

12 “(3) LOTTERIES.—Each State agency, to the
13 maximum extent practicable, shall establish agree-
14 ments with any State lottery agencies or organiza-
15 tions sponsoring multistate lotteries to determine
16 whether individuals participating in the supple-
17 mental nutrition assistance program have received
18 substantial lottery winnings, as determined by the
19 Secretary.”.

20 (b) CONFORMING AMENDMENTS.—Section 5(a) of
21 the Food and Nutrition Act of 2008 (7 U.S.C. 2014(a))
22 is amended in the second sentence by striking “sections
23 6(b), 6(d)(2), and 6(g)” and inserting “subsections (b),
24 (d)(2), (g), and (r) of section 6”.

1 **SEC. 4005. RETAILERS.**

2 (a) DEFINITION OF RETAIL FOOD STORE.—Sub-
3 section (o)(1)(A) of section 3 of the Food and Nutrition
4 Act of 2008 (7 U.S.C. 2012) (as redesignated by section
5 4015(a)(4)) is amended by striking “at least 2” and in-
6 serting “at least 3”.

7 (b) ALTERNATIVE BENEFIT DELIVERY.—Section
8 7(f) of the Food and Nutrition Act of 2008 (7 U.S.C.
9 2016(f)) is amended—

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

12 “(2) IMPOSITION OF COSTS.—

13 “(A) IN GENERAL.—Except as provided in
14 subparagraph (B), the Secretary shall require
15 participating retailers (including restaurants
16 participating in a State option restaurant pro-
17 gram intended to serve the elderly, disabled,
18 and homeless) to pay 100 percent of the costs
19 of acquiring, and arrange for the implementa-
20 tion of, electronic benefit transfer point-of-sale
21 equipment and supplies, including related serv-
22 ices.

23 “(B) EXEMPTIONS.—The Secretary may
24 exempt from subparagraph (A)—

25 “(i) farmers’ markets, military com-
26 missaries, nonprofit food buying coopera-

1 tives, and establishments, organizations,
2 programs, or group living arrangements
3 described in paragraphs (5), (7), and (8)
4 of section 3(k); and

5 “(ii) establishments described in para-
6 graphs (3), (4), and (9) of section 3(k),
7 other than restaurants participating in a
8 State option restaurant program.”; and

9 (2) by adding at the end the following:

10 “(4) TERMINATION OF MANUAL VOUCHERS.—

11 “(A) IN GENERAL.—Effective beginning on
12 the date of enactment of this paragraph, except
13 as provided in subparagraph (B), no State shall
14 issue manual vouchers to a household that re-
15 ceives supplemental nutrition assistance under
16 this Act or allow retailers to accept manual
17 vouchers as payment, unless the Secretary de-
18 termines that the manual vouchers are nec-
19 essary, such as in the event of an electronic
20 benefit transfer system failure or a disaster sit-
21 uation.

22 “(B) EXEMPTIONS.—The Secretary may
23 exempt categories of retailers or individual re-
24 tailers from subparagraph (A) based on factors
25 determined by the Secretary.

1 “(5) UNIQUE IDENTIFICATION NUMBER RE-
2 QUIRED.—The Secretary shall require all parties
3 providing electronic benefit transfer services to pro-
4 vide for and maintain unique terminal identification
5 number information through the supplemental nutri-
6 tion assistance program electronic benefit transfer
7 transaction routing system.”.

8 (c) ELECTRONIC BENEFIT TRANSFERS.—Section
9 7(h)(3)(B) of the Food and Nutrition Act of 2008 (7
10 U.S.C. 2016(h)(3)(B)) is amended by striking “is oper-
11 ational—” and all that follows through “(ii) in the case
12 of other participating stores,” and inserting “is oper-
13 ational”.

14 (d) APPROVAL OF RETAIL FOOD STORES AND
15 WHOLESALE FOOD CONCERNS.—Section 9 of the Food
16 and Nutrition Act of 2008 (7 U.S.C. 2018) is amended—

17 (1) in subsection (a)—

18 (A) in the second sentence of paragraph
19 (a)(1), by striking “; and (C)” and inserting “;
20 (C) whether the applicant is located in an area
21 with significantly limited access to food; and
22 (D)”;

23 (2) by adding at the end the following:

24 “(4) RETAIL FOOD STORES WITH SIGNIFICANT
25 SALES OF EXCEPTED ITEMS.—

1 “(A) IN GENERAL.—No retail food store
2 for which at least 45 percent of the total sales
3 of the retail food store is from the sale of ex-
4 cepted items described in section 3(k)(1) may
5 be authorized to accept and redeem benefits un-
6 less the Secretary determines that the partici-
7 pation of the retail food store is required for
8 the effective and efficient operation of the sup-
9 plemental nutrition assistance program.

10 “(B) APPLICATION.—Subparagraph (A)
11 shall be effective—

12 “(i) in the case of retail food stores
13 applying to be authorized for the first
14 time, beginning on the date that is 1 year
15 after the date of enactment of this para-
16 graph; and

17 “(ii) in the case of retail food stores
18 participating in the program on the date of
19 enactment of this paragraph, during peri-
20 odic reauthorization in accordance with
21 paragraph (2)(A).”; and

22 (3) by adding at the end the following:

23 “(g) EBT SERVICE REQUIREMENT.—An approved
24 retail food store shall provide adequate EBT service as
25 described in section 7(h)(3)(B).”.

1 **SEC. 4006. IMPROVING SECURITY OF FOOD ASSISTANCE.**

2 Section 7(h)(8) of the Food and Nutrition Act of
3 2008 (7 U.S.C. 2016(h)(8)) is amended—

4 (1) by striking the paragraph heading and in-
5 serting “REPLACEMENT OF CARDS.—”;

6 (2) by striking “A State” and inserting the fol-
7 lowing:

8 “(A) FEES.—A State”; and

9 (3) by adding after subparagraph (A) (as so
10 designated by paragraph (2)) the following:

11 “(B) PURPOSEFUL LOSS OF CARDS.—

12 “(i) IN GENERAL.—Subject to terms
13 and conditions established by the Secretary
14 in accordance with clause (ii), if a house-
15 hold makes excessive requests for replace-
16 ment of the electronic benefit transfer card
17 of the household, the Secretary may re-
18 quire a State agency to decline to issue a
19 replacement card to the household unless
20 the household responds to the request of
21 the State agency to provide an explanation
22 for the loss of the card.

23 “(ii) REQUIREMENTS.—The terms
24 and conditions established by the Secretary
25 shall provide that—

1 “(I) the household be given the
2 opportunity to provide the requested
3 explanation and meet the require-
4 ments under this paragraph promptly;

5 “(II) after an excessive number
6 of lost cards, the head of the house-
7 hold shall be required to review pro-
8 gram rights and responsibilities with
9 State agency personnel authorized to
10 make determinations under section
11 5(a); and

12 “(III) any action taken, including
13 actions required under section
14 6(b)(2), beyond the withholding of the
15 electronic benefit transfer card pend-
16 ing the response of the household to
17 the State agency to provide an expla-
18 nation shall be consistent with the due
19 process protections under section 6(b)
20 or 11(e)(10), as appropriate.

21 “(C) PROTECTING VULNERABLE PER-
22 SONS.—In implementing this paragraph, a
23 State agency shall act to protect homeless per-
24 sons, persons with disabilities, victims of
25 crimes, and other vulnerable persons who lose

1 electronic benefit transfer cards but are not in-
2 tentionally committing fraud.

3 “(D) EFFECT ON ELIGIBILITY.—While a
4 State may decline to issue an electronic benefits
5 transfer card until a household satisfies the re-
6 quirements under this paragraph, nothing in
7 this paragraph shall be considered a denial of,
8 or limitation on, the eligibility for benefits
9 under section 5.”.

10 **SEC. 4007. TECHNOLOGY MODERNIZATION FOR RETAILERS.**

11 (a) MOBILE TECHNOLOGIES.—Section 7(h) of the
12 Food and Nutrition Act of 2008 (7 U.S.C. 2016(h)) (as
13 amended by section 4015(e)) is amended by adding at the
14 end the following:

15 “(14) MOBILE TECHNOLOGIES.—

16 “(A) IN GENERAL.—Subject to subpara-
17 graph (B), the Secretary shall approve author-
18 ized retailers to redeem benefits through elec-
19 tronic means other than wired point of sale de-
20 vices for electronic benefit transfer transactions,
21 if the retailers—

22 “(i) establish recipient protections re-
23 garding privacy, ease of use, access, and
24 support similar to the protections provided
25 for transactions made in retail food stores;

1 “(ii) bear the costs of obtaining, in-
2 stalling, and maintaining mobile tech-
3 nologies, including mechanisms needed to
4 process EBT cards and transaction fees;

5 “(iii) demonstrate the foods purchased
6 with benefits issued under this section
7 through mobile technologies are purchased
8 at a price not higher than the price of the
9 same food purchased by other methods
10 used by the authorized retailer, as deter-
11 mined by the Secretary;

12 “(iv) provide adequate documentation
13 for each authorized transaction, as deter-
14 mined by the Secretary; and

15 “(v) meet other criteria as established
16 by the Secretary.

17 “(B) DEMONSTRATION PROJECT ON AC-
18 CEPTANCE OF BENEFITS OF MOBILE TRANS-
19 ACTIONS.—

20 “(i) IN GENERAL.—Before authorizing
21 implementation of subparagraph (A) in all
22 States, the Secretary shall pilot the use of
23 mobile technologies determined by the Sec-
24 retary to be appropriate to test the feasi-
25 bility and implications for program integ-

1 rity, by allowing authorized retailers to ac-
2 cept benefits through mobile transactions.

3 “(ii) DEMONSTRATION PROJECTS.—

4 To be eligible to participate in a dem-
5 onstration project under clause (i), an au-
6 thorized retailer shall submit to the Sec-
7 retary for approval a plan that includes—

8 “(I) a description of the tech-
9 nology;

10 “(II) the manner by which the
11 retailer will provide proof of the trans-
12 action to households;

13 “(III) the provision of data to
14 the Secretary, consistent with require-
15 ments established by the Secretary, in
16 a manner that allows the Secretary to
17 evaluate the impact of the demonstra-
18 tion on participant access, ease of use,
19 and program integrity; and

20 “(IV) such other criteria as the
21 Secretary may require.

22 “(iii) DATE OF COMPLETION.—The
23 demonstration projects under this subpara-
24 graph shall be completed and final reports

1 submitted to the Secretary by not later
2 than July 1, 2015.

3 “(C) REPORT TO CONGRESS.—The Sec-
4 retary shall—

5 “(i) by not later than January 1,
6 2016, authorize implementation of sub-
7 paragraph (A) in all States, unless the
8 Secretary makes a finding, based on the
9 analysis and reports required under sub-
10 paragraph (C), that implementation in all
11 States is not in the best interest of the
12 supplemental nutrition assistance program;
13 and

14 “(ii) if the determination made in
15 clause (i) is not to implement subpara-
16 graph (A) in all States, submit a report to
17 the Committee on Agriculture of the House
18 of Representatives and the Committee on
19 Agriculture, Nutrition, and Forestry of the
20 Senate that includes the basis of the find-
21 ing.”.

22 (b) ACCEPTANCE OF BENEFITS THROUGH ON-LINE
23 TRANSACTIONS.—

1 (1) IN GENERAL.—Section 7 of the Food and
2 Nutrition Act of 2008 (7 U.S.C. 2016) is amended
3 by adding at the end the following:

4 “(k) OPTION TO ACCEPT PROGRAM BENEFITS
5 THROUGH ON-LINE TRANSACTIONS.—

6 “(1) IN GENERAL.—Subject to paragraph (4),
7 the Secretary shall approve firms authorized to re-
8 deem benefits under this Act to redeem benefits
9 through on-line transactions.

10 “(2) ELIGIBLE FIRMS.—A firm that seeks au-
11 thorization to redeem benefits through on-line trans-
12 actions shall—

13 “(A) establish recipient protections regard-
14 ing privacy, ease of use, access, and support
15 similar to the protections provided for trans-
16 actions made in retail food stores;

17 “(B) ensure benefits are not used to pay
18 delivery, ordering, convenience, or other fees or
19 charges;

20 “(C) clearly notify participating households
21 at the time a food order is placed—

22 “(i) of any delivery, ordering, conven-
23 ience, or other fee or charge associated
24 with the food purchase; and

1 “(ii) that any such fee cannot be paid
2 with benefits provided under this Act;

3 “(D) ensure the security of on-line trans-
4 actions by using the most effective technology
5 available that the Secretary considers appro-
6 priate and cost-effective and that is comparable
7 to the security of transactions at retail food
8 stores; and

9 “(E) meet other criteria, including security
10 criteria, as established by the Secretary.

11 “(3) STATE AGENCY ACTION.—Each State
12 agency shall ensure that the EBT systems of the
13 State provide access to on-line purchasing described
14 in this subsection as appropriate and continue to
15 meet other requirements of this Act.

16 “(4) DEMONSTRATION PROJECT ON ACCEPT-
17 ANCE OF BENEFITS THROUGH ON-LINE TRANS-
18 ACTIONS.—

19 “(A) IN GENERAL.—Before the Secretary
20 authorizes implementation of paragraph (1) in
21 all States, the Secretary shall carry out a num-
22 ber of demonstration projects as determined by
23 the Secretary to test the feasibility of allowing
24 authorized retailers to accept benefits through
25 on-line transactions.

1 “(B) DEMONSTRATION PROJECTS.—To be
2 eligible to participate in a demonstration project
3 under subparagraph (A), an authorized retailer
4 shall submit to the Secretary for approval a
5 plan that includes—

6 “(i) a method of differentiating items
7 of foods purchased with benefits issued
8 under this Act from items of food that are
9 not permissible to be purchased with bene-
10 fits issued under this Act;

11 “(ii) a description of the method of
12 educating participant households about the
13 availability and operation of on-line pur-
14 chasing;

15 “(iii) adequate testing of the on-line
16 purchasing option prior to implementation;

17 “(iv) the provision of data as re-
18 quested by the Secretary for purposes of
19 analyzing the impact of the project on par-
20 ticipant access, ease of use, and program
21 integrity;

22 “(v) reports on progress, challenges,
23 and results, as determined by the Sec-
24 retary; and

1 “(vi) such other criteria, including se-
2 curity criteria, as established by the Sec-
3 retary.

4 “(C) DATE OF COMPLETION.—The dem-
5 onstration projects under this paragraph shall
6 be completed and final reports submitted to the
7 Secretary by not later than July 1, 2015.

8 “(5) REPORT TO CONGRESS.—The Secretary
9 shall—

10 “(A) by not later than January 1, 2016,
11 authorize implementation of paragraph (1) in
12 all States, unless the Secretary makes a find-
13 ing, based on the data and reports provided
14 under paragraph (4), that implementation in all
15 States is not in the best interest of the supple-
16 mental nutrition assistance program; and

17 “(B) if the determination made in sub-
18 paragraph (A) is not to implement in all States,
19 submit a report to the Committee on Agri-
20 culture of the House of Representatives and the
21 Committee on Agriculture, Nutrition, and For-
22 estry of the Senate that includes the basis of
23 the finding.”.

24 (2) CONFORMING AMENDMENTS.—

1 (A) Section 7(b) of the Food and Nutrition
2 Act of 2008 (7 U.S.C. 2016(b)) is amended by
3 striking “purchase food in retail food stores”
4 and inserting “purchase food from retail food
5 stores”.

6 (B) Section 10 of the Food and Nutrition
7 Act of 2008 (7 U.S.C. 2019) is amended in the
8 first sentence by inserting “retail food stores
9 authorized to redeem benefits through on-line
10 transactions shall be authorized to accept bene-
11 fits prior to the delivery of food if the delivery
12 occurs within a reasonable time of the pur-
13 chase, as determined by the Secretary,” after
14 “food so purchased.”.

15 **SEC. 4008. RESTAURANT MEALS PROGRAM.**

16 (a) IN GENERAL.—Section 11(e) of the Food and
17 Nutrition Act of 2008 (7 U.S.C. 2020(e)) is amended—

18 (1) in paragraph (22), by striking “and” at the
19 end;

20 (2) in paragraph (23), by striking the period at
21 the end of subparagraph (C) and inserting “; and”;
22 and

23 (3) by adding at the end the following:

24 “(24) if the State elects to carry out a program
25 to contract with private establishments to offer

1 meals at concessional prices, as described in para-
2 graphs 3, 4, and 9 of section 3(k)—

3 “(A) the plans of the State agency for op-
4 erating the program, including—

5 “(i) documentation of a need that eli-
6 gible homeless, elderly, and disabled clients
7 are underserved in a particular geographic
8 area;

9 “(ii) the manner by which the State
10 agency will limit participation to only those
11 private establishments that the State de-
12 termines necessary to meet the need identi-
13 fied in clause (i); and

14 “(iii) any other conditions the Sec-
15 retary may prescribe, such as the level of
16 security necessary to ensure that only eligi-
17 ble recipients participate in the program;
18 and

19 “(B) a report by the State agency to the
20 Secretary annually, the schedule of which shall
21 be established by the Secretary, that includes—

22 “(i) the number of households and in-
23 dividual recipients authorized to partici-
24 pate in the program, including any infor-

1 mation on whether the individual recipient
2 is elderly, disabled, or homeless; and
3 “(ii) an assessment of whether the
4 program is meeting an established need, as
5 documented under subparagraph (A)(i).”.

6 (b) APPROVAL OF RETAIL FOOD STORES AND
7 WHOLESALE FOOD CONCERNS.—Section 9 of the Food
8 and Nutrition Act of 2008 (7 U.S.C. 2018) (as amended
9 by section 4005(d)(3)) is amended by adding at the end
10 the following:

11 “(h) PRIVATE ESTABLISHMENTS.—

12 “(1) IN GENERAL.—Subject to paragraph (2),
13 no private establishment that contracts with a State
14 agency to offer meals at concessional prices as de-
15 scribed in paragraphs 3, 4, and 9 of section 3(k)
16 may be authorized to accept and redeem benefits un-
17 less the Secretary determines that the participation
18 of the private establishment is required to meet a
19 documented need in accordance with section
20 11(e)(24).

21 “(2) EXISTING CONTRACTS.—

22 “(A) IN GENERAL.—If, on the day before
23 the date of enactment of this subsection, a
24 State has entered into a contract with a private
25 establishment described in paragraph (1) and

1 the Secretary has not determined that the par-
2 ticipation of the private establishment is nec-
3 essary to meet a documented need in accord-
4 ance with section 11(e)(24), the Secretary shall
5 allow the operation of the private establishment
6 to continue without that determination of need
7 for a period not to exceed 180 days from the
8 date on which the Secretary establishes deter-
9 mination criteria, by regulation, under section
10 11(e)(24).

11 “(B) JUSTIFICATION.—If the Secretary
12 makes a determination to terminate a contract
13 with a private establishment that is in effect on
14 the date of enactment of this subsection, the
15 Secretary shall provide justification to the State
16 in which the private establishment is located for
17 that termination.

18 “(3) REPORT TO CONGRESS.—Not later than
19 90 days after September 30, 2013, and 90 days
20 after the last day of each fiscal year thereafter, the
21 Secretary shall report to the Committee on Agri-
22 culture of the House of Representatives and the
23 Committee on Agriculture, Nutrition, and Forestry
24 of the Senate on the effectiveness of a program
25 under this subsection using any information received

1 from States under section 11(e)(24) as well as any
2 other information the Secretary may have relating to
3 the manner in which benefits are used.”.

4 (c) CONFORMING AMENDMENTS.—Section 3(k) of
5 the Food and Nutrition Act of 2008 (7 U.S.C. 2012(k))
6 is amended by inserting “subject to section 9(h)” after
7 “concessional prices” each place it appears.

8 **SEC. 4009. FUNDING OF EMPLOYMENT AND TRAINING PRO-**
9 **GRAMS.**

10 Section 16(h)(1)(A) of the Food and Nutrition Act
11 of 2008 (7 U.S.C. 2025(h)(1)(A)) is amended by striking
12 [“\$90,000,000” and inserting “\$79,000,000”.]

13 **SEC. 4010. AUTHORIZATION OF APPROPRIATIONS.**

14 Section 18(a)(1) of the Food and Nutrition Act of
15 2008 (7 U.S.C. 2027(a)(1)) is amended in the first sen-
16 tence by striking “2012” and inserting “2017”.

17 **SEC. 4011. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.**

18 Section 25(b) of the Food and Nutrition Act of 2008
19 (7 U.S.C. 2034) is amended by adding at the end the fol-
20 lowing:

21 “(3) FUNDING.—

22 “(A) IN GENERAL.—Out of any funds in
23 the Treasury not otherwise appropriated, the
24 Secretary of the Treasury shall transfer to the
25 Secretary to carry out this section not less than

1 \$5,000,000 for fiscal year 2013 and each fiscal
2 year thereafter through fiscal year 2017.

3 “(B) RECEIPT AND ACCEPTANCE.—The
4 Secretary shall be entitled to receive, shall ac-
5 cept, and shall use to carry out this section the
6 funds transferred under paragraph (1), without
7 further appropriation.

8 “(C) MAINTENANCE OF FUNDING.—The
9 funding provided under subparagraph (A) shall
10 supplement (and not supplant) other Federal
11 funding made available to the Secretary to
12 carry out this section.”.

13 **SEC. 4012. EMERGENCY FOOD ASSISTANCE.**

14 (a) PURCHASE OF COMMODITIES.—Section 27(a) of
15 the Food and Nutrition Act of 2008 (7 U.S.C. 2036(a))
16 is amended—

17 (1) in paragraph (1), by striking “2008
18 through 2012” and inserting “2012 through 2017”;
19 and

20 (2) in paragraph (2)—

21 (A) by striking subparagraphs (A) and (B)
22 and inserting the following:

23 “(A) for fiscal year 2012, \$260,000,000;
24 and

1 “(B) for fiscal year 2013, the dollar
2 amount of commodities specified in subpara-
3 graph (A) adjusted by the percentage by which
4 the thrifty food plan has been adjusted under
5 section 3(u)(4) between June 30, 2011 and
6 June 30, 2012, and subsequently increased by
7 **【\$10,000,000】**”; and

8 (B) in subparagraph (C)—

9 (i) by striking “2010 through 2012,
10 the dollar amount of commodities specified
11 in” and inserting “2014 through 2017, the
12 total amount of commodities under”; and

13 (ii) by striking “2008” and inserting
14 “2012”.

15 (b) EMERGENCY FOOD PROGRAM INFRASTRUCTURE
16 GRANTS.—Section 209(d) of the Emergency Food Assist-
17 ance Act of 1983 (7 U.S.C. 7511a(d)) is amended by
18 striking “2012” and inserting “2017”.

19 **SEC. 4013. NUTRITION EDUCATION.**

20 Section 28(b) of the Food and Nutrition Act of 2008
21 (7 U.S.C. 2036a(b)) is amended by inserting “and phys-
22 ical activity” after “healthy food choices”.

23 **SEC. 4014. RETAILER AND RECIPIENT TRAFFICKING.**

24 The Food and Nutrition Act of 2008 (7 U.S.C. 2011
25 et seq.) is amended by adding at the end the following:

1 **“SEC. 29. RETAILER AND RECIPIENT TRAFFICKING.**

2 “(a) PURPOSE.—The purpose of this section is to
3 provide the Department of Agriculture with additional re-
4 sources to prevent trafficking in violation of this Act by
5 strengthening recipient and retailer program integrity.

6 “(b) USE OF FUNDS.—Additional funds are provided
7 under this section to supplement the payment accuracy,
8 and retailer and recipient integrity activities of the De-
9 partment.

10 “(c) FUNDING.—

11 “(1) IN GENERAL.—Out of any funds in the
12 Treasury not otherwise appropriated, the Secretary
13 of the Treasury shall transfer to the Secretary to
14 carry out this section not less than **【\$5,000,000】**
15 for fiscal year 2013 and each fiscal year thereafter.

16 “(2) RECEIPT AND ACCEPTANCE.—The Sec-
17 retary shall be entitled to receive, shall accept, and
18 shall use to carry out this section the funds trans-
19 ferred under paragraph (1), without further appro-
20 priation.

21 “(3) MAINTENANCE OF FUNDING.—The fund-
22 ing provided under paragraph (1) shall supplement
23 (and not supplant) other Federal funding for pro-
24 grams carried out under this Act.”.

1 **SEC. 4015. TECHNICAL AND CONFORMING AMENDMENTS.**

2 (a) Section 3 of the Food and Nutrition Act of 2008
3 (7 U.S.C. 2012) is amended—

4 (1) in subsection (g), by striking “coupon,” and
5 inserting “coupon”;

6 (2) in subsection (k)(7), by striking “or are”
7 and inserting “and”;

8 (3) by striking subsection (l);

9 (4) by redesignating subsections (m) through
10 (t) as subsections (l) through (s), respectively; and

11 (5) by inserting after subsection (s) (as so re-
12 designated) the following:

13 “(t) ‘Supplemental nutrition assistance program’
14 means the program operated pursuant to this Act.”.

15 (b) Section 4(a) of the Food and Nutrition Act of
16 2008 (7 U.S.C. 2013(a)) is amended in the last sentence
17 by striking “benefits” and inserting “Benefits”.

18 (c) Section 5 of the Food and Nutrition Act of 2008
19 (7 U.S.C. 2014) is amended—

20 (1) in the last sentence of subsection (i)(2)(D),
21 by striking “section 13(b)(2)” and inserting “section
22 13(b)”;

23 (2) in subsection (k)(4)(A), by striking “para-
24 graph (2)(H)” and inserting “paragraph (2)(G)”.

25 (d) Section 6(d)(4) of the Food and Nutrition Act
26 of 2008 (7 U.S.C. 2015(d)(4)) is amended in subpara-

1 graphs (B)(vii) and (F)(iii) by indenting both clauses ap-
2 propriately.

3 (e) Section 7(h) of the Food and Nutrition Act of
4 2008 (7 U.S.C. 2016(h)) is amended by redesignating the
5 second paragraph (12) (relating to interchange fees) as
6 paragraph (13).

7 (f) Section 9(a) of the Food and Nutrition Act of
8 2008 (7 U.S.C. 2018(a)) is amended by indenting para-
9 graph (3) appropriately.

10 (g) Section 12 of the Food and Nutrition Act of 2008
11 (7 U.S.C. 2021) is amended—

12 (1) in subsection (b)(3)(C), by striking “civil
13 money penalties” and inserting “civil penalties”; and

14 (2) in subsection (g)(1), by striking “(7 U.S.C.
15 1786)” and inserting “(42 U.S.C. 1786)”.

16 (h) Section 15(b)(1) of the Food and Nutrition Act
17 of 2008 (7 U.S.C. 2024(b)(1)) is amended in the first sen-
18 tence by striking “an benefit” and inserting “a benefit”.

19 (i) Section 16(a) of the Food and Nutrition Act of
20 2008 (7 U.S.C. 2025(a)) is amended in the proviso fol-
21 lowing paragraph (8) by striking “as amended.”.

22 (j) Section 18(e) of the Food and Nutrition Act of
23 2008 (7 U.S.C. 2027(e)) is amended in the first sentence
24 by striking “sections 7(f)” and inserting “section 7(f)”.

1 (k) Section 22(b)(10)(B)(i) of the Food and Nutri-
2 tion Act of 2008 (7 U.S.C. 2031(b)(10)(B)(i)) is amended
3 in the last sentence by striking “Food benefits” and in-
4 serting “Benefits”.

5 (l) Section 26(f)(3)(C) of the Food and Nutrition Act
6 of 2008 (7 U.S.C. 2035(f)(3)(C)) is amended by striking
7 “subsection” and inserting “subsections”.

8 (m) Section 27(a)(1) of the Food and Nutrition Act
9 of 2008 (7 U.S.C. 2036(a)(1)) is amended by striking
10 “(Public Law 98–8; 7 U.S.C. 612c note)” and inserting
11 “(7 U.S.C. 7515)”.

12 (n) Section 509 of the Older Americans Act of 1965
13 (42 U.S.C. 3056g) is amended in the section heading by
14 striking “**FOOD STAMP PROGRAMS**” and inserting
15 “**SUPPLEMENTAL NUTRITION ASSISTANCE PRO-**
16 **GRAMS**”.

17 (o) Section 4115(c)(2)(H) of the Food, Conservation,
18 and Energy Act of 2008 (Public Law 110–246; 122 Stat.
19 1871) is amended by striking “531” and inserting “454”.

20 **Subtitle B—Commodity** 21 **Distribution Programs**

22 **SEC. 4101. COMMODITY DISTRIBUTION PROGRAM.**

23 Section 4(a) of the Agriculture and Consumer Protec-
24 tion Act of 1973 (7 U.S.C. 612c note; Public Law 93–

1 86) is amended in the first sentence by striking “2012”
2 and inserting “2017”.

3 **SEC. 4102. COMMODITY SUPPLEMENTAL FOOD PROGRAM.**

4 Section 5 of the Agriculture and Consumer Protec-
5 tion Act of 1973 (7 U.S.C. 612e note; Public Law 93-
6 86) is amended—

7 (1) in paragraphs (1) and (2)(B) of subsection
8 (a), by striking “2012” each place it appears and in-
9 serting “2017”;

10 (2) in the first sentence of subsection (d)(2), by
11 striking “2012” and inserting “2017”;

12 (3) by striking subsection (g) and inserting the
13 following:

14 “(g) ELIGIBILITY.—Except as provided in subsection
15 (m), the States shall only provide assistance under the
16 commodity supplemental food program to low-income per-
17 sons aged 60 and older.”; and

18 (4) by adding at the end the following:

19 “(m) PHASE-OUT.—Notwithstanding any other provi-
20 sion of law, an individual who receives assistance under
21 the commodity supplemental food program on the day be-
22 fore the date of enactment of this subsection shall con-
23 tinue to receive that assistance until the date on which
24 the individual is no longer eligible for assistance under the

1 eligibility requirements for the program in effect on the
2 day before the date of enactment of this subsection.”.

3 **SEC. 4103. DISTRIBUTION OF SURPLUS COMMODITIES TO**
4 **SPECIAL NUTRITION PROJECTS.**

5 Section 1114(a)(2)(A) of the Agriculture and Food
6 Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended in the
7 first sentence by striking “2012” and inserting “2017”.

8 **SEC. 4104. TECHNICAL AND CONFORMING AMENDMENTS.**

9 Section 3 of the Commodity Distribution Reform Act
10 and WIC Amendments of 1987 (7 U.S.C. 612e note; Pub-
11 lic Law 100–237) is amended—

12 (1) in subsection (a)—

13 (A) in paragraph (2), by striking subpara-
14 graph (B) and inserting the following:

15 “(B) the program established under sec-
16 tion 4(b) of the Food and Nutrition Act of
17 2008 (7 U.S.C. 2013(b));”; and

18 (B) in paragraph (3)(D), by striking “the
19 Committee on Education and Labor” and in-
20 sserting “the Committee on Education and the
21 Workforce”;

22 (2) in subsection (b)(1)(A)(ii), by striking “sec-
23 tion 32 of the Agricultural Adjustment Act (7
24 U.S.C. 601 et seq.)” and inserting “section 32 of
25 the Act of August 24, 1935 (7 U.S.C. 612c)”;

1 (3) in subsection (e)(1)(D)(iii), by striking sub-
2 clause (II) and inserting the following:

3 “(II) the program established
4 under section 4(b) of the Food and
5 Nutrition Act of 2008 (7 U.S.C.
6 2013(b));”; and

7 (4) in subsection (k), by striking “the Com-
8 mittee on Education and Labor” and inserting “the
9 Committee on Education and the Workforce”.

10 **Subtitle C—Miscellaneous**

11 **SEC. 4201. PURCHASE OF FRESH FRUITS AND VEGETABLES** 12 **FOR DISTRIBUTION TO SCHOOLS AND SERV-** 13 **ICE INSTITUTIONS.**

14 Section 10603(b) of the Farm Security and Rural In-
15 vestment Act of 2002 (7 U.S.C. 612c–4(b)) is amended
16 by striking “2012” and inserting “2017”.

17 **SEC. 4202. SENIORS FARMERS’ MARKET NUTRITION PRO-** 18 **GRAM.**

19 Section 4402(a) of the Farm Security and Rural In-
20 vestment Act of 2002 (7 U.S.C. 3007(a)) is amended by
21 striking “2012” and inserting “2017”.

1 **SEC. 4203. NUTRITION INFORMATION AND AWARENESS**
2 **PILOT PROGRAM.**

3 Section 4403 of the Farm Security and Rural Invest-
4 ment Act of 2002 (7 U.S.C. 3171 note; Public Law 107-
5 171) is repealed.

6 **SEC. 4204. WHOLE GRAIN PRODUCTS.**

7 Section 4305 of the Food, Conservation, and Energy
8 Act of 2008 (42 U.S.C. 1755a) is amended—

9 (1) in subsection (a), by striking “2005” and
10 inserting “2010”;

11 (2) in subsection (d), by striking “2011” and
12 inserting “2015”;

13 (3) in subsection (e), by striking “Labor of the
14 House of Representative” and inserting “the Work-
15 force of the House of Representatives”; and

16 (4) by adding at the end the following:
17 “(f) FUNDING.—

18 “(1) IN GENERAL.—On October 1, 2012, out of
19 any funds in the Treasury not otherwise appro-
20 priated, the Secretary of the Treasury shall transfer
21 to the Secretary to carry out this section
22 \$10,000,000 for the period of fiscal years **【2014**
23 **through 2015】**.

24 “(2) RECEIPT AND ACCEPTANCE.—The Sec-
25 retary shall be entitled to receive, shall accept, and
26 shall use to carry out this section the funds trans-

1 ferred under paragraph (1), without further appro-
2 piation.

3 “(3) MAINTENANCE OF FUNDING.—The fund-
4 ing provided under paragraph (1) shall supplement
5 (and not supplant) other Federal funding (including
6 funds made available under section 32 of the Act of
7 August 24, 1935 (7 U.S.C. 612c)) for programs car-
8 ried out under—

9 “(A) the Richard B. Russell National
10 School Lunch Act (42 U.S.C. 1751 et seq.), ex-
11 cept for section 19 of that Act (42 U.S.C.
12 1769a);

13 “(B) the Emergency Food Assistance Act
14 of 1983 (7 U.S.C. 7501 et seq.); and

15 “(C) section 27 of the Food and Nutrition
16 Act of 2008 (7 U.S.C. 2036).”.

17 **SEC. 4205. HUNGER-FREE COMMUNITIES.**

18 Section 4405 of the Food, Conservation, and Energy
19 Act of 2008 (7 U.S.C. 7517) is amended—

20 (1) in subsection (a)—

21 (A) by striking paragraph (1) and insert-
22 ing the following:

23 “(1) ELIGIBLE ENTITY.—

24 “(A) COLLABORATIVE GRANTS.—In sub-
25 section (b), the term ‘eligible entity’ means a

1 public food program service provider or non-
2 profit organization, including an emergency
3 feeding organization, that has collaborated or
4 will collaborate with 1 or more local partner or-
5 ganizations to achieve at least 1 hunger-free
6 communities goal.

7 “(B) INCENTIVE GRANTS.—In subsection
8 (c), the term ‘eligible entity’ means a nonprofit
9 organization (including an emergency feeding
10 organization), an agricultural cooperative, pro-
11 ducer network or association, other agricultural
12 producer business entity, community health or-
13 ganization, public benefit corporation, economic
14 development corporation, farmers’ market, com-
15 munity-supported agriculture program, buying
16 club, supplemental nutrition assistance program
17 authorized retailer, a State, local, or tribal
18 agency, and any other entity the Secretary des-
19 ignates.”;

20 (B) by adding at the end the following:

21 “(4) SUPPLEMENTAL NUTRITION ASSISTANCE
22 PROGRAM.—The term ‘supplemental nutrition assist-
23 ance program’ means the supplemental nutrition as-
24 sistance program established under the Food and
25 Nutrition Act of 2008 (7 U.S.C. 2011 et seq.).

1 “(I) in cash or in-kind contribu-
2 tions as determined by the Secretary,
3 including facilities, equipment, or
4 services; and

5 “(II) by a State or local govern-
6 ment or a private source.

7 “(ii) LIMITATION.—In the case of a
8 for-profit entity, the non-Federal share de-
9 scribed in subclause (I) shall not include
10 services of an employee, including salaries
11 paid or expenses covered by the employer.

12 “(2) CRITERIA.—

13 “(A) IN GENERAL.—For purposes of this
14 subsection, an eligible entity is a governmental
15 agency or nonprofit organization that—

16 “(i) meets the application criteria set
17 forth by the Secretary, and

18 “(ii) proposes a project that, at a
19 minimum—

20 “(I) has the support of the State
21 agency;

22 “(II) would increase the purchase
23 of fruits and vegetables by low-income
24 consumers participating in the supple-
25 mental nutrition assistance program

1 by providing incentives at the point of
2 purchase;

3 “(III) agrees to participate in the
4 evaluation described in paragraph (4);

5 “(IV) ensures that the same
6 terms and conditions apply to pur-
7 chases made by individuals with bene-
8 fits issued under this Act and incen-
9 tives provided for in this subsection as
10 apply to purchases made by individ-
11 uals who are not members of house-
12 holds receiving benefits, such as pro-
13 vided for in section 278.2(b) of title 7,
14 Code of Federal Regulations (or a
15 successor regulation); and

16 “(V) includes effective and effi-
17 cient technologies for benefit redemp-
18 tion systems that may be replicated in
19 other for States and communities.

20 “(B) PRIORITY.—In awarding grants
21 under this section, the Secretary shall give pri-
22 ority to projects that—

23 “(i) maximize the share of funds used
24 for direct incentives to participants;

1 “(ii) use direct-to-consumer sales mar-
2 keting;

3 “(iii) demonstrate a track record of
4 designing and implementing successful nu-
5 trition incentive programs that connect
6 low-income consumers and agricultural
7 producers;

8 “(iv) provide locally or regionally pro-
9 duced fruits and vegetables;

10 “(v) are located in underserved com-
11 munities; or

12 “(vi) address other criteria as estab-
13 lished by the Secretary.

14 “(3) APPLICABILITY.—

15 “(A) IN GENERAL.—The value of any ben-
16 efit provided to a participant in any activity
17 funded under this subsection shall not be con-
18 sidered income or resources for any purpose
19 under any Federal, State, or local law.

20 “(B) PROHIBITION ON COLLECTION OF
21 SALES TAXES.—Each State shall ensure that no
22 State or local tax is collected on a purchase of
23 food under this subsection.

24 “(C) NO LIMITATION ON BENEFITS.—A
25 grant made available under this subsection shall

1 not be used to carry out any project that limits
2 the use of benefits under the Food and Nutri-
3 tion Act of 2008 (7 U.S.C. 2011 et seq.) or any
4 other Federal nutrition law.

5 “(D) HOUSEHOLD ALLOTMENT.—Assist-
6 ance provided under this subsection to house-
7 holds receiving benefits under the supplemental
8 nutrition assistance program shall not—

9 “(i) be considered part of the supple-
10 mental nutrition assistance program bene-
11 fits of the household; or

12 “(ii) be used in the collection or dis-
13 position of claims under section 13 of the
14 Food and Nutrition Act of 2008 (7 U.S.C.
15 2022).

16 “(4) EVALUATION.—

17 “(A) INDEPENDENT EVALUATION.—The
18 Secretary shall provide for an independent eval-
19 uation of projects selected under this subsection
20 that measures the impact of each project on—

21 “(i) improving the nutrition and
22 health status of participating households
23 receiving incentives under this subsection;
24 and

1 **TITLE V—CREDIT**
2 **Subtitle A—Farmer Loans, Serv-**
3 **icing, and Other Assistance**
4 **Under the Consolidated Farm**
5 **and Rural Development Act**

6 **SEC. 5001. FARMER LOANS, SERVICING, AND OTHER ASSIST-**
7 **ANCE UNDER THE CONSOLIDATED FARM AND**
8 **RURAL DEVELOPMENT ACT.**

9 The Consolidated Farm and Rural Development Act
10 (as amended by section 6001) is amended by inserting
11 after section 3002 the following:

12 **“Subtitle A—Farmer Loans,**
13 **Servicing, and Other Assistance**
14 **“CHAPTER 1—FARM OWNERSHIP LOANS**
15 **“SEC. 3101. FARM OWNERSHIP LOANS.**

16 “(a) IN GENERAL.—The Secretary may make or
17 guarantee a farm ownership loan under this chapter to
18 an eligible farmer.

19 “(b) ELIGIBILITY.—A farmer shall be eligible under
20 subsection (a) only—

21 “(1) if the farmer, or an individual holding a
22 majority interest in the farmer—

23 “(A) is a citizen of the United States; and

24 “(B) has training or farming experience
25 that the Secretary determines is sufficient to

1 ensure a reasonable prospect of success in the
2 farming operation proposed by the farmer;

3 “(2)(A) in the case of a farmer that is an indi-
4 vidual, if the farmer is or proposes to become an
5 owner and operator of a farm that is not larger than
6 a family farm; or

7 “(B) in the case of a lessee-operator of a farm
8 located in the State of Hawaii, if the Secretary de-
9 termines that—

10 “(i) the farm is not larger than a family
11 farm;

12 “(ii) the farm cannot be acquired in fee
13 simple by the lessee-operator;

14 “(iii) adequate security is provided for the
15 loan with respect to the farm for which the les-
16 see-operator applies under this chapter; and

17 “(iv) there is a reasonable probability of
18 accomplishing the objectives and repayment of
19 the loan;

20 “(3) in the case of a farmer that is a coopera-
21 tive, corporation, partnership, trust, limited liability
22 company, joint operation, or such other legal entity
23 as the Secretary determines to be appropriate, with
24 respect to the entity and each farm in which the en-
25 tity has an ownership or operator interest—

1 “(A) if—

2 “(i) a majority interest is held by in-
3 dividuals who are related by blood or mar-
4 riage, as defined by the Secretary;

5 “(ii) all of the individuals are or pro-
6 pose to become owners or operators of a
7 farm that is not larger than a family farm;
8 and

9 “(iii) at least 1 of the individuals is or
10 proposes to become an operator of the
11 farm; or

12 “(B) if—

13 “(i) the entire interest is held by indi-
14 viduals who are related by blood or mar-
15 riage, as defined by the Secretary;

16 “(ii) all of the individuals are or pro-
17 pose to become farm operators; and

18 “(iii) the ownership interest of each
19 individual separately constitutes not larger
20 than a family farm, even if the ownership
21 interests of the individuals collectively con-
22 stitute larger than a family farm;

23 “(4) in the case of an entity that is, or will be-
24 come within a reasonable period of time, as deter-
25 mined by the Secretary, only the operator of a fam-

1 ily farm, if the 1 or more individuals who are the
2 owners of the family farm own—

3 “(A) a percentage of the family farm that
4 exceeds 50 percent; or

5 “(B) such other percentage as the Sec-
6 retary determines to be appropriate;

7 “(5) in the case of an operator described in
8 paragraph (3) that is owned, in whole or in part, by
9 1 or more other entities, if each of the individuals
10 that have a direct or indirect ownership interest in
11 such other entities also have a direct ownership in-
12 terest in the entity applying as an individual; and

13 “(6) if the farmer and each individual that
14 holds a majority interest in the farmer is unable to
15 obtain credit elsewhere.

16 “(c) DIRECT LOANS.—

17 “(1) IN GENERAL.—Subject to paragraph (3),
18 the Secretary may make a direct loan under this
19 chapter only to a farmer who has operated a farm
20 for not less than 3 years (or has other acceptable ex-
21 perience for a period of time determined by the Sec-
22 retary) and—

23 “(A) is a qualified beginning farmer;

1 “(B) has not received a previous direct
2 farm ownership loan made under this chapter;
3 or

4 “(C) has not received a direct farm owner-
5 ship loan under this chapter more than 10
6 years before the date on which the new loan
7 would be made.

8 “(2) YOUTH LOANS.—The operation of an en-
9 terprise by a youth under section 3201(d) shall not
10 be considered the operation of a farm for purposes
11 of paragraph (1).

12 **“SEC. 3102. PURPOSES OF LOANS.**

13 “(a) ALLOWED PURPOSES.—

14 “(1) DIRECT LOANS.—A farmer may use a di-
15 rect loan made under this chapter only—

16 “(A) to acquire or enlarge a farm;

17 “(B) to make capital improvements to a
18 farm;

19 “(C) to pay loan closing costs related to
20 acquiring, enlarging, or improving a farm;

21 “(D) to pay for activities to promote soil
22 and water conservation and protection described
23 in section 3103 on a farm; or

24 “(E) to refinance a temporary bridge loan
25 made by a commercial or cooperative lender to

1 a farmer or rancher for the acquisition of land
2 for a farm or ranch, if—

3 “(i) the Secretary approved an appli-
4 cation for a direct farm ownership loan to
5 the farmer or rancher for acquisition of the
6 land; and

7 “(ii) funds for direct farm ownership
8 loans under section 3201(a) were not avail-
9 able at the time at which the application
10 was approved.

11 “(2) GUARANTEED LOANS.—A farmer may use
12 a loan guaranteed under this chapter only—

13 “(A) to acquire or enlarge a farm;

14 “(B) to make capital improvements to a
15 farm;

16 “(C) to pay loan closing costs related to
17 acquiring, enlarging, or improving a farm;

18 “(D) to pay for activities to promote soil
19 and water conservation and protection described
20 in section 3103 on a farm; or

21 “(E) to refinance indebtedness.

22 “(b) PREFERENCES.—In making or guaranteeing a
23 loan under this chapter for purchase of a farm, the Sec-
24 retary shall give preference to a person who—

25 “(1) has a dependent family;

1 “(2) to the extent practicable, is able to make
2 an initial down payment on the farm; or

3 “(3) is an owner of livestock or farm equipment
4 that is necessary to successfully carry out farming
5 operations.

6 “(c) HAZARD INSURANCE REQUIREMENT.—The Sec-
7 retary may not make a loan to a farmer under this chapter
8 unless the farmer has, or agrees to obtain, hazard insur-
9 ance on any real property to be acquired or improved with
10 the loan.

11 **“SEC. 3103. CONSERVATION LOAN AND LOAN GUARANTEE**
12 **PROGRAM.**

13 “(a) IN GENERAL.—The Secretary may make or
14 guarantee qualified conservation loans to eligible bor-
15 rowers under this section.

16 “(b) DEFINITIONS.—In this section:

17 “(1) CONSERVATION PLAN.—The term ‘con-
18 servation plan’ means a plan, approved by the Sec-
19 retary, that, for a farming operation, identifies the
20 conservation activities that will be addressed with
21 loan funds provided under this section, including—

22 “(A) the installation of conservation struc-
23 tures to address soil, water, and related re-
24 sources;

1 “(B) the establishment of forest cover for
2 sustained yield timber management, erosion
3 control, or shelter belt purposes;

4 “(C) the installation of water conservation
5 measures;

6 “(D) the installation of waste management
7 systems;

8 “(E) the establishment or improvement of
9 permanent pasture;

10 “(F) compliance with section 1212 of the
11 Food Security Act of 1985 (16 U.S.C. 3812);
12 and

13 “(G) other purposes consistent with the
14 plan, including the adoption of any other
15 emerging or existing conservation practices,
16 techniques, or technologies approved by the Sec-
17 retary.

18 “(2) QUALIFIED CONSERVATION LOAN.—The
19 term ‘qualified conservation loan’ means a loan, the
20 proceeds of which are used to cover the costs to the
21 borrower of carrying out a qualified conservation
22 project.

23 “(3) QUALIFIED CONSERVATION PROJECT.—
24 The term ‘qualified conservation project’ means con-

1 servation measures that address provisions of a con-
2 servation plan of the eligible borrower.

3 “(c) ELIGIBILITY.—

4 “(1) IN GENERAL.—The Secretary may make
5 or guarantee loans to farmers.

6 “(2) REQUIREMENTS.—To be eligible for a loan
7 under this section, applicants shall meet the require-
8 ments of section 3101(b).

9 “(d) PRIORITY.—In making or guaranteeing loans
10 under this section, the Secretary shall give priority to—

11 “(1) qualified beginning farmers and socially
12 disadvantaged farmers or ranchers;

13 “(2) owners or tenants who use the loans to
14 convert to sustainable or organic agricultural pro-
15 duction systems; and

16 “(3) producers who use the loans to build con-
17 servation structures or establish conservation prac-
18 tices to comply with section 1212 of the Food Secu-
19 rity Act of 1985 (16 U.S.C. 3812).

20 “(e) LIMITATIONS APPLICABLE TO LOAN GUARAN-
21 TEES.—The portion of a loan that the Secretary may
22 guarantee under this section shall not exceed 75 percent
23 of the principal amount of the loan.

24 “(f) ADMINISTRATIVE PROVISIONS.—The Secretary
25 shall ensure, to the maximum extent practicable, that

1 loans made or guaranteed under this section are distrib-
2 uted across diverse geographic regions.

3 “(g) CREDIT ELIGIBILITY.—The provisions of para-
4 graphs (1) and (3) of section 3406(a) shall not apply to
5 loans made or guaranteed under this section.

6 “(h) AUTHORIZATION OF APPROPRIATIONS.—For
7 each of fiscal years 2012 through 2017, there are author-
8 ized to be appropriated to the Secretary such sums as are
9 necessary to carry out this section.

10 **“SEC. 3104. LOAN MAXIMUMS.**

11 “(a) MAXIMUM.—

12 “(1) IN GENERAL.—The Secretary shall make
13 or insure no loan under sections 3101, 3102, 3103,
14 3106, and 3107 that would cause the unpaid indebt-
15 edness under those sections of any 1 borrower to ex-
16 ceed the lesser of—

17 “(A) the value of the farm or other secu-
18 rity, or

19 “(B)(i) in the case of a loan made by the
20 Secretary, \$300,000; or

21 “(ii) in the case of a loan guaranteed by
22 the Secretary, \$700,000 (as modified under
23 paragraph (2)).

24 “(2) MODIFICATION.—The amount specified in
25 paragraph (1)(B)(ii) shall be—

1 “(A) increased, beginning with fiscal year
2 2000, by the inflation percentage applicable to
3 the fiscal year in which the loan is guaranteed;
4 and

5 “(B) reduced by the amount of any unpaid
6 indebtedness of the borrower on loans under
7 subtitle B that are guaranteed by the Secretary.

8 “(b) DETERMINATION OF VALUE.—In determining
9 the value of the farm, the Secretary shall consider apprais-
10 als made by competent appraisers under rules established
11 by the Secretary.

12 “(c) INFLATION PERCENTAGE.—For purposes of this
13 section, the inflation percentage applicable to a fiscal year
14 is the percentage (if any) by which—

15 “(1) the average of the Prices Paid By Farmers
16 Index (as compiled by the National Agricultural Sta-
17 tistics Service of the Department) for the 12-month
18 period ending on August 31 of the immediately pre-
19 ceding fiscal year; exceeds

20 “(2) the average of that index (as so defined)
21 for the 12-month period ending on August 31, 1996.

1 **“SEC. 3105. REPAYMENT REQUIREMENTS FOR FARM OWN-**
2 **ERSHIP LOANS.**

3 “(a) PERIOD FOR REPAYMENT.—The period for re-
4 payment of a loan under this chapter shall not exceed 40
5 years.

6 “(b) INTEREST RATES.—

7 “(1) IN GENERAL.—Except as otherwise pro-
8 vided in this title, the interest rate on a loan under
9 this chapter shall be determined by the Secretary at
10 a rate—

11 “(A) not to exceed the sum obtained by
12 adding—

13 “(i) the current average market yield
14 on outstanding marketable obligations of
15 the United States with remaining periods
16 to maturity comparable to the average ma-
17 turity of the loan; and

18 “(ii) an amount not to exceed 1 per-
19 cent, as determined by the Secretary; and

20 “(B) adjusted to the nearest $\frac{1}{8}$ of 1 per-
21 cent.

22 “(2) LOW INCOME FARM OWNERSHIP LOANS.—
23 Except as provided in paragraph (3), the interest
24 rate on a loan (other than a guaranteed loan) under
25 section 3106 shall be determined by the Secretary at
26 a rate that is—

1 “(A) not greater than the sum obtained by
2 adding—

3 “(i) an amount that does not exceed
4 $\frac{1}{2}$ of the current average market yield on
5 outstanding marketable obligations of the
6 United States with maturities of 5 years;
7 and

8 “(ii) an amount not to exceed 1 per-
9 cent per year, as the Secretary determines
10 is appropriate; and

11 “(B) not less than 5 percent per year.

12 “(3) JOINT FINANCING ARRANGEMENT.—If a
13 direct farm ownership loan is made under this chap-
14 ter as part of a joint financing arrangement and the
15 amount of the direct farm ownership loan does not
16 exceed 50 percent of the total principal amount fi-
17 nanced under the arrangement, the interest rate on
18 the direct farm ownership loan shall be at least 4
19 percent annually.

20 “(4) GUARANTEED LOANS.—The interest rate
21 on a loan made under this chapter as a guaranteed
22 loan shall be such rate as may be agreed on by the
23 borrower and the lender, but not in excess of any
24 rate determined by the Secretary.

1 “(c) PAYMENT OF CHARGES.—A borrower of a loan
2 made or guaranteed under this chapter shall pay such fees
3 and other charges as the Secretary may require, and pre-
4 pay to the Secretary such taxes and insurance as the Sec-
5 retary may require, on such terms and conditions as the
6 Secretary may prescribe.

7 “(d) SECURITY.—

8 “(1) IN GENERAL.—The Secretary shall take as
9 security for an obligation entered into in connection
10 with a loan, a mortgage on a farm with respect to
11 which the loan is made or such other security as the
12 Secretary may require.

13 “(2) LIENS TO UNITED STATES.—An instru-
14 ment for security under paragraph (1) may con-
15 stitute a lien running to the United States notwith-
16 standing the fact that the note for the security may
17 be held by a lender other than the United States.

18 “(3) MULTIPLE LOANS.—A borrower may use
19 the same collateral to secure 2 or more loans made
20 or guaranteed under this chapter, except that the
21 outstanding amount of the loans may not exceed the
22 total value of the collateral.

23 “(e) MINERAL RIGHTS AS COLLATERAL.—

24 “(1) IN GENERAL.—In the case of a farm own-
25 ership loan made after December 23, 1985, unless

1 appraised values of the rights to oil, gas, or other
2 minerals are specifically included as part of the ap-
3 praised value of collateral securing the loan, the
4 rights to oil, gas, or other minerals located under
5 the property shall not be considered part of the col-
6 lateral securing the loan.

7 “(2) COMPENSATORY PAYMENTS.—Nothing in
8 this subsection prevents the inclusion of, as part of
9 the collateral securing the loan, any payment or
10 other compensation the borrower may receive for
11 damages to the surface of the collateral real estate
12 resulting from the exploration for or recovery of
13 minerals.

14 “(f) ADDITIONAL COLLATERAL.—The Secretary may
15 not—

16 “(1) require any borrower to provide additional
17 collateral to secure a farmer program loan made or
18 guaranteed under this chapter, if the borrower is
19 current in the payment of principal and interest on
20 the loan; or

21 “(2) bring any action to foreclose, or otherwise
22 liquidate, the loan as a result of the failure of a bor-
23 rower to provide additional collateral to secure the
24 loan, if the borrower was current in the payment of

1 principal and interest on the loan at the time the ad-
2 ditional collateral was requested.

3 **“SEC. 3106. LIMITED-RESOURCE LOANS.**

4 “(a) IN GENERAL.—The Secretary may make or
5 guarantee a limited-resource loan for any of the purposes
6 specified in sections 3102(a) or 3103(a) to a farmer in
7 the United States who—

8 “(1) is eligible under section 3101(b);

9 “(2) has a low income; and

10 “(3) demonstrates a need to maximize the in-
11 come of the farmer from farming operations.

12 “(b) INSTALLMENTS.—A loan made or guaranteed
13 under this section shall be repayable in such installments
14 as the Secretary determines will provide for reduced pay-
15 ments during the initial repayment period of the loan and
16 larger payments during the remainder of the repayment
17 period of the loan.

18 “(c) INTEREST RATES.—Except as provided in sec-
19 tion 3105(b)(3) and in section 3204(b)(3), the interest
20 rate on loans (other than guaranteed loans) under this
21 section shall not be—

22 “(1) greater than the sum obtained by add-
23 ing—

24 “(A) an amount that does not exceed $\frac{1}{2}$ of
25 the current average market yield on out-

1 standing marketable obligations of the United
2 States with maturities of 5 years; and

3 “(B) an amount not exceeding 1 percent
4 per year, as the Secretary determines is appro-
5 priate; or

6 “(2) less than 5 percent per year.

7 **“SEC. 3107. DOWNPAYMENT LOAN PROGRAM.**

8 “(a) IN GENERAL.—

9 “(1) ESTABLISHMENT.—Notwithstanding any
10 other provision of this chapter, the Secretary shall
11 establish, under the farm ownership loan program
12 established under this chapter, a program under
13 which loans shall be made under this section to a
14 qualified beginning farmer for a downpayment on a
15 farm ownership loan.

16 “(2) COORDINATION.—The Secretary shall be
17 the primary coordinator of credit supervision for the
18 downpayment loan program established under this
19 section, in consultation with a commercial or cooper-
20 ative lender and, if applicable, a contracting credit
21 counseling service selected under section 3420(c).

22 “(b) LOAN TERMS.—

23 “(1) PRINCIPAL.—Each loan made under this
24 section shall be in an amount that does not exceed
25 45 percent of the lesser of—

1 “(A) the purchase price of the farm or
2 ranch to be acquired;

3 “(B) the appraised value of the farm or
4 ranch to be acquired; or

5 “(C) \$667,000.

6 “(2) INTEREST RATE.—The interest rate on
7 any loan made by the Secretary under this section
8 shall be a rate equal to the greater of—

9 “(A) the difference between—

10 “(i) 4 percent; and

11 “(ii) the interest rate for farm owner-
12 ship loans under this chapter; or

13 “(B) 1.5 percent.

14 “(3) DURATION.—Each loan under this section
15 shall be made for a period of 20 years or less, at the
16 option of the borrower.

17 “(4) REPAYMENT.—Each borrower of a loan
18 under this section shall repay the loan to the Sec-
19 retary in equal annual installments.

20 “(5) NATURE OF RETAINED SECURITY INTER-
21 EST.—The Secretary shall retain an interest in each
22 farm acquired with a loan made under this section
23 that shall—

24 “(A) be secured by the farm;

1 “(B) be junior only to such interests in the
2 farm as may be conveyed at the time of acquisi-
3 tion to the person (including a lender) from
4 whom the borrower obtained a loan used to ac-
5 quire the farm; and

6 “(C) require the borrower to obtain the
7 permission of the Secretary before the borrower
8 may grant an additional security interest in the
9 farm.

10 “(c) LIMITATIONS.—

11 “(1) BORROWERS REQUIRED TO MAKE MIN-
12 IMUM DOWN PAYMENT.—The Secretary shall not
13 make a loan under this section to any borrower with
14 respect to a farm if the contribution of the borrower
15 to the down payment on the farm will be less than
16 5 percent of the purchase price of the farm.

17 “(2) PROHIBITED TYPES OF FINANCING.—The
18 Secretary shall not make a loan under this section
19 with respect to a farm if the farm is to be acquired
20 with other financing that contains any of the fol-
21 lowing conditions:

22 “(A) The financing is to be amortized over
23 a period of less than 30 years.

24 “(B) A balloon payment will be due on the
25 financing during the 20-year period beginning

1 on the date on which the loan is to be made by
2 the Secretary.

3 “(d) ADMINISTRATION.—In carrying out this section,
4 the Secretary shall, to the maximum extent practicable—

5 “(1) facilitate the transfer of farms from retir-
6 ing farmers to persons eligible for insured loans
7 under this subtitle;

8 “(2) make efforts to widely publicize the avail-
9 ability of loans under this section among—

10 “(A) potentially eligible recipients of the
11 loans;

12 “(B) retiring farmers; and

13 “(C) applicants for farm ownership loans
14 under this chapter;

15 “(3) encourage retiring farmers to assist in the
16 sale of their farms to qualified beginning farmers
17 and socially disadvantaged farmers providing seller
18 financing;

19 “(4) coordinate the loan program established by
20 this section with State programs that provide farm
21 ownership or operating loans for beginning farmers
22 or socially disadvantaged farmers; and

23 “(5) establish annual performance goals to pro-
24 mote the use of the down payment loan program and
25 other joint financing arrangements as the preferred

1 choice for direct real estate loans made by any lend-
2 er to a qualified beginning farmer or socially dis-
3 advantaged farmer.

4 **“SEC. 3108. BEGINNING FARMER OR RANCHER AND SO-**
5 **cially Disadvantaged Farmer or**
6 **RANCHER CONTRACT LAND SALES PROGRAM.**

7 “(a) IN GENERAL.—The Secretary shall, in accord-
8 ance with this section, guarantee a loan made by a private
9 seller of a farm or ranch to a qualified beginning farmer
10 or rancher or socially disadvantaged farmer or rancher on
11 a contract land sales basis.

12 “(b) ELIGIBILITY.—To be eligible for a loan guar-
13 antee under subsection (a)—

14 “(1) the qualified beginning farmer or rancher
15 or socially disadvantaged farmer or rancher shall—

16 “(A) on the date the contract land sale
17 that is subject of the loan is complete, own and
18 operate the farm or ranch that is the subject of
19 the contract land sale;

20 “(B) have a credit history that—

21 “(i) includes a record of satisfactory
22 debt repayment, as determined by the Sec-
23 retary; and

24 “(ii) is acceptable to the Secretary;
25 and

1 “(C) demonstrate to the Secretary that the
2 farmer or rancher, as applicable, is unable to
3 obtain sufficient credit without a guarantee to
4 finance any actual need of the farmer or ranch-
5 er, as applicable, at a reasonable rate or term;
6 and

7 “(2) the loan shall meet applicable underwriting
8 criteria, as determined by the Secretary.

9 “(c) LIMITATIONS.—The Secretary shall not provide
10 a loan guarantee under subsection (a) if—

11 “(1) the contribution of the qualified beginning
12 farmer or rancher or socially disadvantaged farmer
13 or rancher to the down payment for the farm or
14 ranch that is the subject of the contract land sale
15 would be less than 5 percent of the purchase price
16 of the farm or ranch; or

17 “(2) the purchase price or the appraisal value
18 of the farm or ranch that is the subject of the con-
19 tract land sale is greater than \$500,000.

20 “(d) PERIOD OF GUARANTEE.—A loan guarantee
21 under this section shall be in effect for the 10-year period
22 beginning on the date on which the guarantee is provided.

23 “(e) GUARANTEE PLAN.—

1 “(1) SELECTION OF PLAN.—A private seller of
2 a farm or ranch who makes a loan guaranteed by
3 the Secretary under subsection (a) may select—

4 “(A) a prompt payment guarantee plan,
5 which shall cover—

6 “(i) 3 amortized annual installments;

7 or

8 “(ii) an amount equal to 3 annual in-
9 stallments (including an amount equal to
10 the total cost of any tax and insurance in-
11 curred during the period covered by the
12 annual installments); or

13 “(B) a standard guarantee plan, which
14 shall cover an amount equal to 90 percent of
15 the outstanding principal of the loan.

16 “(2) ELIGIBILITY FOR STANDARD GUARANTEE
17 PLAN.—To be eligible for a standard guarantee plan
18 referred to in paragraph (1)(B), a private seller
19 shall—

20 “(A) secure a commercial lending institu-
21 tion or similar entity, as determined by the Sec-
22 retary, to serve as an escrow agent; or

23 “(B) in cooperation with the farmer or
24 rancher, use an appropriate alternate arrange-
25 ment, as determined by the Secretary.

1 **“CHAPTER 2—OPERATING LOANS**

2 **“SEC. 3201. OPERATING LOANS.**

3 “(a) IN GENERAL.—The Secretary may make or
4 guarantee an operating loan under this chapter to an eligi-
5 ble farmer in the United States.

6 “(b) ELIGIBILITY.—A farmer shall be eligible under
7 subsection (a) only—

8 “(1) if the farmer, or an individual holding a
9 majority interest in the farmer—

10 “(A) is a citizen of the United States; and

11 “(B) has training or farming experience
12 that the Secretary determines is sufficient to
13 ensure a reasonable prospect of success in the
14 farming operation proposed by the farmer;

15 “(2) in the case of a farmer that is an indi-
16 vidual, if the farmer is or proposes to become an op-
17 erator of a farm that is not larger than a family
18 farm;

19 “(3) in the case of a farmer that is a coopera-
20 tive, corporation, partnership, trust, limited liability
21 company, joint operation, or other such legal entity
22 as the Secretary determines to be appropriate, with
23 respect to the entity and each farm in which the en-
24 tity has an ownership or operator interest—

25 “(A) if—

1 “(i) a majority interest is held by in-
2 dividuals who are related by blood or mar-
3 riage, as defined by the Secretary;

4 “(ii) all of the individuals are or pro-
5 pose to become owners or operators of a
6 farm that is not larger than a family farm;
7 and

8 “(iii) at least 1 of the individuals is or
9 proposes to become an operator of the
10 farm; or

11 “(B) if—

12 “(i) the entire interest is held by indi-
13 viduals who are related by blood or mar-
14 riage, as defined by the Secretary;

15 “(ii) all of the individuals are or pro-
16 pose to become farm operators; and

17 “(iii) the ownership interest of each
18 individual separately constitutes not larger
19 than a family farm, even if the ownership
20 interests of the individuals collectively con-
21 stitute larger than a family farm;

22 “(4) in the case of an operator described in
23 paragraph (3) that is owned, in whole or in part by
24 1 or more other entities, if not less than 75 percent
25 of the ownership interests of each other entity is

1 owned directly or indirectly by 1 or more individuals
2 who own the family farm; and

3 “(5) if the farmer and each individual that
4 holds a majority interest in the farmer is unable to
5 obtain credit elsewhere.

6 “(c) DIRECT LOANS.—

7 “(1) IN GENERAL.—Subject to paragraph (3),
8 the Secretary may make a direct loan under this
9 chapter only to a farmer who—

10 “(A) is a qualified beginning farmer who
11 has not operated a farm, or who has operated
12 a farm for not more than 5 years;

13 “(B) has not received a previous direct op-
14 erating loan made under this chapter; or

15 “(C) has not received a direct operating
16 loan made under this subtitle for a total of 7
17 years, less 1 year for every 3 consecutive years
18 the farmer or rancher did not receive a direct
19 operating loan after the year in which the bor-
20 rower initially received a direct operating loan
21 under this subtitle, as determined by the Sec-
22 retary.

23 “(2) YOUTH LOANS.—In this subsection, the
24 term ‘direct operating loan’ shall not include a loan
25 made to a youth under subsection (d).

1 “(3) TRANSITION RULE.—If, as of April 4,
2 1996, a farmer has received a direct operating loan
3 under this chapter during each of 4 or more pre-
4 vious years, the borrower shall be eligible to receive
5 a direct operating loan under this chapter during 3
6 additional years after April 4, 1996.

7 “(4) WAIVERS.—

8 “(A) FARM AND RANCH OPERATIONS ON
9 TRIBAL LAND.—The Secretary shall waive the
10 limitation under paragraph (1)(C) or (3) for a
11 direct loan made under this chapter to a farmer
12 or rancher whose farm or ranch land is subject
13 to the jurisdiction of an Indian tribe and whose
14 loan is secured by 1 or more security instru-
15 ments that are subject to the jurisdiction of an
16 Indian tribe if the Secretary determines that
17 commercial credit is not generally available for
18 such farm or ranch operations.

19 “(B) OTHER FARM AND RANCH OPER-
20 ATIONS.—On a case-by-case determination not
21 subject to administrative appeal, the Secretary
22 may grant a borrower a waiver, 1 time only for
23 a period of 2 years, of the limitation under
24 paragraph (1)(C) or (3) for a direct operating

1 loan if the borrower demonstrates to the satis-
2 faction of the Secretary that—

3 “(i) the borrower has a viable farm or
4 ranch operation;

5 “(ii) the borrower applied for commer-
6 cial credit from at least 2 commercial lend-
7 ers;

8 “(iii) the borrower was unable to ob-
9 tain a commercial loan (including a loan
10 guaranteed by the Secretary); and

11 “(iv) the borrower successfully has
12 completed, or will complete within 1 year,
13 borrower training under section 3419
14 (from which requirement the Secretary
15 shall not grant a waiver under section
16 3419(f)).

17 “(d) YOUTH LOANS.—

18 “(1) IN GENERAL.—Notwithstanding subsection
19 (b), a loan may be made under this chapter to a
20 youth who is a rural resident to enable the youth to
21 operate an enterprise in connection with the partici-
22 pation in a youth organization, as determined by the
23 Secretary.

24 “(2) FULL PERSONAL LIABILITY.—A youth re-
25 ceiving a loan under this subsection who executes a

1 promissory note for the loan shall incur full personal
2 liability for the indebtedness evidenced by the note,
3 in accordance with the terms of the note, free of any
4 disability of minority.

5 “(3) COSIGNER.—The Secretary may accept the
6 personal liability of a cosigner of a promissory note
7 for a loan under this subsection, in addition to the
8 personal liability of the youth borrower.

9 “(4) YOUTH ENTERPRISES NOT FARMING.—The
10 operation of an enterprise by a youth under this
11 subsection shall not be considered the operation of
12 a farm under this subtitle.

13 **“SEC. 3202. PURPOSES OF LOANS.**

14 “(a) DIRECT LOANS.—A direct loan may be made
15 under this chapter only—

16 “(1) to pay the costs incident to reorganizing a
17 farm for more profitable operation;

18 “(2) to purchase livestock, poultry, or farm
19 equipment;

20 “(3) to purchase feed, seed, fertilizer, insecti-
21 cide, or farm supplies, or to meet other essential
22 farm operating expenses, including cash rent;

23 “(4) to finance land or water development, use,
24 or conservation;

25 “(5) to pay loan closing costs;

1 “(6) to assist a farmer in changing the equip-
2 ment, facilities, or methods of operation of a farm
3 to comply with a standard promulgated under sec-
4 tion 6 of the Occupational Safety and Health Act of
5 1970 (29 U.S.C. 655) or a standard adopted by a
6 State under a plan approved under section 18 of
7 that Act (29 U.S.C. 667), if the Secretary deter-
8 mines that without assistance under this paragraph
9 the farmer is likely to suffer substantial economic in-
10 jury in complying with the standard;

11 “(7) to train a limited-resource borrower receiv-
12 ing a loan under section 3106 in maintaining
13 records of farming operations;

14 “(8) to train a borrower under section 3419;

15 “(9) to refinance the indebtedness of a bor-
16 rower, if the borrower—

17 “(A) has refinanced a loan under this
18 chapter not more than 4 times previously; and

19 “(B)(i) is a direct loan borrower under this
20 title at the time of the refinancing and has suf-
21 fered a qualifying loss because of a natural or
22 major disaster or emergency; or

23 “(ii) is refinancing a debt obtained from a
24 creditor other than the Secretary; or

1 “(10) to provide other farm or home needs, in-
2 cluding family subsistence.

3 “(b) GUARANTEED LOANS.—A loan may be guaran-
4 teed under this chapter only—

5 “(1) to pay the costs incident to reorganizing a
6 farm for more profitable operation;

7 “(2) to purchase livestock, poultry, or farm
8 equipment;

9 “(3) to purchase feed, seed, fertilizer, insecti-
10 cide, or farm supplies, or to meet other essential
11 farm operating expenses, including cash rent;

12 “(4) to finance land or water development, use,
13 or conservation;

14 “(5) to refinance indebtedness;

15 “(6) to pay loan closing costs;

16 “(7) to assist a farmer in changing the equip-
17 ment, facilities, or methods of operation of a farm
18 to comply with a standard promulgated under sec-
19 tion 6 of the Occupational Safety and Health Act of
20 1970 (29 U.S.C. 655) or a standard adopted by a
21 State under a plan approved under section 18 of
22 that Act (29 U.S.C. 667), if the Secretary deter-
23 mines that without assistance under this paragraph
24 the farmer is likely to suffer substantial economic in-
25 jury due to compliance with the standard;

1 “(8) to train a borrower under section 3419; or

2 “(9) to provide other farm or home needs, in-
3 cluding family subsistence.

4 “(c) HAZARD INSURANCE REQUIREMENT.—The Sec-
5 retary may not make a loan to a farmer under this chapter
6 unless the farmer has, or agrees to obtain, hazard insur-
7 ance on the property to be acquired with the loan.

8 “(d) PRIVATE RESERVE.—

9 “(1) IN GENERAL.—Notwithstanding any other
10 provision of this title, the Secretary may reserve a
11 portion of any loan made under this chapter to be
12 placed in an unsupervised bank account that may be
13 used at the discretion of the borrower for the basic
14 family needs of the borrower and the immediate
15 family of the borrower.

16 “(2) LIMIT ON SIZE OF THE RESERVE.—The
17 size of the reserve shall not exceed the lesser of—

18 “(A) 10 percent of the loan;

19 “(B) \$5,000; or

20 “(C) the amount needed to provide for the
21 basic family needs of the borrower and the im-
22 mediate family of the borrower for 3 calendar
23 months.

24 **“SEC. 3203. RESTRICTIONS ON LOANS.**

25 “(a) REQUIREMENTS.—

1 “(1) IN GENERAL.—The Secretary may not
2 make or guarantee a loan under this chapter—

3 “(A) that would cause the total principal
4 indebtedness outstanding at any 1 time for
5 loans made under this chapter to any 1 bor-
6 rower to exceed—

7 “(i)(I) in the case of a loan made by
8 the Secretary, \$300,000; or

9 “(II) in the case of a loan guaranteed
10 by the Secretary, \$700,000 (as modified
11 under paragraph (2)); or

12 “(B) for the purchasing or leasing of land
13 other than for cash rent, or for carrying on a
14 land leasing or land purchasing program.

15 “(2) MODIFICATION.—The amount specified in
16 paragraph (1)(A)(ii) shall be—

17 “(A) increased, beginning with fiscal year
18 2000, by the inflation percentage applicable to
19 the fiscal year in which the loan is guaranteed;
20 and

21 “(B) reduced by the unpaid indebtedness
22 of the borrower on loans under sections speci-
23 fied in section 3104 that are guaranteed by the
24 Secretary.

1 “(b) INFLATION PERCENTAGE.—For purposes of this
2 section, the inflation percentage applicable to a fiscal year
3 is the percentage (if any) by which—

4 “(1) the average of the Prices Paid By Farmers
5 Index (as compiled by the National Agricultural Sta-
6 tistics Service of the Department) for the 12-month
7 period ending on August 31 of the immediately pre-
8 ceding fiscal year; exceeds

9 “(2) the average of that index (as so defined)
10 for the 12-month period ending on August 31, 1996.

11 **“SEC. 3204. TERMS OF LOANS.**

12 “(a) PERSONAL LIABILITY.—A borrower of a loan
13 made under this chapter shall secure the loan with the
14 full personal liability of the borrower and such other secu-
15 rity as the Secretary may prescribe.

16 “(b) INTEREST RATES.—

17 “(1) MAXIMUM RATE.—

18 “(A) IN GENERAL.—Except as provided in
19 paragraphs (2) and (3), the interest rate on a
20 loan made under this chapter (other than a
21 guaranteed loan) shall be determined by the
22 Secretary at a rate not to exceed the sum ob-
23 tained by adding—

24 “(i) the current average market yield
25 on outstanding marketable obligations of

1 the United States with remaining periods
2 to maturity comparable to the average ma-
3 turity of the loan; and

4 “(ii) an additional charge not to ex-
5 ceed 1 percent, as determined by the Sec-
6 retary.

7 “(B) ADJUSTMENT.—The sum obtained
8 under subparagraph (A) shall be adjusted to
9 the nearest $\frac{1}{8}$ of 1 percent.

10 “(2) GUARANTEED LOAN.—The interest rate on
11 a guaranteed loan made under this chapter shall be
12 such rate as may be agreed on by the borrower and
13 the lender, but may not exceed any rate prescribed
14 by the Secretary.

15 “(3) LOW INCOME LOAN.—The interest rate on
16 a direct loan made under this chapter to a low-in-
17 come, limited-resource borrower shall be determined
18 by the Secretary at a rate that is not—

19 “(A) greater than the sum obtained by
20 adding—

21 “(i) an amount that does not exceed
22 $\frac{1}{2}$ of the current average market yield on
23 outstanding marketable obligations of the
24 United States with a maturity of 5 years;
25 and

1 “(ii) an amount not to exceed 1 per-
2 cent per year, as the Secretary determines
3 is appropriate; or

4 “(B) less than 5 percent per year.

5 “(c) PERIOD FOR REPAYMENT.—The period for re-
6 payment of a loan made under this chapter may not ex-
7 ceed 7 years.

8 “(d) LINE-OF-CREDIT LOANS.—

9 “(1) IN GENERAL.—A loan made or guaranteed
10 by the Secretary under this chapter may be in the
11 form of a line-of-credit loan.

12 “(2) TERM.—A line-of-credit loan under para-
13 graph (1) shall terminate not later than 5 years
14 after the date that the loan is made or guaranteed.

15 “(3) ELIGIBILITY.—For purposes of deter-
16 mining eligibility for an operating loan under this
17 chapter, each year during which a farmer takes an
18 advance or draws on a line-of-credit loan the farmer
19 shall be considered as having received an operating
20 loan for 1 year.

21 “(4) TERMINATION OF DELINQUENT LOANS.—

22 If a borrower does not pay an installment on a line-
23 of-credit loan on schedule, the borrower may not
24 take an advance or draw on the line-of-credit, unless
25 the Secretary determines that—

1 “(A) the failure of the borrower to pay on
2 schedule was due to unusual conditions that the
3 borrower could not control; and

4 “(B) the borrower will reduce the line-of-
5 credit balance to the scheduled level at the end
6 of—

7 “(i) the production cycle; or

8 “(ii) the marketing of the agricultural
9 products of the borrower.

10 “(5) AGRICULTURAL COMMODITIES.—A line-of-
11 credit loan may be used to finance the production or
12 marketing of an agricultural commodity that is eligi-
13 ble for a price support program of the Department.

14 **“CHAPTER 3—EMERGENCY LOANS**

15 **“SEC. 3301. EMERGENCY LOANS.**

16 “(a) IN GENERAL.—The Secretary shall make or
17 guarantee an emergency loan under this chapter to an eli-
18 gible farmer only to the extent and in such amounts as
19 provided in advance in appropriation Acts.

20 “(b) ELIGIBILITY.—An established farmer shall be
21 eligible under subsection (a) only—

22 “(1) if the farmer or an individual holding a
23 majority interest in the farmer—

24 “(A) is a citizen of the United States; and

1 “(B) has experience and resources that the
2 Secretary determines are sufficient to ensure a
3 reasonable prospect of success in the farming
4 operation proposed by the farmer;

5 “(2) in the case of a farmer that is an indi-
6 vidual, if the farmer is—

7 “(A) in the case of a loan for a purpose
8 under chapter 1, an owner, operator, or lessee-
9 operator described in section 3101(b)(2); and

10 “(B) in the case of a loan for a purpose
11 under chapter 2, an operator of a farm that is
12 not larger than a family farm;

13 “(3) in the case of a farmer that is a coopera-
14 tive, corporation, partnership, trust, limited liability
15 company, joint operation, or such other legal entity
16 as the Secretary determines to be appropriate, with
17 respect to the entity and each farm in which the en-
18 tity has an ownership or operator interest—

19 “(A) if—

20 “(i) a majority interest is held by in-
21 dividuals who are related by blood or mar-
22 riage, as defined by the Secretary;

23 “(ii) all of the individuals are or pro-
24 pose to become owners or operators of a

1 farm that is not larger than a family farm;

2 and

3 “(iii) at least 1 of the individuals is or
4 proposes to become an operator of the
5 farm; or

6 “(B) if—

7 “(i) the entire interest is held by indi-
8 viduals who are related by blood or mar-
9 riage, as defined by the Secretary;

10 “(ii) all of the individuals are or pro-
11 pose to become farm operators; and

12 “(iii) the ownership interest of each
13 individual separately constitutes not larger
14 than a family farm, even if the ownership
15 interests of the individuals collectively con-
16 stitute larger than a family farm;

17 “(4) if the entity is owned, in whole or in part,
18 by 1 or more other entities and each individual who
19 is an owner of the family farm involved has a direct
20 or indirect ownership interest in each of the other
21 entities;

22 “(5) if the farmer and any individual that holds
23 a majority interest in the farmer is unable to obtain
24 credit elsewhere; and

1 “(6)(A) if the Secretary finds that the oper-
2 ations of the farmer have been substantially affected
3 by a natural or major disaster or emergency; or

4 “(B) if the farmer conducts farming operations
5 in a county or a county contiguous to a county in
6 which the Secretary has found that farming oper-
7 ations have been substantially affected by a natural
8 or major disaster or emergency.

9 “(c) TIME FOR ACCEPTING AN APPLICATION.—The
10 Secretary shall accept an application for a loan under this
11 chapter from a farmer at any time during the 8-month
12 period beginning on the date that—

13 “(1) the Secretary determines that farming op-
14 erations of the farmer have been substantially af-
15 fected by—

16 “(A) a quarantine imposed by the Sec-
17 retary under the Plant Protection Act (7 U.S.C.
18 7701 et seq.) or the Animal Health Protection
19 Act (7 U.S.C. 8301 et seq.); or

20 “(B) a natural disaster; or

21 “(2) the President makes a major disaster or
22 emergency designation with respect to the affected
23 county of the farmer referred to in subsection
24 (b)(5)(B).

1 “(d) HAZARD INSURANCE REQUIREMENT.—The Sec-
2 retary may not make a loan to a farmer under this chapter
3 to cover a property loss unless the farmer had hazard in-
4 surance that insured the property at the time of the loss.

5 “(e) FAMILY FARM.—The Secretary shall conduct
6 the loan program under this chapter in a manner that will
7 foster and encourage the family farm system of agri-
8 culture, consistent with the reaffirmation of policy and
9 declaration of the intent of Congress contained in section
10 102(a) of the Food and Agriculture Act of 1977 (7 U.S.C.
11 2266(a)).

12 **“SEC. 3302. PURPOSES OF LOANS.**

13 “Subject to the limitations on the amounts of loans
14 provided in section 3303(a), a loan may be made or guar-
15 anteed under this chapter for—

16 “(1) any purpose authorized for a loan under
17 chapter 1 or 2; and

18 “(2) crop or livestock purposes that are—

19 “(A) necessitated by a quarantine, natural
20 disaster, major disaster, or emergency; and

21 “(B) considered desirable by the farmer.

22 **“SEC. 3303. TERMS OF LOANS.**

23 “(a) MAXIMUM AMOUNT OF LOAN.—The Secretary
24 may not make or guarantee a loan under this chapter to
25 a borrower who has suffered a loss in an amount that—

1 “(1) exceeds the actual loss caused by a dis-
2 aster; or

3 “(2) would cause the total indebtedness of the
4 borrower under this chapter to exceed \$500,000.

5 “(b) INTEREST RATES.—Any portion of a loan under
6 this chapter up to the amount of the actual loss suffered
7 by a farmer caused by a disaster shall be at a rate pre-
8 scribed by the Secretary, but not in excess of 8 percent
9 per annum.

10 “(c) INTEREST SUBSIDIES FOR GUARANTEED
11 LOANS.—In the case of a guaranteed loan under this
12 chapter, the Secretary may pay an interest subsidy to the
13 lender for any portion of the loan up to the amount of
14 the actual loss suffered by a farmer caused by a disaster.

15 “(d) TIME FOR REPAYMENT.—

16 “(1) IN GENERAL.—Subject to paragraph (2), a
17 loan under this chapter shall be repayable at such
18 times as the Secretary may determine, considering
19 the purpose of the loan and the nature and effect of
20 the disaster, but not later than the maximum repay-
21 ment period allowed for a loan for a similar purpose
22 under chapters 1 and 2.

23 “(2) EXTENDED REPAYMENT PERIOD.—The
24 Secretary may, if the loan is for a purpose described
25 in chapter 2 and the Secretary determines that the

1 need of the loan applicant justifies the longer repay-
2 ment period, make the loan repayable at the end of
3 a period of more than 7 years, but not more than
4 20 years.

5 “(e) SECURITY FOR LOAN.—

6 “(1) IN GENERAL.—A borrower of a loan made
7 under this chapter shall secure the loan with the full
8 personal liability of the borrower and such other se-
9 curity as the Secretary may prescribe.

10 “(2) ADEQUATE SECURITY.—Subject to para-
11 graph (3), the Secretary may not make or guarantee
12 a loan under this chapter unless the security for the
13 loan is adequate to ensure repayment of the loan.

14 “(3) INADEQUATE SECURITY DUE TO DIS-
15 ASTER.—If adequate security for a loan under this
16 chapter is not available because of a disaster, the
17 Secretary shall accept as security any collateral that
18 is available if the Secretary is confident that the col-
19 lateral and the repayment ability of the farmer are
20 adequate security for the loan.

21 “(4) VALUATION OF FARM ASSETS.—If a farm
22 asset (including land, livestock, or equipment) is
23 used as collateral to secure a loan applied for under
24 this chapter and the governor of the State in which
25 the farm is located requests assistance under this

1 chapter or the Robert T. Stafford Disaster Relief
2 and Emergency Assistance Act (42 U.S.C. 5121 et
3 seq.) for the portion of the State in which the asset
4 is located, the Secretary shall establish the value of
5 the asset as of the day before the occurrence of the
6 natural or major disaster or emergency.

7 “(f) REVIEW OF LOAN.—

8 “(1) IN GENERAL.—In the case of a loan made,
9 but not guaranteed, under section 3301, the Sec-
10 retary shall review the loan 3 years after the loan
11 is made, and every 2 years thereafter for the term
12 of the loan.

13 “(2) TERMINATION OF FEDERAL ASSIST-
14 ANCE.—If, based on a review under paragraph (1),
15 the Secretary determines that the borrower is able to
16 obtain a loan from a non-Federal source at reason-
17 able rates and terms, the borrower shall, on request
18 by the Secretary, apply for, and accept, a non-Fed-
19 eral loan in a sufficient amount to repay the Sec-
20 retary.

21 **“SEC. 3304. PRODUCTION LOSSES.**

22 “(a) IN GENERAL.—The Secretary shall make or
23 guarantee a loan under this chapter to an eligible farmer
24 if a single enterprise that constitutes a basic part of the
25 farming operation of the farmer has sustained at least a

1 30 percent loss in normal per acre or per animal produc-
2 tion, or such lesser percentage as the Secretary may deter-
3 mine, as a result of a disaster.

4 “(b) BASIS FOR PERCENTAGE.—A percentage loss
5 under subsection (a) shall be based on the average month-
6 ly price in effect for the previous crop or calendar year,
7 as appropriate.

8 “(c) AMOUNT OF LOAN.—A loan under subsection
9 (a) shall be in an amount that is equal to 80 percent, or
10 such greater percentage as the Secretary may determine,
11 of the total calculated actual production loss sustained by
12 the farmer.

13 **“CHAPTER 4—GENERAL FARMER LOAN**
14 **PROVISIONS**

15 **“SEC. 3401. AGRICULTURAL CREDIT INSURANCE FUND.**

16 “The fund established pursuant to section 11(a) of
17 the Bankhead-Jones Farm Tenant Act (60 Stat. 1075,
18 chapter 964) shall be known as the Agricultural Credit
19 Insurance Fund (referred to in this section as the ‘Fund’,
20 unless the context otherwise requires) for the discharge
21 of the obligations of the Secretary under agreements in-
22 suring loans under this subtitle and loans and mortgages
23 insured under prior authority.

1 **“SEC. 3402. GUARANTEED FARMER LOANS.**

2 “(a) IN GENERAL.—The Secretary may provide fi-
3 nancial assistance to a borrower for a purpose provided
4 in this subtitle by guaranteeing a loan made by any Fed-
5 eral or State chartered bank, savings and loan association,
6 cooperative lending agency, or other legally organized
7 lending agency.

8 “(b) INTEREST RATE.—The interest rate payable by
9 a borrower on the portion of a guaranteed loan that is
10 sold by a lender to the secondary market under this sub-
11 title may be lower than the interest rate charged on the
12 portion retained by the lender, but shall not exceed the
13 average interest rate charged by the lender on loans made
14 to farm borrowers.

15 “(c) FEES.—In the case of a loan guarantee on a
16 loan made by a commercial or cooperative lender related
17 to a loan made by the Secretary under section 3107—

18 “(1) the Secretary shall not charge a fee to any
19 person (including a lender); and

20 “(2) a lender may charge a loan origination and
21 servicing fee in an amount not to exceed 1 percent
22 of the amount of the loan.

23 “(d) MAXIMUM GUARANTEE OF 90 PERCENT.—Ex-
24 cept as provided in subsections (e) and (f), a loan guar-
25 antee under this subtitle shall be for not more than 90
26 percent of the principal and interest due on the loan.

1 “(e) REFINANCED LOANS GUARANTEED AT 95 PER-
2 CENT.—The Secretary shall guarantee 95 percent of—

3 “(1) in the case of a loan that solely refinances
4 a direct loan made under this subtitle, the principal
5 and interest due on the loan on the date of the refi-
6 nancing; or

7 “(2) in the case of a loan that is used for mul-
8 tiple purposes, the portion of the loan that refi-
9 nances the principal and interest due on a direct
10 loan made under this subtitle that is outstanding on
11 the date the loan is guaranteed.

12 “(f) BEGINNING FARMER LOANS GUARANTEED UP
13 TO 95 PERCENT.—The Secretary may guarantee not more
14 than 95 percent of—

15 “(1) a farm ownership loan for acquiring a
16 farm to a borrower who is participating in the down-
17 payment loan program under section 3107; or

18 “(2) an operating loan to a borrower who is
19 participating in the downpayment loan program
20 under section 3107 that is made during the period
21 that the borrower has a direct loan outstanding
22 under chapter 1 for acquiring a farm.

23 “(g) GUARANTEE OF LOANS MADE UNDER STATE
24 BEGINNING FARMER PROGRAMS.—The Secretary may
25 guarantee under this subtitle a loan made under a State

1 beginning farmer program, including a loan financed by
2 the net proceeds of a qualified small issue agricultural
3 bond for land or property described in section
4 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.

5 **“SEC. 3403. PROVISION OF INFORMATION TO BORROWERS.**

6 “(a) IN GENERAL.—On the request of a borrower,
7 the Secretary shall make available to the borrower—

8 “(1) a copy of each document signed by the
9 borrower;

10 “(2) a copy of each appraisal performed with
11 respect to the loan; and

12 “(3) any document that the Secretary is re-
13 quired to provide to the borrower under any law in
14 effect on the date of the request.

15 “(b) RULE OF CONSTRUCTION.—Subsection (a) shall
16 not supersede any duty imposed on the Secretary by a law
17 in effect on January 5, 1988, unless the duty directly con-
18 flicts with a duty under subsection (a).

19 **“SEC. 3404. NOTICE OF LOAN SERVICE PROGRAMS.**

20 “(a) REQUIREMENT.—The Secretary shall provide
21 notice by certified mail to each borrower who is at least
22 90 days past due on the payment of principal or interest
23 on a loan made or guaranteed under this subtitle.

24 “(b) CONTENTS.—The notice required under sub-
25 section (a) shall—

1 “(1) include a summary of all primary loan
2 service programs, homestead retention programs,
3 debt settlement programs, and appeal procedures,
4 including the eligibility criteria, and terms and con-
5 ditions of the programs and procedures;

6 “(2) include a summary of the manner in which
7 the borrower may apply, and be considered, for all
8 such programs, except that the Secretary shall not
9 require the borrower to select among the programs
10 or waive any right to be considered for any program
11 carried out by the Secretary;

12 “(3) advise the borrower regarding all filing re-
13 quirements and any deadlines that must be met for
14 requesting loan servicing;

15 “(4) provide any relevant forms, including ap-
16 plicable response forms;

17 “(5) advise the borrower that a copy of regula-
18 tions is available on request; and

19 “(6) be designed to be readable and under-
20 standable by the borrower.

21 “(c) CONTAINED IN REGULATIONS.—All notices re-
22 quired by this section shall be contained in the regulations
23 issued to carry out this title.

24 “(d) TIMING.—The notice described in subsection (b)
25 shall be provided—

1 “(1) at the time an application is made for par-
2 ticipation in a loan service program;

3 “(2) on written request of the borrower; and

4 “(3) before the earliest of the date of—

5 “(A) initiating any liquidation;

6 “(B) requesting the conveyance of security
7 property;

8 “(C) accelerating the loan;

9 “(D) repossessing property;

10 “(E) foreclosing on property; or

11 “(F) taking any other collection action.

12 “(e) CONSIDERATION OF BORROWERS FOR LOAN
13 SERVICE PROGRAMS.—

14 “(1) IN GENERAL.—The Secretary shall con-
15 sider a farmer program loan borrower for all loan
16 service programs if, not later than 60 days after re-
17 ceipt of the notice described in subsection (b), the
18 borrower requests the consideration in writing.

19 “(2) PRIORITY.—In considering a borrower for
20 a loan service program, the Secretary shall place the
21 highest priority on the preservation of the farming
22 operations of the borrower.

1 **“SEC. 3405. PLANTING AND PRODUCTION HISTORY GUIDE-**
2 **LINES.**

3 “(a) IN GENERAL.—The Secretary shall ensure that
4 appropriate procedures, including, to the extent prac-
5 ticable, onsite inspections, or use of county or State yield
6 averages, are used in calculating future yields for an appli-
7 cant for a loan, when an accurate projection cannot be
8 made because the past production history of the farmer
9 has been affected by a natural or major disaster or emer-
10 gency.

11 “(b) CALCULATION OF YIELDS.—

12 “(1) IN GENERAL.—For the purpose of aver-
13 aging the past yields of the farm of a farmer over
14 a period of crop years to calculate the future yield
15 of the farm under this title, the Secretary shall per-
16 mit the farmer to exclude the crop year with the
17 lowest actual or county average yield for the farm
18 from the calculation, if the farmer was affected by
19 a natural or major disaster or emergency during at
20 least 2 of the crop years during the period.

21 “(2) AFFECTED BY A NATURAL OR MAJOR DIS-
22 ASTER OR EMERGENCY.—A farmer was affected by
23 a natural or major disaster or emergency under
24 paragraph (1) if the Secretary finds that the farm-
25 ing operations of the farmer have been substantially
26 affected by a natural or major disaster or emer-

1 gency, including a farmer who has a qualifying loss
2 but is not located in a designated or declared dis-
3 aster area.

4 “(3) APPLICATION OF SUBSECTION.—This sub-
5 section shall apply to any action taken by the Sec-
6 retary that involves—

7 “(A) a loan under chapter 1 or 2; and

8 “(B) the yield of a farm of a farmer, in-
9 cluding making a loan or loan guarantee, serv-
10 icing a loan, or making a credit sale.

11 **“SEC. 3406. SPECIAL CONDITIONS AND LIMITATIONS ON**
12 **LOANS.**

13 “(a) APPLICANT REQUIREMENTS.—In connection
14 with a loan made or guaranteed under this subtitle, the
15 Secretary shall require—

16 “(1) the applicant—

17 “(A) to certify in writing that, and the
18 Secretary shall determine whether, the appli-
19 cant is unable to obtain credit elsewhere; and

20 “(B) to furnish an appropriate written fi-
21 nancial statement;

22 “(2) the area or county committee to certify in
23 writing that—

1 “(A) an annual review of the credit history
2 and business operation of the borrower has
3 been conducted; and

4 “(B) a review of the continued eligibility of
5 the borrower for the loan has been conducted;

6 “(3) except for a guaranteed loan, an agree-
7 ment by the borrower that if at any time it appears
8 to the Secretary that the borrower may be able to
9 obtain a loan from a production credit association,
10 a Federal land bank, or other responsible coopera-
11 tive or private credit source (or, in the case of a bor-
12 rower under section 3106, the borrower may be able
13 to obtain a loan under section 3101), at reasonable
14 rates and terms for loans for similar purposes and
15 periods of time, the borrower will, on request by the
16 Secretary, apply for and accept the loan in a suffi-
17 cient amount to repay the Secretary or the insured
18 lender, or both, and to pay for any stock necessary
19 to be purchased in a cooperative lending agency in
20 connection with the loan;

21 “(4) such provision for supervision of the oper-
22 ations of the borrower as the Secretary shall con-
23 sider necessary to achieve the objectives of the loan
24 and protect the interests of the United States; and

1 “(5) the application of a person who is a vet-
2 eran for a loan under chapter 1 or 2 to be given
3 preference over a similar application from a person
4 who is not a veteran if the applications are on file
5 in a county or area office at the same time.

6 “(b) AGENCY PROCESSING REQUIREMENTS.—

7 “(1) APPROVAL NOTIFICATION.—The Secretary
8 shall approve or disapprove an application for a loan
9 or loan guarantee made under this subtitle, and no-
10 tify the applicant of such action, not later than 60
11 days after the date on which the Secretary has re-
12 ceived a complete application for the loan or loan
13 guarantee.

14 “(2) REQUEST INFORMATION.—

15 “(A) IN GENERAL.—On receipt of an ap-
16 plication, the Secretary shall request from other
17 parties such information as may be needed in
18 connection with the application.

19 “(B) INFORMATION FROM AN AGENCY OF
20 THE DEPARTMENT.—Not later than 15 cal-
21 endar days after the date on which an agency
22 of the Department receives a request for infor-
23 mation made pursuant to subparagraph (A),
24 the agency shall provide the Secretary with the
25 requested information.

1 “(3) NOTIFICATIONS.—

2 “(A) INCOMPLETE APPLICATION NOTIFICA-
3 TION.—If an application for a loan or loan
4 guarantee under this subtitle (other than an op-
5 erating loan or loan guarantee) is incomplete,
6 the Secretary shall inform the applicant of the
7 reasons the application is incomplete not later
8 than 20 days after the date on which the Sec-
9 retary has received the application.

10 “(B) OPERATING LOANS.—

11 “(i) ADDITIONAL INFORMATION
12 NEEDED.—Not later than 10 calendar
13 days after the Secretary receives an appli-
14 cation for an operating loan or loan guar-
15 antee, the Secretary shall notify the appli-
16 cant of any information required before a
17 decision may be made on the application.

18 “(ii) INFORMATION NOT RECEIVED.—
19 If, not later than 20 calendar days after
20 the date a request is made pursuant to
21 clause (i) with respect to an application,
22 the Secretary has not received the informa-
23 tion requested, the Secretary shall notify
24 the applicant and the district office of the

1 Farm Service Agency, in writing, of the
2 outstanding information.

3 “(4) REPORT OF PENDING APPLICATIONS.—

4 “(A) IN GENERAL.—A county office shall
5 notify the district office of the Farm Service
6 Agency of each application for an operating
7 loan or loan guarantee that is pending more
8 than 45 days after receipt, and the reasons for
9 which the application is pending.

10 “(B) ACTION ON PENDING APPLICA-
11 TIONS.—A district office that receives a notice
12 provided under subparagraph (A) with respect
13 to an application shall immediately take steps
14 to ensure that final action is taken on the appli-
15 cation not later than 15 days after the date of
16 the receipt of the notice.

17 “(C) PENDING APPLICATION REPORT.—
18 The district office shall report to the State of-
19 fice of the Farm Service Agency on each appli-
20 cation for an operating loan or loan guarantee
21 that is pending more than 45 days after receipt
22 by the county committee, and the reasons for
23 which the application is pending.

24 “(D) REPORT TO CONGRESS.—Each
25 month, the Secretary shall notify the Com-

1 committee on Agriculture of the House of Rep-
2 representatives and the Committee on Agriculture,
3 Nutrition, and Forestry of the Senate, on a
4 State-by-State basis, as to each application for
5 an operating loan or loan guarantee on which
6 final action had not been taken within 60 cal-
7 endar days after receipt by the Secretary, and
8 the reasons for which final action had not been
9 taken.

10 “(5) DISAPPROVALS.—

11 “(A) IN GENERAL.—If an application for a
12 loan or loan guarantee under this subtitle is
13 disapproved by the Secretary, the Secretary
14 shall state the reasons for the disapproval in
15 the notice required under paragraph (1).

16 “(B) DISAPPROVAL DUE TO LACK OF
17 FUNDS.—

18 “(i) IN GENERAL.—Notwithstanding
19 paragraph (1), each application for a loan
20 or loan guarantee under section 3601(e),
21 or for a loan under section 3501(a) or
22 3502(a), that is to be disapproved by the
23 Secretary solely because the Secretary
24 lacks the funds necessary to make the loan

1 or guarantee shall not be disapproved but
2 shall be placed in pending status.

3 “(ii) RECONSIDERATION.—The Sec-
4 retary shall retain each pending application
5 and reconsider the application beginning
6 on the date that sufficient funds become
7 available.

8 “(iii) NOTIFICATION.—Not later than
9 60 days after funds become available re-
10 garding each pending application, the Sec-
11 retary shall notify the applicant of the ap-
12 proval or disapproval of funding for the
13 application.

14 “(6) APPROVALS ON APPEAL.—If an application
15 for a loan or loan guarantee under this subtitle is
16 disapproved by the Secretary, but that action is sub-
17 sequently reversed or revised as the result of an ap-
18 peal within the Department or to the courts of the
19 United States and the application is returned to the
20 Secretary for further consideration, the Secretary
21 shall act on the application and provide the appli-
22 cant with notice of the action not later than 15 days
23 after the date of return of the application to the
24 Secretary.

25 “(7) PROVISION OF PROCEEDS.—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraph (B), if an application for an in-
3 sured loan under this title is approved by the
4 Secretary, the Secretary shall provide the loan
5 proceeds to the applicant not later than 15 days
6 (or such longer period as the applicant may ap-
7 prove) after the application for the loan is ap-
8 proved by the Secretary.

9 “(B) LACK OF FUNDS.—If the Secretary is
10 unable to provide the loan proceeds to the ap-
11 plicant during the 15-day period described in
12 subparagraph (A) because sufficient funds are
13 not available to the Secretary for that purpose,
14 the Secretary shall provide the loan proceeds to
15 the applicant as soon as practicable (but in no
16 event later than 15 days unless the applicant
17 agrees to a longer period) after sufficient funds
18 for that purpose become available to the Sec-
19 retary.

20 **“SEC. 3407. GRADUATION OF BORROWERS.**

21 “(a) GRADUATION OF SEASONED DIRECT LOAN
22 BORROWERS TO THE LOAN GUARANTEE PROGRAM.—

23 “(1) REVIEW OF LOANS.—

24 “(A) IN GENERAL.—The Secretary, or a
25 contracting third party, shall annually review

1 under section 3420 the loans of each seasoned
2 direct loan borrower.

3 “(B) ASSISTANCE.—If, based on the re-
4 view, it is determined that a borrower would be
5 able to obtain a loan, guaranteed by the Sec-
6 retary, from a commercial or cooperative lender
7 at reasonable rates and terms for loans for
8 similar purposes and periods of time, the Sec-
9 retary shall assist the borrower in applying for
10 the commercial or cooperative loan.

11 “(2) PROSPECTUS.—

12 “(A) IN GENERAL.—In accordance with
13 section 3422, the Secretary shall prepare a pro-
14 spectus on each seasoned direct loan borrower
15 determined eligible to obtain a guaranteed loan.

16 “(B) REQUIREMENTS.—The prospectus
17 shall contain a description of the amounts of
18 the loan guarantee and interest assistance that
19 the Secretary will provide to the seasoned direct
20 loan borrower to enable the seasoned direct loan
21 borrower to carry out a financially viable farm-
22 ing plan if a guaranteed loan is made.

23 “(3) VERIFICATION.—

24 “(A) IN GENERAL.—The Secretary shall
25 provide a prospectus of a seasoned direct loan

1 borrower to each approved lender whose lending
2 area includes the location of the seasoned direct
3 loan borrower.

4 “(B) NOTIFICATION.—The Secretary shall
5 notify each borrower of a loan that a prospectus
6 has been provided to a lender under subpara-
7 graph (A).

8 “(C) CREDIT EXTENDED.—If the Sec-
9 retary receives an offer from an approved lend-
10 er to extend credit to the seasoned direct loan
11 borrower under terms and conditions contained
12 in the prospectus, the seasoned direct loan bor-
13 rower shall not be eligible for a loan from the
14 Secretary under chapter 1 or 2, except as other-
15 wise provided in this section.

16 “(4) INSUFFICIENT ASSISTANCE OR OFFERS.—
17 If the Secretary is unable to provide loan guarantees
18 and, if necessary, interest assistance to the seasoned
19 direct loan borrower under this section in amounts
20 sufficient to enable the seasoned direct loan bor-
21 rower to borrow from commercial sources the
22 amount required to carry out a financially viable
23 farming plan, or if the Secretary does not receive an
24 offer from an approved lender to extend credit to a
25 seasoned direct loan borrower under the terms and

1 conditions contained in the prospectus, the Secretary
2 shall make a loan to the seasoned direct loan bor-
3 rower under chapter 1 or 2, whichever is applicable.

4 “(5) INTEREST RATE REDUCTIONS.—To the ex-
5 tent necessary for the borrower to obtain a loan,
6 guaranteed by the Secretary, from a commercial or
7 cooperative lender, the Secretary shall provide inter-
8 est rate reductions as provided for under section
9 3413.

10 “(b) TRANSITION TO PRIVATE COMMERCIAL OR
11 OTHER SOURCES OF CREDIT.—

12 “(1) IN GENERAL.—In making an operating or
13 ownership loan, the Secretary shall establish a plan
14 and promulgate regulations (including performance
15 criteria) that promote the goal of transitioning bor-
16 rowers to private commercial credit and other
17 sources of credit in the shortest period of time prac-
18 ticable.

19 “(2) COORDINATION.—In carrying out this sec-
20 tion, the Secretary shall integrate and coordinate the
21 transition policy described in subsection (a) with—

22 “(A) the borrower training program estab-
23 lished by section 3419;

24 “(B) the loan assessment process estab-
25 lished by section 3420;

1 “(C) the supervised credit requirement es-
2 tablished by section 3421;

3 “(D) the market placement program estab-
4 lished by section 3422; and

5 “(E) other appropriate programs and au-
6 thorities, as determined by the Secretary.

7 “(c) GRADUATION OF BORROWERS WITH OPERATING
8 LOANS OR GUARANTEES TO PRIVATE COMMERCIAL
9 CREDIT.—The Secretary shall establish a plan, in coordi-
10 nation with activities under sections 3419 through 3422,
11 to encourage each borrower with an outstanding loan
12 under this chapter, or with respect to whom there is an
13 outstanding guarantee under this chapter, to graduate to
14 private commercial or other sources of credit.

15 **“SEC. 3408. DEBT ADJUSTMENT AND CREDIT COUNSELING.**

16 “In carrying out this subtitle, the Secretary may—

17 “(1) provide voluntary debt adjustment assist-
18 ance between—

19 “(A) farmers; and

20 “(B) the creditors of the farmers;

21 “(2) cooperate with State, territorial, and local
22 agencies and committees engaged in the debt adjust-
23 ment; and

24 “(3) give credit counseling.

1 **“SEC. 3409. SECURITY SERVICING.**

2 “(a) SALE OF PROPERTY.—

3 “(1) IN GENERAL.—Subject to this subsection
4 and subsection (e)(1), the Secretary shall offer to
5 sell real property that is acquired by the Secretary
6 under this title using the following order and method
7 of sale:

8 “(A) ADVERTISEMENT.—Not later than 15
9 days after acquiring real property, the Sec-
10 retary shall publicly advertise the property for
11 sale.

12 “(B) QUALIFIED BEGINNING FARMER.—

13 “(i) IN GENERAL.—Not later than 75
14 days after acquiring real property, the Sec-
15 retary shall offer to sell the property to a
16 qualified beginning farmer at current mar-
17 ket value based on a current appraisal.

18 “(ii) RANDOM SELECTION.—If more
19 than 1 qualified beginning farmer offers to
20 purchase the property, the Secretary shall
21 select between the qualified applicants on a
22 random basis.

23 “(iii) APPEAL OF RANDOM SELEC-
24 TION.—A random selection or denial by
25 the Secretary of a qualified beginning
26 farmer for farm inventory property under

1 this subparagraph shall be final and not
2 administratively appealable.

3 “(C) PUBLIC SALE.—If no acceptable offer
4 is received from a qualified beginning farmer
5 under subparagraph (B) not later than 75 days
6 after acquiring the real property, the Secretary
7 shall, not later than 30 days after the 75-day
8 period, sell the property after public notice at a
9 public sale, and, if no acceptable bid is received,
10 by negotiated sale, at the best price obtainable.

11 “(2) INTEREST.—

12 “(A) IN GENERAL.—Subject to subpara-
13 graph (B), any conveyance of real property
14 under this subsection shall include all of the in-
15 terest of the United States in the property, in-
16 cluding mineral rights.

17 “(B) CONSERVATION.—The Secretary may
18 for conservation purposes grant or sell an ease-
19 ment, restriction, development right, or similar
20 legal right to real property to a State, a polit-
21 ical subdivision of a State, or a private non-
22 profit organization separately from the under-
23 lying fee or other rights to the property owned
24 by the United States.

1 “(3) OTHER LAW.—Subtitle I of title 40,
2 United States Code, and title III of the Federal
3 Property and Administrative Services Act of 1949
4 (41 U.S.C. 251 et seq.) shall not apply to any exer-
5 cise of authority under this subtitle.

6 “(4) LEASE OF PROPERTY.—

7 “(A) IN GENERAL.—Subject to subpara-
8 graph (B), the Secretary may not lease any real
9 property acquired under this title.

10 “(B) EXCEPTION.—

11 “(i) QUALIFIED BEGINNING FARM-
12 ER.—The Secretary may lease or contract
13 to sell to a qualified beginning farmer a
14 farm acquired by the Secretary under this
15 title if the qualified beginning farmer
16 qualifies for a credit sale or direct farm
17 ownership loan under chapter 1 but credit
18 sale authority for loans or direct farm own-
19 ership loan funds, respectively, are not
20 available.

21 “(ii) TERM.—The term of a lease or
22 contract to sell to a qualified beginning
23 farmer under clause (i) shall be until the
24 earlier of—

1 “(I) the date that is 18 months
2 after the date of the lease or sale; or

3 “(II) the date that direct farm
4 ownership loan funds or credit sale
5 authority for loans becomes available
6 to the qualified beginning farmer.

7 “(iii) INCOME-PRODUCING CAPA-
8 BILITY.—In determining the rental rate on
9 real property leased under this subpara-
10 graph, the Secretary shall consider the in-
11 come-producing capability of the property
12 during the term that the property is
13 leased.

14 “(5) EXPEDITED DETERMINATION.—

15 “(A) IN GENERAL.—On the request of an
16 applicant, not later than 30 days after denial of
17 the application, the appropriate State director
18 shall provide an expedited review and deter-
19 mination of whether the applicant is a qualified
20 beginning farmer for the purpose of acquiring
21 farm inventory property.

22 “(B) APPEAL.—The determination of a
23 State Director under subparagraph (A) shall be
24 final and not administratively appealable.

25 “(C) EFFECTS OF DETERMINATIONS.—

1 “(i) IN GENERAL.—The Secretary
2 shall maintain statistical data on the num-
3 ber and results of determinations made
4 under subparagraph (A) and the effect of
5 the determinations on—

6 “(I) selling farm inventory prop-
7 erty to qualified beginning farmers;
8 and

9 “(II) disposing of real property
10 in inventory.

11 “(ii) NOTIFICATION.—The Secretary
12 shall notify the Committee on Agriculture
13 of the House of Representatives and the
14 Committee on Agriculture, Nutrition, and
15 Forestry of the Senate if the Secretary de-
16 termines that the review process under
17 subparagraph (A) is adversely affecting the
18 selling of farm inventory property to quali-
19 fied beginning farmers or the disposing of
20 real property in inventory.

21 “(b) ROAD AND UTILITY EASEMENTS AND CON-
22 DEMNATIONS.—In the case of any real property adminis-
23 tered under this title, the Secretary may grant or sell ease-
24 ments or rights-of-way for roads, utilities, and other ap-

1 purtenances that are not inconsistent with the public in-
2 terest.

3 “(c) SALE OR LEASE OF FARMLAND.—

4 “(1) DISPOSITION OF REAL PROPERTY ON IN-
5 DIAN RESERVATIONS.—

6 “(A) DEFINITION OF INDIAN RESERVA-
7 TION.—In this paragraph, the term ‘Indian res-
8 ervation’ means—

9 “(i) all land located within the limits
10 of any Indian reservation under the juris-
11 diction of the United States, notwith-
12 standing the issuance of any patent, and,
13 including any right-of-way running through
14 the reservation;

15 “(ii) trust or restricted land located
16 within the boundaries of a former reserva-
17 tion of an Indian tribe in the State of
18 Oklahoma; or

19 “(iii) all Indian allotments the Indian
20 titles to which have not been extinguished
21 if the allotments are subject to the juris-
22 diction of an Indian tribe.

23 “(B) DISPOSITION.—Except as provided in
24 paragraph (3), the Secretary shall dispose of or

1 administer the property as provided in para-
2 graph when—

3 “(i) the Secretary acquires property
4 under this subtitle that is located within an
5 Indian reservation; and

6 “(ii) the borrower-owner is the Indian
7 tribe that has jurisdiction over the reserva-
8 tion in which the real property is located
9 or the borrower-owner is a member of the
10 Indian tribe;

11 “(C) PRIORITY.—Not later than 90 days
12 after acquiring the property, the Secretary shall
13 afford an opportunity to purchase or lease the
14 real property in accordance with the order of
15 priority established under subparagraph (D) to
16 the Indian tribe having jurisdiction over the In-
17 dian reservation within which the real property
18 is located or, if no order of priority is estab-
19 lished by the Indian tribe under subparagraph
20 (D), in the following order:

21 “(i) An Indian member of the Indian
22 tribe that has jurisdiction over the reserva-
23 tion within which the real property is lo-
24 cated.

25 “(ii) An Indian corporate entity.

1 “(iii) The Indian tribe.

2 “(D) REVISION OF PRIORITY AND RE-
3 STRICTION OF ELIGIBILITY.—The governing
4 body of any Indian tribe having jurisdiction
5 over an Indian reservation may revise the order
6 of priority provided in subparagraph (C) under
7 which land located within the reservation shall
8 be offered for purchase or lease by the Sec-
9 retary under subparagraph (C) and may re-
10 strict the eligibility for the purchase or lease
11 to—

12 “(i) persons who are members of the
13 Indian tribe;

14 “(ii) Indian corporate entities that are
15 authorized by the Indian tribe to lease or
16 purchase land within the boundaries of the
17 reservation; or

18 “(iii) the Indian tribe itself.

19 “(E) TRANSFER OF PROPERTY TO SEC-
20 RETARY OF THE INTERIOR.—

21 “(i) IN GENERAL.—If real property
22 described in subparagraph (B) is not pur-
23 chased or leased under subparagraph (C)
24 and the Indian tribe having jurisdiction
25 over the reservation within which the real

1 property is located is unable to purchase or
2 lease the real property, the Secretary shall
3 transfer the real property to the Secretary
4 of the Interior who shall administer the
5 real property as if the real property were
6 held in trust by the United States for the
7 benefit of the Indian tribe.

8 “(ii) USE OF RENTAL INCOME.—From
9 the rental income derived from the lease of
10 the transferred real property, and all other
11 income generated from the transferred real
12 property, the Secretary of the Interior
13 shall pay the State, county, municipal, or
14 other local taxes to which the transferred
15 real property was subject at the time of ac-
16 quisition by the Secretary, until the earlier
17 of—

18 “(I) the expiration of the 4-year
19 period beginning on the date on which
20 the real property is so transferred; or

21 “(II) such time as the land is
22 transferred into trust pursuant to
23 subparagraph (H).

24 “(F) RESPONSIBILITIES OF SECRE-
25 TARIES.—If any real property is transferred to

1 the Secretary of the Interior under subpara-
2 graph (E)—

3 “(i) the Secretary of Agriculture shall
4 have no further responsibility under this
5 title for—

6 “(I) collection of any amounts
7 with regard to the farm program loan
8 that had been secured by the real
9 property;

10 “(II) any lien arising out of the
11 loan transaction; or

12 “(III) repayment of any amount
13 with regard to the loan transaction or
14 lien to the Treasury of the United
15 States; and

16 “(ii) the Secretary of the Interior
17 shall succeed to all right, title, and interest
18 of the Secretary of Agriculture in the real
19 estate arising from the farm program loan
20 transaction, including the obligation to
21 remit to the Treasury of the United States,
22 in repayment of the original loan, the
23 amounts provided in subparagraph (G).

24 “(G) USE OF INCOME.—After the payment
25 of any taxes that are required to be paid under

1 subparagraph (E)(ii), all remaining rental in-
2 come derived from the lease of the real property
3 transferred to the Secretary of the Interior
4 under subparagraph (E)(i), and all other in-
5 come generated from the real property trans-
6 ferred to the Secretary of the Interior under
7 that subparagraph, shall be deposited as mis-
8 cellaneous receipts in the Treasury of the
9 United States until the amount deposited is
10 equal to the lesser of—

11 “(i) the amount of the outstanding
12 lien of the United States against the real
13 property, as of the date the real property
14 was acquired by the Secretary;

15 “(ii) the fair market value of the real
16 property, as of the date of the transfer to
17 the Secretary of the Interior; or

18 “(iii) the capitalized value of the real
19 property, as of the date of the transfer to
20 the Secretary of the Interior.

21 “(H) HOLDING OF TITLE IN TRUST.—If
22 the total amount that is required to be depos-
23 ited under subparagraph (G) with respect to
24 any real property has been deposited into the
25 Treasury of the United States, title to the real

1 property shall be held in trust by the United
2 States for the benefit of the Indian tribe having
3 jurisdiction over the Indian reservation within
4 which the real property is located.

5 “(I) PAYMENT OF REMAINING LIEN OR
6 FAIR MARKET VALUE OF PROPERTY.—

7 “(i) IN GENERAL.—Notwithstanding
8 any other subparagraph of this paragraph,
9 the Indian tribe having jurisdiction over
10 the Indian reservation within which the
11 real property described in subparagraph
12 (B) is located may, at any time after the
13 real property has been transferred to the
14 Secretary of the Interior under subpara-
15 graph (E), offer to pay the remaining
16 amount on the lien or the fair market
17 value of the real property, whichever is
18 less.

19 “(ii) EFFECT OF PAYMENT.—On pay-
20 ment of the amount, title to the real prop-
21 erty shall be held by the United States in
22 trust for the tribe and the trust or re-
23 stricted land that has been acquired by the
24 Secretary under foreclosure or voluntary
25 transfer under a loan made or insured

1 under this title and transferred to an In-
2 dian person, entity, or tribe under this
3 paragraph shall be considered to have
4 never lost trust or restricted status.

5 “(J) APPLICABILITY.—

6 “(i) IN GENERAL.—This paragraph
7 shall apply to all land in the land inventory
8 established under this title (as of Novem-
9 ber 28, 1990) that was (immediately prior
10 to the date) owned by an Indian borrower-
11 owner described in subparagraph (B) and
12 that is situated within an Indian reserva-
13 tion, regardless of the date of foreclosure
14 or acquisition by the Secretary.

15 “(ii) OPPORTUNITY TO PURCHASE OR
16 LEASE.—The Secretary shall afford an op-
17 portunity to an Indian person, entity, or
18 tribe to purchase or lease the real property
19 as provided in subparagraph (C).

20 “(iii) TRANSFER.—If the right is not
21 exercised or no expression of intent to ex-
22 ercise the right is received within 180 days
23 after November 28, 1990, the Secretary
24 shall transfer the real property to the Sec-

1 retary of the Interior as provided in sub-
2 paragraph (E).

3 “(2) ADDITIONAL RIGHTS.—The rights pro-
4 vided in this subsection shall be in addition to any
5 right of first refusal under the law of the State in
6 which the property is located.

7 “(3) DISPOSITION OF REAL PROPERTY ON IN-
8 DIAN RESERVATIONS AFTER PROCEDURES EX-
9 HAUSTED.—

10 “(A) IN GENERAL.—The Secretary shall
11 dispose of or administer real property described
12 in paragraph (1)(B) only as provided in para-
13 graph (1), as modified by this paragraph, if—

14 “(i) the real property described in
15 paragraph (1)(B) is located within an In-
16 dian reservation;

17 “(ii) the borrower-owner is an Indian
18 tribe that has jurisdiction over the reserva-
19 tion in which the real property is located
20 or the borrower-owner is a member of an
21 Indian tribe;

22 “(iii) the borrower-owner has obtained
23 a loan made or guaranteed under this title;
24 and

1 “(iv) the borrower-owner and the Sec-
2 retary have exhausted all of the procedures
3 provided for in this title to permit a bor-
4 rower-owner to retain title to the real prop-
5 erty, so that it is necessary for the bor-
6 rower-owner to relinquish title.

7 “(B) NOTICE OF RIGHT TO CONVEY PROP-
8 ERTY.—The Secretary shall provide the bor-
9 rower-owner of real property that is described
10 in subparagraph (A) with written notice of—

11 “(i) the right of the borrower-owner to
12 voluntarily convey the real property to the
13 Secretary; and

14 “(ii) the fact that real property so
15 conveyed will be placed in the inventory of
16 the Secretary.

17 “(C) NOTICE OF RIGHTS AND PROTEC-
18 TIONS.—The Secretary shall provide the bor-
19 rower-owner of the real property with written
20 notice of the rights and protections provided
21 under this title to the borrower-owner, and the
22 Indian tribe that has jurisdiction over the res-
23 ervation in which the real property is located,
24 from foreclosure or liquidation of the real prop-
25 erty, including written notice—

1 “(i) of paragraph (1), this paragraph,
2 and subsection (e)(3);

3 “(ii) if the borrower-owner does not
4 voluntarily convey the real property to the
5 Secretary, that—

6 “(I) the Secretary may foreclose
7 on the property;

8 “(II) in the event of foreclosure,
9 the property will be offered for sale;

10 “(III) the Secretary shall offer a
11 bid for the property that is equal to
12 the fair market value of the property
13 or the outstanding principal and inter-
14 est of the loan, whichever is higher;

15 “(IV) the property may be pur-
16 chased by another party; and

17 “(V) if the property is purchased
18 by another party, the property will not
19 be placed in the inventory of the Sec-
20 retary and the borrower-owner will
21 forfeit the rights and protections pro-
22 vided under this title; and

23 “(iii) of the opportunity of the bor-
24 rower-owner to consult with the Indian
25 tribe that has jurisdiction over the reserva-

1 tion in which the real property is located
2 or counsel to determine if State or tribal
3 law provides rights and protections that
4 are more beneficial than the rights and
5 protections provided the borrower-owner
6 under this title.

7 “(D) ACCEPTANCE OF VOLUNTARY CON-
8 VEYANCE.—

9 “(i) IN GENERAL.—Except as pro-
10 vided in clause (ii), the Secretary shall ac-
11 cept the voluntary conveyance of real prop-
12 erty described in subparagraph (A).

13 “(ii) HAZARDOUS SUBSTANCES.—If a
14 hazardous substance (as defined in section
15 101(14) of the Comprehensive Environ-
16 mental Response, Compensation, and Li-
17 ability Act of 1980 (42 U.S.C. 9601(14)))
18 is located on the property and the Sec-
19 retary takes remedial action to protect
20 human health or the environment if the
21 property is taken into inventory, the Sec-
22 retary shall accept the voluntary convey-
23 ance of the property only if the Secretary
24 determines that the conveyance is in the
25 best interests of the Federal Government.

1 “(E) FORECLOSURE PROCEDURES.—

2 “(i) NOTICE TO BORROWER.—If an
3 Indian borrower-owner does not voluntarily
4 convey to the Secretary real property de-
5 scribed in subparagraph (A), not less than
6 30 days before a foreclosure sale of the
7 property, the Secretary shall provide the
8 Indian borrower-owner with the option
9 of—

10 “(I) requiring the Secretary to
11 assign the loan and security instru-
12 ments to the Secretary of the Interior,
13 if the Secretary of the Interior agrees
14 to an assignment releasing the Sec-
15 retary of Agriculture from all further
16 responsibility for collection of any
17 amounts with regard to the loan se-
18 cured by the real property; or

19 “(II) requiring the Secretary to
20 assign the loan and security instru-
21 ments to the tribe having jurisdiction
22 over the reservation in which the real
23 property is located, if the tribe agrees
24 to assume the loan under the terms
25 specified in clause (iii).

1 “(ii) NOTICE TO TRIBE.—If an Indian
2 borrower-owner does not voluntarily convey
3 to the Secretary real property described in
4 subparagraph (A), not less than 30 days
5 before a foreclosure sale of the property,
6 the Secretary shall provide written notice
7 to the Indian tribe that has jurisdiction
8 over the reservation in which the real prop-
9 erty is located of—

10 “(I) the sale;

11 “(II) the fair market value of the
12 property; and

13 “(III) the requirements of this
14 paragraph.

15 “(iii) ASSUMED LOANS.—If an Indian
16 tribe assumes a loan under clause (i)—

17 “(I) the Secretary shall not fore-
18 close the loan because of any default
19 that occurred prior to the date of the
20 assumption;

21 “(II) the loan shall be for the
22 lesser of the outstanding principal and
23 interest of the loan or the fair market
24 value of the property; and

1 “(III) the loan shall be treated as
2 though the loan was made under Pub-
3 lic Law 91–229 (25 U.S.C. 488 et
4 seq.).

5 “(F) AMOUNT OF BID BY SECRETARY.—

6 “(i) IN GENERAL.—Except as pro-
7 vided in clause (ii), at a foreclosure sale of
8 real property described in subparagraph
9 (A), the Secretary shall offer a bid for the
10 property that is equal to the higher of—

11 “(I) the fair market value of the
12 property; or

13 “(II) the outstanding principal
14 and interest on the loan.

15 “(ii) HAZARDOUS SUBSTANCES.—If a
16 hazardous substance (as defined in section
17 101(14) of the Comprehensive Environ-
18 mental Response, Compensation, and Li-
19 ability Act of 1980 (42 U.S.C. 9601(14)))
20 is located on the property and the Sec-
21 retary takes remedial action to protect
22 human health or the environment if the
23 property is taken into inventory, clause (i)
24 shall apply only if the Secretary determines

1 that bidding is in the best interests of the
2 Federal Government.

3 “(4) DETRIMENTAL EFFECT ON VALUE OF
4 AREA FARMLAND.—The Secretary shall not offer for
5 sale or sell any farmland referred to in paragraphs
6 (1) through (3) if placing the farmland on the mar-
7 ket will have a detrimental effect on the value of
8 farmland in the area.

9 “(5) INSTALLMENT SALES AND MULTIPLE OP-
10 ERATORS.—

11 “(A) IN GENERAL.—The Secretary may
12 sell farmland administered under this title
13 through an installment sale or similar device
14 that contains such terms as the Secretary con-
15 siders necessary to protect the investment of
16 the Federal Government in the land.

17 “(B) SALE OF CONTRACT.—The Secretary
18 may subsequently sell any contract entered into
19 to carry out subparagraph (A).

20 “(6) HIGHLY ERODIBLE LAND.—In the case of
21 farmland administered under this title that is highly
22 erodible land (as defined in section 1201 of the Food
23 Security Act of 1985 (16 U.S.C. 3801)), the Sec-
24 retary may require the use of specified conservation

1 practices on the land as a condition of the sale or
2 lease of the land.

3 “(7) NO EFFECT ON ACREAGE ALLOTMENTS,
4 MARKETING QUOTAS, OR ACREAGE BASES.—Not-
5 withstanding any other law, compliance by the Sec-
6 retary with this subsection shall not cause any acre-
7 age allotment, marketing quota, or acreage base as-
8 signed to the property to lapse, terminate, be re-
9 duced, or otherwise be adversely affected.

10 “(8) NO PREEMPTION OF STATE LAW.—If a
11 conflict exists between any provision of this sub-
12 section and any provision of the law of any State
13 providing a right of first refusal to the owner of
14 farmland or the operator of a farm before the sale
15 or lease of land to any other person, the provision
16 of State law shall prevail.

17 “(d) RELEASE OF NORMAL INCOME SECURITY.—

18 “(1) DEFINITION OF NORMAL INCOME SECU-
19 RITY.—In this subsection:

20 “(A) IN GENERAL.—Except as provided in
21 subparagraph (B), the term ‘normal income se-
22 curity’ means all security not considered basic
23 security, including crops, livestock, poultry
24 products, Farm Service Agency payments and
25 Commodity Credit Corporation payments, and

1 other property covered by Farm Service Agency
2 liens that is sold in conjunction with the oper-
3 ation of a farm or other business.

4 “(B) EXCEPTIONS.—The term ‘normal in-
5 come security’ does not include any equipment
6 (including fixtures in States that have adopted
7 the Uniform Commercial Code), or foundation
8 herd or flock, that is—

9 “(i) the basis of the farming or other
10 operation; and

11 “(ii) the basic security for a farmer
12 program loan.

13 “(2) GENERAL RELEASE.—Subject to para-
14 graph (5), the Secretary shall release from the nor-
15 mal income security provided for a loan an amount
16 sufficient to pay for the essential household and
17 farm operating expenses of the borrower, until such
18 time as the Secretary accelerates the loan.

19 “(3) FINAL DETERMINATIONS.—

20 “(A) IN GENERAL.—Not later than 1 year
21 after a borrower has requested restructuring
22 under section 3411, the Secretary shall make a
23 final determination on the request.

24 “(B) RELEASES.—Releases shall continue
25 to be made to the borrower until a denial or

1 dismissal of the application of the borrower for
2 restructuring under section 3411 is made.

3 “(C) AMOUNT OF RELEASE.—The amount
4 of essential household and farm operating ex-
5 penses that may be released to any borrower el-
6 igible for the releases after 1 year may exceed
7 \$18,000, by an amount proportionate to the pe-
8 riod of time beyond 1 year before a final deter-
9 mination is made by the Secretary.

10 “(4) NOTICE OF REPORTING REQUIREMENTS
11 AND RIGHTS.—If a borrower is required to plan for
12 or to report as to how proceeds from the sale of col-
13 lateral property will be used, the Secretary shall no-
14 tify the borrower of—

15 “(A) the requirement; and

16 “(B) the right to the release of funds
17 under this subsection and the means by which
18 a request for the funds may be made.

19 “(5) APPLICABILITY.—This subsection shall
20 apply only a non-real estate loan made under chap-
21 ter 2 or 3.

22 “(e) EASEMENTS ON INVENTORIED PROPERTY.—

23 “(1) IN GENERAL.—Subject to paragraph (2),
24 in the disposal of real property under this section,
25 the Secretary shall establish perpetual wetland con-

1 servation easements to protect and restore wetland
2 or converted wetland that exists on inventoried prop-
3 erty.

4 “(2) LIMITATION.—The Secretary shall not es-
5 tablish a wetland conservation easement on an
6 inventoried property that—

7 “(A) was cropland on the date the prop-
8 erty entered the inventory of the Secretary; or

9 “(B) was used for farming at any time
10 during the period—

11 “(i) beginning on the date that is 5
12 years before the property entered the in-
13 ventory of the Secretary; and

14 “(ii) ending on the date on which the
15 property entered the inventory of the Sec-
16 retary.

17 “(3) NOTIFICATION.—The Secretary shall pro-
18 vide prior written notification to a borrower consid-
19 ering homestead retention that a wetland conserva-
20 tion easement may be placed on land for which the
21 borrower is negotiating a lease option.

22 “(4) APPRAISED VALUE.—The appraised value
23 of the farm shall reflect the value of the land due
24 to the placement of wetland conservation easements.

1 **“SEC. 3410. CONTRACTS ON LOAN SECURITY PROPERTIES.**

2 “(a) CONTRACTS ON LOAN SECURITY PROP-
3 ERTIES.—Subject to subsection (b), the Secretary may
4 enter into a contract related to real property for conserva-
5 tion, recreation, or wildlife purposes.

6 “(b) LIMITATIONS.—The Secretary may enter into a
7 contract under subsection (a) if—

8 “(1) the property is wetland, upland, or highly
9 erodible land;

10 “(2) the property is determined by the Sec-
11 retary to be suitable for the purpose involved; and

12 “(3)(A) the property secures a loan made under
13 a law administered and held by the Secretary; and

14 “(B) the contract would better enable a quali-
15 fied borrower to repay the loan in a timely manner,
16 as determined by the Secretary.

17 “(c) TERMS AND CONDITIONS.—The terms and con-
18 ditions specified in a contract under subsection (a) shall—

19 “(1) specify the purposes for which the real
20 property may be used;

21 “(2) identify any conservation measure to be
22 taken, and any recreational and wildlife use to be al-
23 lowed, with respect to the real property; and

24 “(3) require the owner to permit the Secretary,
25 and any person or governmental entity designated by
26 the Secretary, to have access to the real property for

1 the purpose of monitoring compliance with the con-
2 tract.

3 “(d) REDUCTION OR FORGIVENESS OF DEBT.—

4 “(1) IN GENERAL.—Subject to this section, the
5 Secretary may reduce or forgive the outstanding
6 debt of a borrower—

7 “(A) in the case of a borrower to whom the
8 Secretary has made an outstanding loan under
9 a law administered by the Secretary, by can-
10 celing that part of the aggregate amount of the
11 outstanding loan that bears the same ratio to
12 the aggregate amount as—

13 “(i) the number of acres of the real
14 property of the borrower that are subject
15 to the contract; bears to

16 “(ii) the aggregate number of acres
17 securing the loan; or

18 “(B) in any other case, by treating as pre-
19 paid that part of the principal amount of a new
20 loan to the borrower issued and held by the
21 Secretary under a law administered by the Sec-
22 retary that bears the same ratio to the principal
23 amount as—

1 “(i) the number of acres of the real
2 property of the borrower that are subject
3 to the contract; bears to

4 “(ii) the aggregate number of acres
5 securing the new loan.

6 “(2) MAXIMUM CANCELED AMOUNT.—The
7 amount canceled or treated as prepaid under para-
8 graph (1) shall not exceed—

9 “(A) in the case of a delinquent loan, the
10 greater of—

11 “(i) the value of the land on which the
12 contract is entered into; or

13 “(ii) the difference between—

14 “(I) the amount of the out-
15 standing loan secured by the land;
16 and

17 “(II) the value of the land; or

18 “(B) in the case of a nondelinquent loan,
19 33 percent of the amount of the loan secured
20 by the land.

21 “(e) CONSULTATION WITH FISH AND WILDLIFE
22 SERVICE.—If the Secretary uses the authority provided by
23 this section, the Secretary shall consult with the Director
24 of the Fish and Wildlife Service for the purposes of—

1 “(1) selecting real property in which the Sec-
2 retary may enter into a contract under this section;

3 “(2) formulating the terms and conditions of
4 the contract; and

5 “(3) enforcing the contract.

6 “(f) ENFORCEMENT.—The Secretary, and any person
7 or governmental entity designated by the Secretary, may
8 enforce a contract entered into by the Secretary under this
9 section.

10 **“SEC. 3411. DEBT RESTRUCTURING AND LOAN SERVICING.**

11 “(a) IN GENERAL.—The Secretary shall modify a de-
12 linquent farmer program loan made or guaranteed under
13 this subtitle, or purchased from the lender or the Federal
14 Deposit Insurance Corporation under section 3902, to the
15 maximum extent practicable—

16 “(1) to avoid a loss to the Secretary on the
17 loan, with priority consideration being placed on
18 writing-down the loan principal and interest (subject
19 to subsections (d) and (e)), and debt set-aside (sub-
20 ject to subsection (e)), to facilitate keeping the bor-
21 rower on the farm, or otherwise through the use of
22 primary loan service programs under this section;
23 and

24 “(2) to ensure that a borrower is able to con-
25 tinue farming operations.

1 “(b) ELIGIBILITY.—To be eligible to obtain assist-
2 ance under subsection (a)—

3 “(1) the delinquency shall be due to a cir-
4 cumstance beyond the control of the borrower, as de-
5 fined in regulations issued by the Secretary, except
6 that the regulations shall require that, if the value
7 of the assets calculated under subsection
8 (c)(2)(A)(ii) that may be realized through liquida-
9 tion or other methods would produce enough income
10 to make the delinquent loan current, the borrower
11 shall not be eligible for assistance under subsection
12 (a);

13 “(2) the borrower shall have acted in good faith
14 with the Secretary in connection with the loan as de-
15 fined in regulations issued by the Secretary;

16 “(3) the borrower shall present a preliminary
17 plan to the Secretary that contains reasonable as-
18 sumptions that demonstrate that the borrower will
19 be able—

20 “(A) to meet the necessary family living
21 and farm operating expenses of the borrower;
22 and

23 “(B) to service all debts of the borrower,
24 including restructured loans; and

1 “(4) the loan, if restructured, shall result in a
2 net recovery to the Federal Government, during the
3 term of the loan as restructured, that would be more
4 than or equal to the net recovery to the Federal
5 Government from an involuntary liquidation or fore-
6 closure on the property securing the loan.

7 “(c) RESTRUCTURING DETERMINATIONS.—

8 “(1) DETERMINATION OF NET RECOVERY.—In
9 determining the net recovery from the involuntary
10 liquidation of a loan under this section, the Sec-
11 retary shall calculate—

12 “(A) the recovery value of the collateral se-
13 curing the loan, in accordance with paragraph
14 (2); and

15 “(B) the value of the restructured loan, in
16 accordance with paragraph (3).

17 “(2) RECOVERY VALUE.—For the purpose of
18 paragraph (1), the recovery value of the collateral
19 securing the loan shall be based on the difference be-
20 tween—

21 “(A)(i) the amount of the current ap-
22 praised value of the interests of the borrower in
23 the property securing the loan; and

24 “(ii) the value of the interests of the bor-
25 rower in all other assets that are—

1 “(I) not essential for necessary family
2 living expenses;

3 “(II) not essential to the operation of
4 the farm; and

5 “(III) not exempt from judgment
6 creditors or in a bankruptcy action under
7 Federal or State law;

8 “(B) the estimated administrative, attor-
9 ney, and other expenses associated with the liq-
10 uidation and disposition of the loan and collat-
11 eral, including—

12 “(i) the payment of prior liens;

13 “(ii) taxes and assessments, deprecia-
14 tion, management costs, the yearly per-
15 centage decrease or increase in the value of
16 the property, and lost interest income, each
17 calculated for the average holding period
18 for the type of property involved;

19 “(iii) resale expenses, such as repairs,
20 commissions, and advertising; and

21 “(iv) other administrative and attor-
22 ney costs; and

23 “(C) the value, as determined by the Sec-
24 retary, of any property not included in subpara-
25 graph (A)(i) if the property is specified in any

1 security agreement with respect to the loan and
2 the Secretary determines that the value of the
3 property should be included for purposes of this
4 section.

5 “(3) VALUE OF THE RESTRUCTURED LOAN.—

6 “(A) IN GENERAL.—For the purpose of
7 paragraph (1), the value of the restructured
8 loan shall be based on the present value of pay-
9 ments that the borrower would make to the
10 Federal Government if the terms of the loan
11 were modified under any combination of pri-
12 mary loan service programs to ensure that the
13 borrower is able to meet the obligations and
14 continue farming operations.

15 “(B) PRESENT VALUE.—For the purpose
16 of calculating the present value referred to in
17 subparagraph (A), the Secretary shall use a dis-
18 count rate of not more than the current rate at
19 the time of the calculation of 90-day Treasury
20 bills.

21 “(C) CASH FLOW MARGIN.—For the pur-
22 pose of assessing under subparagraph (A) the
23 ability of a borrower to meet debt obligations
24 and continue farming operations, the Secretary
25 shall assume that the borrower needs up to 110

1 percent of the amount indicated for payment of
2 farm operating expenses, debt service obliga-
3 tions, and family living expenses.

4 “(4) NOTIFICATION.—Not later than 90 days
5 after receipt of a written request for restructuring
6 from the borrower, the Secretary shall—

7 “(A) make the calculations specified in
8 paragraphs (2) and (3);

9 “(B) notify the borrower in writing of the
10 results of the calculations; and

11 “(C) provide documentation for the cal-
12 culations.

13 “(5) RESTRUCTURING OF LOANS.—

14 “(A) IN GENERAL.—If the value of a re-
15 structured loan is greater than or equal to the
16 recovery value of the collateral securing the
17 loan, not later than 45 days after notifying the
18 borrower under paragraph (4), the Secretary
19 shall offer to restructure the loan obligations of
20 the borrower under this title through primary
21 loan service programs that would enable the
22 borrower to meet the obligations (as modified)
23 under the loan and to continue the farming op-
24 erations of the borrower.

1 “(B) RESTRUCTURING.—If the borrower
2 accepts an offer under subparagraph (A), not
3 later than 45 days after receipt of notice of ac-
4 ceptance, the Secretary shall restructure the
5 loan accordingly.

6 “(6) TERMINATION OF LOAN OBLIGATIONS.—
7 The obligations of a borrower to the Secretary under
8 a loan shall terminate if—

9 “(A) the borrower satisfies the require-
10 ments of paragraphs (1) and (2) of subsection
11 (b);

12 “(B) the value of the restructured loan is
13 less than the recovery value; and

14 “(C) not later than 90 days after receipt
15 of the notification described in paragraph
16 (4)(B), the borrower pays (or obtains third-
17 party financing to pay) the Secretary an
18 amount equal to the current market value.

19 “(7) NEGOTIATION OF APPRAISAL.—

20 “(A) IN GENERAL.—In making a deter-
21 mination concerning restructuring under this
22 subsection, the Secretary, at the request of the
23 borrower, shall enter into negotiations with the
24 borrower concerning appraisals required under
25 this subsection.

1 “(B) INDEPENDENT APPRAISAL.—

2 “(i) IN GENERAL.—If the borrower,
3 based on a separate current appraisal, ob-
4 jects to the decision of the Secretary re-
5 garding an appraisal, the borrower and the
6 Secretary shall mutually agree, to the ex-
7 tent practicable, on an independent ap-
8 praiser who shall conduct another ap-
9 praisal of the property of the borrower.

10 “(ii) VALUE OF FINAL APPRAISAL.—
11 The average of the 2 appraisals under
12 clause (i) that are closest in value shall be-
13 come the final appraisal under this para-
14 graph.

15 “(iii) COST OF APPRAISAL.—The bor-
16 rower and the Secretary shall each pay $\frac{1}{2}$
17 of the cost of any independent appraisal.

18 “(d) PRINCIPAL AND INTEREST WRITE-DOWN.—

19 “(1) IN GENERAL.—

20 “(A) PRIORITY CONSIDERATION.—In se-
21 lecting the restructuring alternatives to be used
22 in the case of a borrower who has requested re-
23 structuring under this section, the Secretary
24 shall give priority consideration to the use of a
25 principal and interest write-down if other credi-

1 tors of the borrower (other than any creditor
2 who is fully collateralized) representing a sub-
3 stantial portion of the total debt of the bor-
4 rower held by the creditors of the borrower,
5 agree to participate in the development of the
6 restructuring plan or agree to participate in a
7 State mediation program.

8 “(B) FAILURE OF CREDITORS TO
9 AGREE.—Failure of creditors to agree to par-
10 ticipate in the restructuring plan or mediation
11 program shall not preclude the use of a prin-
12 cipal and interest write-down by the Secretary
13 if the Secretary determines that restructuring
14 results in the least cost to the Secretary.

15 “(2) PARTICIPATION OF CREDITORS.—Before
16 eliminating the option to use debt write-down in the
17 case of a borrower, the Secretary shall make a rea-
18 sonable effort to contact the creditors of the bor-
19 rower, either directly or through the borrower, and
20 encourage the creditors to participate with the Sec-
21 retary in the development of a restructuring plan for
22 the borrower.

23 “(e) SHARED APPRECIATION ARRANGEMENTS.—

24 “(1) IN GENERAL.—As a condition of restruc-
25 turing a loan in accordance with this section, the

1 borrower of the loan may be required to enter into
2 a shared appreciation arrangement that requires the
3 repayment of amounts written off or set aside.

4 “(2) TERMS.—A shared appreciation agreement
5 shall—

6 “(A) have a term not to exceed 10 years;
7 and

8 “(B) provide for recapture based on the
9 difference between the appraised values of the
10 real security property at the time of restruc-
11 turing and at the time of recapture.

12 “(3) PERCENTAGE OF RECAPTURE.—The
13 amount of the appreciation to be recaptured by the
14 Secretary shall be—

15 “(A) 75 percent of the appreciation in the
16 value of the real security property if the recap-
17 ture occurs not later than 4 years after the date
18 of restructuring; and

19 “(B) 50 percent if the recapture occurs
20 during the remainder of the term of the agree-
21 ment.

22 “(4) TIME OF RECAPTURE.—Recapture shall
23 take place on the date that is the earliest of—

24 “(A) the end of the term of the agreement;

1 “(B) the conveyance of the real security
2 property;

3 “(C) the repayment of the loans; or

4 “(D) the cessation of farming operations
5 by the borrower.

6 “(5) TRANSFER OF TITLE.—Transfer of title to
7 the spouse of a borrower on the death of the bor-
8 rower shall not be treated as a conveyance for the
9 purpose of paragraph (4).

10 “(6) NOTICE OF RECAPTURE.—Not later than
11 12 months before the end of the term of a shared
12 appreciation arrangement, the Secretary shall notify
13 the borrower involved of the provisions of the ar-
14 rangement.

15 “(7) FINANCING OF RECAPTURE PAYMENT.—

16 “(A) IN GENERAL.—The Secretary may
17 amortize a recapture payment owed to the Sec-
18 retary under this subsection.

19 “(B) TERM.—The term of an amortization
20 under this paragraph may not exceed 25 years.

21 “(C) INTEREST RATE.—The interest rate
22 applicable to an amortization under this para-
23 graph may not exceed the rate applicable to a
24 loan to reacquire homestead property less 100
25 basis points.

1 “(D) REAMORTIZATION.—

2 “(i) IN GENERAL.—The Secretary
3 may modify the amortization of a recap-
4 ture payment referred to in subparagraph
5 (A) of this paragraph on which a payment
6 has become delinquent if—

7 “(I) the default is due to cir-
8 cumstances beyond the control of the
9 borrower; and

10 “(II) the borrower acted in good
11 faith (as determined by the Secretary)
12 in attempting to repay the recapture
13 amount.

14 “(ii) LIMITATIONS.—

15 “(I) TERM OF REAMORTIZA-
16 TION.—The term of a reamortization
17 under this subparagraph may not ex-
18 ceed 25 years from the date of the
19 original amortization agreement.

20 “(II) NO REDUCTION OR PRIN-
21 CIPAL OR UNPAID INTEREST DUE.—A
22 reamortization of a recapture payment
23 under this subparagraph may not pro-
24 vide for reducing the outstanding

1 principal or unpaid interest due on
2 the recapture payment.

3 “(f) INTEREST RATES.—Any loan for farm owner-
4 ship purposes, farm operating purposes, or disaster emer-
5 gency purposes, other than a guaranteed loan, that is de-
6 ferred, consolidated, rescheduled, or reamortized shall,
7 notwithstanding any other provision of this subtitle, bear
8 interest on the balance of the original loan and for the
9 term of the original loan at a rate that is the lowest of—

10 “(1) the rate of interest on the original loan;

11 “(2) the rate being charged by the Secretary
12 for loans, other than guaranteed loans, of the same
13 type at the time at which the borrower applies for
14 a deferral, consolidation, rescheduling, or re-
15 amortization; or

16 “(3) the rate being charged by the Secretary
17 for loans, other than guaranteed loans, of the same
18 type at the time of the deferral, consolidation, re-
19 scheduling, or reamortization.

20 “(g) PREREQUISITES TO FORECLOSURE OR LIQUIDA-
21 TION.—No foreclosure or other similar action shall be
22 taken to liquidate any loan determined to be ineligible for
23 restructuring by the Secretary under this section—

24 “(1) until the borrower has been given the op-
25 portunity to appeal the decision; and

1 “(2) if the borrower appeals, the appeals proc-
2 ess has been completed, and a determination has
3 been made that the loan is ineligible for restruc-
4 turing.

5 “(h) NOTICE OF INELIGIBILITY FOR RESTRUC-
6 TURING.—

7 “(1) IN GENERAL.—A notice of ineligibility for
8 restructuring shall be sent to the borrower by reg-
9 istered or certified mail not later than 15 days after
10 a determination of ineligibility.

11 “(2) CONTENTS.—The notice required under
12 paragraph (1) shall contain—

13 “(A) the determination and the reasons for
14 the determination;

15 “(B) the computations used to make the
16 determination, including the calculation of the
17 recovery value of the collateral securing the
18 loan; and

19 “(C) a statement of the right of the bor-
20 rower to appeal the decision to the appeals divi-
21 sion, and to appear before a hearing officer.

22 “(i) INDEPENDENT APPRAISALS.—

23 “(1) IN GENERAL.—An appeal may include a
24 request by the borrower for an independent ap-
25 praisal of any property securing the loan.

1 “(2) PROCESS FOR APPRAISAL.—On a request
2 under paragraph (1), the Secretary shall present the
3 borrower with a list of 3 appraisers approved by the
4 county supervisor, from which the borrower shall se-
5 lect an appraiser to conduct the appraisal.

6 “(3) COST.—The cost of an appraisal under
7 this subsection shall be paid by the borrower.

8 “(4) RESULT.—The result of an appraisal
9 under this subsection shall be considered in any final
10 determination concerning the loan.

11 “(5) COPY.—A copy of any appraisal under this
12 subsection shall be provided to the borrower.

13 “(j) PARTIAL LIQUIDATIONS.—If a partial liquida-
14 tion of a delinquent loan is performed (with the prior con-
15 sent of the Secretary) as part of loan servicing by a guar-
16 anteed lender under this title, the Secretary shall not re-
17 quire full liquidation of the loan for the lender to be eligi-
18 ble to receive payment on losses.

19 “(k) ONLY 1 WRITE-DOWN OR NET RECOVERY BUY-
20 OUT PER BORROWER FOR A LOAN MADE AFTER JANU-
21 ARY 6, 1988.—

22 “(1) IN GENERAL.—The Secretary may provide
23 for each borrower not more than 1 write-down or net
24 recovery buy-out under this section with respect to

1 all loans made to the borrower after January 6,
2 1988.

3 “(2) SPECIAL RULE.—For purposes of para-
4 graph (1), the Secretary shall treat any loan made
5 on or before January 6, 1988, with respect to which
6 a restructuring, write-down, or net recovery buy-out
7 is provided under this section after January 6, 1988,
8 as a loan made after January 6, 1988.

9 “(1) LIQUIDATION OF ASSETS.—The Secretary may
10 not use the authority provided by this section to reduce
11 or terminate any portion of the debt of the borrower that
12 the borrower could pay through the liquidation of assets
13 (or through the payment of the loan value of the assets,
14 if the loan value is greater than the liquidation value) de-
15 scribed in subsection (c)(2)(A)(ii).

16 “(m) LIFETIME LIMITATION ON DEBT FORGIVENESS
17 PER BORROWER.—The Secretary may provide each bor-
18 rower not more than \$300,000 in principal and interest
19 forgiveness under this section.

20 **“SEC. 3412. RELIEF FOR MOBILIZED MILITARY RESERVISTS**
21 **FROM CERTAIN AGRICULTURAL LOAN OBLI-**
22 **GATIONS.**

23 “(a) DEFINITION OF MOBILIZED MILITARY RESERV-
24 IST.—In this section, the term ‘mobilized military reserv-
25 ist’ means an individual who—

1 “(1) is on active duty under section 688,
2 12301(a), 12301(g), 12302, 12304, 12306, or
3 12406, or chapter 15 of title 10, United States
4 Code, or any other provision of law during a war or
5 during a national emergency declared by the Presi-
6 dent or Congress, regardless of the location at which
7 the active duty service is performed; or

8 “(2) in the case of a member of the National
9 Guard, is on full-time National Guard duty (as de-
10 fined in section 101(d)(5) of title 10, United States
11 Code) under a call to active service authorized by
12 the President or the Secretary of Defense for a pe-
13 riod of more than 30 consecutive days under section
14 502(f) of title 32, United States Code, for purposes
15 of responding to a national emergency declared by
16 the President and supported by Federal funds.

17 “(b) FORGIVENESS OF INTEREST PAYMENTS DUE
18 WHILE BORROWER IS A MOBILIZED MILITARY RESERV-
19 IST.—Any requirement that a borrower of a direct loan
20 made under this subtitle make any interest payment on
21 the loan that would otherwise be required to be made while
22 the borrower is a mobilized military reservist is rescinded.

23 “(c) DEFERRAL OF PRINCIPAL PAYMENTS DUE
24 WHILE OR AFTER BORROWER IS A MOBILIZED MILITARY
25 RESERVIST.—The due date of any payment of principal

1 on a direct loan made to a borrower under this subtitle
2 that would otherwise be required to be made while or after
3 the borrower is a mobilized military reservist is deferred
4 for a period equal in length to the period for which the
5 borrower is a mobilized military reservist.

6 “(d) **NONACCRUAL OF INTEREST.**—Interest on a di-
7 rect loan made to a borrower described in this section shall
8 not accrue during the period the borrower is a mobilized
9 military reservist.

10 “(e) **BORROWER NOT CONSIDERED TO BE DELIN-**
11 **QUENT OR RECEIVING DEBT FORGIVENESS.**—Notwith-
12 standing section 3425 or any other provision of this title,
13 a borrower who receives assistance under this section shall
14 not, as a result of the assistance, be considered to be delin-
15 quent or receiving debt forgiveness for purposes of receiv-
16 ing a direct or guaranteed loan under this subtitle.

17 **“SEC. 3413. INTEREST RATE REDUCTION PROGRAM.**

18 “(a) **ESTABLISHMENT OF PROGRAM.**—The Secretary
19 shall establish and carry out in accordance with this sec-
20 tion an interest rate reduction program for any loan guar-
21 anteed under this subtitle.

22 “(b) **ENTERING INTO CONTRACTS.**—The Secretary
23 shall enter into a contract with, and make payments to,
24 an institution to reduce, during the term of the contract,

1 the interest rate paid by the borrower on the guaranteed
2 loan if—

3 “(1) the borrower—

4 “(A) is unable to obtain credit elsewhere;

5 “(B) is unable to make payments on the
6 loan in a timely manner; and

7 “(C) during the 24-month period beginning
8 on the date on which the contract is entered
9 into, has a total estimated cash income, includ-
10 ing all farm and nonfarm income, that will
11 equal or exceed the total estimated cash ex-
12 penses, including all farm and nonfarm ex-
13 penses, to be incurred by the borrower during
14 the period; and

15 “(2) during the term of the contract, the lender
16 reduces the annual rate of interest payable on the
17 loan by a minimum percentage specified in the con-
18 tract.

19 “(c) PAYMENTS.—

20 “(1) IN GENERAL.—Subject to paragraph (2),
21 in return for a contract entered into by a lender
22 under subsection (b) for the reduction of the interest
23 rate paid on a loan, the Secretary shall make pay-
24 ments to the lender in an amount equal to not more

1 than 100 percent of the cost of reducing the annual
2 rate of interest payable on the loan.

3 “(2) LIMITATION.—Payments under paragraph
4 (1) may not exceed the cost of reducing the rate by
5 more than 400 basis points.

6 “(d) TERM.—The term of a contract entered into
7 under this section to reduce the interest rate on a guaran-
8 teed loan may not exceed the outstanding term of the loan.

9 “(e) LIST OF APPROVED LENDERS.—The Secretary
10 shall make available to any farmer, on request, a list of
11 lenders in the area that participate in guaranteed farm
12 loan programs established under this subtitle, and other
13 lenders in the area that express a desire to participate in
14 the programs and that request inclusion on the list.

15 “(f) CONDITION ON FORECLOSURE.—Notwith-
16 standing any other law, any contract of guarantee on a
17 farm loan entered into under this subtitle shall contain
18 a condition that the lender of the loan may not initiate
19 a foreclosure action on the loan until 60 days after a de-
20 termination is made with respect to the eligibility of the
21 borrower to participate in the program established under
22 this section.

23 **“SEC. 3414. HOMESTEAD PROPERTY.**

24 “(a) DEFINITIONS.—In this section:

1 “(1) ADMINISTRATOR.—The term ‘Adminis-
2 trator’ means the Administrator of the Small Busi-
3 ness Administration.

4 “(2) BORROWER-OWNER.—The term ‘borrower-
5 owner’ means—

6 “(A) a borrower-owner of a loan made or
7 guaranteed by the Secretary or the Adminis-
8 trator who meets the eligibility requirements of
9 subsection (c)(1); or

10 “(B) in a case in which an owner of home-
11 stead property pledged the property to secure
12 the loan and the owner is different than the
13 borrower, the owner.

14 “(3) FARM PROGRAM LOAN.—The term ‘farm
15 program loan’ means a loan made by the Adminis-
16 trator under the Small Business Act (15 U.S.C. 631
17 et seq.) for any of the purposes authorized for loans
18 under chapter 1 or 2.

19 “(4) HOMESTEAD PROPERTY.—The term
20 ‘homestead property’ means—

21 “(A) the principal residence and adjoining
22 property possessed and occupied by a borrower-
23 owner, including a reasonable number of farm
24 outbuildings located on the adjoining land that

1 are useful to any occupant of the homestead;
2 and

3 “(B) not more than 10 acres of adjoining
4 land that is used to maintain the family of the
5 borrower-owner.

6 “(b) RETENTION OF HOMESTEAD PROPERTY.—

7 “(1) IN GENERAL.—The Secretary or the Ad-
8 ministrator shall, on application by a borrower-
9 owner who meets the eligibility requirements of sub-
10 section (c)(1), permit the borrower-owner to retain
11 possession and occupancy of homestead property
12 under the terms set forth, and until the action de-
13 scribed in this section has been completed, if—

14 “(A) the Secretary forecloses or takes into
15 inventory property securing a loan made under
16 this subtitle;

17 “(B) the Administrator forecloses or takes
18 into inventory property securing a farm pro-
19 gram loan made under the Small Business Act
20 (15 U.S.C. 631 et seq.); or

21 “(C) the borrower-owner of a loan made by
22 the Secretary or the Administrator files a peti-
23 tion in bankruptcy that results in the convey-
24 ance of the homestead property to the Secretary
25 or the Administrator, or agrees to voluntarily

1 liquidate or convey the property in whole or in
2 part.

3 “(2) PERIOD OF OCCUPANCY.—Subject to sub-
4 section (c), the Secretary or the Administrator shall
5 not grant a period of occupancy of less than 3 nor
6 more than 5 years.

7 “(c) ELIGIBILITY.—

8 “(1) IN GENERAL.—To be eligible to occupy
9 homestead property, a borrower-owner of a loan
10 made by the Secretary or the Administrator shall—

11 “(A) apply for the occupancy not later
12 than 30 days after the property is acquired by
13 the Secretary or Administrator;

14 “(B) have received from farming oper-
15 ations gross farm income that is reasonably
16 commensurate with—

17 “(i) the size and location of the farm-
18 ing unit of the borrower-owner; and

19 “(ii) local agricultural conditions (in-
20 cluding natural and economic conditions),
21 during at least 2 calendar years of the 6-
22 year period preceding the calendar year in
23 which the application is made;

24 “(C) have received from farming oper-
25 ations at least 60 percent of the gross annual

1 income of the borrower-owner and any spouse
2 of the borrower-owner during at least 2 cal-
3 endar years of the 6-year period described in
4 subparagraph (B);

5 “(D) have continuously occupied the home-
6 stead property during the 6-year period de-
7 scribed in subparagraph (B), except that the re-
8 quirement of this subparagraph may be waived
9 if a borrower-owner, due to circumstances be-
10 yond the control of the borrower-owner, had to
11 leave the homestead property for a period of
12 time not to exceed 12 months during the 6-year
13 period;

14 “(E) during the period of occupancy of the
15 homestead property, pay a reasonable sum as
16 rent for the property to the Secretary or the
17 Administrator in an amount substantially equiv-
18 alent to rents charged for similar residential
19 properties in the area in which the homestead
20 property is located;

21 “(F) during the period of the occupancy of
22 the homestead property, maintain the property
23 in good condition; and

1 “(G) meet such other reasonable and nec-
2 essary terms and conditions as the Secretary
3 may require.

4 “(2) DEFINITION OF FARMING OPERATIONS.—
5 In subparagraphs (B) and (C) of paragraph (1), the
6 term ‘farming operations’ includes rent paid by a
7 lessee of agricultural land during a period in which
8 the borrower-owner, due to circumstances beyond
9 the control of the borrower-owner, is unable to ac-
10 tively farm the land.

11 “(3) TERMINATION OF RIGHTS.—

12 “(A) IN GENERAL.—For purposes of para-
13 graph (1)(E), the failure of the borrower-owner
14 to make a timely rental payment shall con-
15 stitute cause for the termination of all rights of
16 the borrower-owner to possession and occu-
17 pancy of the homestead property under this sec-
18 tion.

19 “(B) PROCEDURE FOR TERMINATION.—In
20 effecting a termination under subparagraph
21 (A), the Secretary shall—

22 “(i) afford the borrower-owner or les-
23 see the notice and hearing procedural
24 rights described in subtitle H of the De-

1 partment of Agriculture Reorganization
2 Act of 1994 (7 U.S.C. 6991 et seq.); and

3 “(ii) comply with any applicable State
4 and local law governing eviction of a per-
5 son from residential property.

6 “(4) RIGHTS OF BORROWER-OWNER.—

7 “(A) PERIOD OF OCCUPANCY.—Subject to
8 subsection (b)(2), the period of occupancy al-
9 lowed the borrower-owner of homestead prop-
10 erty under this section shall be the period re-
11 quested in writing by the borrower-owner.

12 “(B) RIGHT TO REACQUIRE.—

13 “(i) IN GENERAL.—During the period
14 the borrower-owner occupies the homestead
15 property, the borrower-owner shall have a
16 right to reacquire the homestead property
17 on such terms and conditions as the Sec-
18 retary shall determine.

19 “(ii) INDEPENDENT APPRAISAL.—The
20 Secretary may not demand a payment for
21 the homestead property that is in excess of
22 the current market value of the homestead
23 property as established by an independent
24 appraisal.

1 “(iii) CONDUCT OF APPRAISAL.—An
2 independent appraisal under clause (ii)
3 shall be conducted by an appraiser selected
4 by the borrower-owner from a list of 3 ap-
5 praisers approved by the county supervisor.

6 “(5) TRANSFER OF RIGHTS.—

7 “(A) IN GENERAL.—Except as provided in
8 subparagraph (B), no right of a borrower-owner
9 under this section, and no agreement entered
10 into between the borrower-owner and the Sec-
11 retary for occupancy of the homestead property,
12 shall be transferable or assignable by the bor-
13 rower-owner or by operation of law.

14 “(B) DEATH OR INCOMPETENCY.—In the
15 case of death or incompetency of the borrower-
16 owner, the right and agreement shall be trans-
17 ferable to a spouse of the borrower-owner if the
18 spouse agrees to comply with any terms and
19 conditions of the right or agreement.

20 “(6) NOTIFICATION.—Not later than the date
21 of acquisition of the property securing a loan made
22 under this title, the Secretary shall notify the bor-
23 rower-owner of the property of the availability of
24 homestead protection rights under this section.

25 “(d) END OF PERIOD OF OCCUPANCY.—

1 “(1) IN GENERAL.—At the end of the period of
2 occupancy allowed a borrower-owner under sub-
3 section (c), the Secretary or the Administrator shall
4 grant to the borrower-owner a right of first refusal
5 to reacquire the homestead property on such terms
6 and conditions (which may include payment of prin-
7 cipal in installments) as the Secretary or the Admin-
8 istrator shall determine.

9 “(2) TERMS AND CONDITIONS.—The terms and
10 conditions granted under paragraph (1) may not be
11 less favorable than those offered by the Secretary or
12 Administrator or intended by the Secretary or Ad-
13 ministrator to be offered to any other buyer.

14 “(e) MAXIMUM PAYMENT OF PRINCIPAL.—

15 “(1) IN GENERAL.—At the time a reacquisition
16 agreement is entered into, the Secretary or the Ad-
17 ministrator may not demand a total payment of
18 principal that is in excess of the value of the home-
19 stead property.

20 “(2) DETERMINATION OF VALUE.—To the max-
21 imum extent practicable, the value of the homestead
22 property shall be determined by an independent ap-
23 praisal made during the 180 day period beginning
24 on the date of receipt of the application of the bor-

1 rower-owner to retain possession and occupancy of
2 the homestead property.

3 “(f) TITLE NOT NEEDED TO ENTER INTO CON-
4 TRACTS.—The Secretary may enter into a contract au-
5 thorized by this section before the Secretary acquires title
6 to the homestead property that is the subject of the con-
7 tract.

8 “(g) STATE LAW PREVAILS.—In the event of a con-
9 flict between this section and a provision of State law re-
10 lating to the right of a borrower-owner to designate for
11 separate sale or redeem part or all of the real property
12 securing a loan foreclosed on by a lender to the borrower-
13 owner, the provision of State law shall prevail.

14 **“SEC. 3415. TRANSFER OF INVENTORY LAND.**

15 “(a) IN GENERAL.—Subject to subsection (b), the
16 Secretary may transfer to a Federal or State agency, for
17 conservation purposes, any real property, or interest in
18 real property, administered by the Secretary under this
19 subtitle—

20 “(1) with respect to which the rights of all prior
21 owners and operators have expired;

22 “(2) that is eligible to be disposed of in accord-
23 ance with section 3409; and

24 “(3) that—

1 “(A) has marginal value for agricultural
2 production;

3 “(B) is environmentally sensitive; or

4 “(C) has special management importance.

5 “(b) CONDITIONS.—The Secretary may not transfer
6 any property or interest in property under subsection (a)
7 unless—

8 “(1) at least 2 public notices are given of the
9 transfer;

10 “(2) if requested, at least 1 public meeting is
11 held prior to the transfer; and

12 “(3) the Governor and at least 1 elected county
13 official of the State and county in which the prop-
14 erty is located are consulted prior to the transfer.

15 **“SEC. 3416. TARGET PARTICIPATION RATES.**

16 “(a) ESTABLISHMENT.—

17 “(1) IN GENERAL.—The Secretary shall estab-
18 lish annual target participation rates, on a county-
19 wide basis, that shall ensure that members of so-
20 cially disadvantaged groups shall—

21 “(A) receive loans made or guaranteed
22 under chapter 1; and

23 “(B) have the opportunity to purchase or
24 lease farmland acquired by the Secretary under
25 this subtitle.

1 “(2) GROUP POPULATION.—Except as provided
2 in paragraph (3), in establishing the target rates,
3 the Secretary shall take into consideration—

4 “(A) the portion of the population of the
5 county made up of the socially disadvantaged
6 groups; and

7 “(B) the availability of inventory farmland
8 in the county.

9 “(3) GENDER.—In the case of gender, target
10 participation rates shall take into consideration the
11 number of current and potential socially disadvan-
12 taged farmers in a State in proportion to the total
13 number of farmers in the State.

14 “(b) RESERVATION AND ALLOCATION.—

15 “(1) RESERVATION.—To the maximum extent
16 practicable, the Secretary shall reserve sufficient
17 loan funds made available under chapter 1 for use
18 by members of socially disadvantaged groups identi-
19 fied under target participation rates established
20 under subsection (a).

21 “(2) ALLOCATION.—The Secretary shall allo-
22 cate the loans on the basis of the proportion of
23 members of socially disadvantaged groups in a coun-
24 ty and the availability of inventory farmland, with
25 the greatest amount of loan funds being distributed

1 in the county with the greatest proportion of socially
2 disadvantaged group members and the greatest
3 quantity of available inventory farmland.

4 “(3) INDIAN RESERVATIONS.—In distributing
5 loan funds in counties within the boundaries of an
6 Indian reservation, the Secretary shall allocate the
7 funds on a reservation-wide basis.

8 “(c) OPERATING LOANS.—

9 “(1) ESTABLISHMENT.—

10 “(A) IN GENERAL.—The Secretary shall
11 establish annual target participation rates that
12 shall ensure that socially disadvantaged farmers
13 receive loans made or guaranteed under chapter
14 2.

15 “(B) CONSIDERATIONS.—In establishing
16 the target rates, the Secretary shall consider
17 the number of socially disadvantaged farmers in
18 a State in proportion to the total number of
19 farmers in the State.

20 “(2) RESERVATION AND ALLOCATION.—

21 “(A) IN GENERAL.—To the maximum ex-
22 tent practicable, the Secretary shall reserve and
23 allocate the proportion of the loan funds of each
24 State made available under chapter 2 that is
25 equal to the target participation rate of the

1 State for use by the socially disadvantaged
2 farmers in the State.

3 “(B) DISTRIBUTION.—To the maximum
4 extent practicable, the Secretary shall distribute
5 the total loan funds reserved under subpara-
6 graph (A) on a county-by-county basis accord-
7 ing to the number of socially disadvantaged
8 farmers in the county.

9 “(C) REALLOCATION OF UNUSED
10 FUNDS.—Any funds reserved and allocated for
11 purposes of this paragraph, but not used, shall
12 be reallocated within the applicable State.

13 “(d) REPORT.—The Secretary shall prepare and sub-
14 mit to the Committee on Agriculture of the House of Rep-
15 resentatives and the Committee on Agriculture, Nutrition,
16 and Forestry of the Senate a report that describes the an-
17 nual target participation rates and the success in meeting
18 the rates.

19 “(e) IMPLEMENTATION CONSISTENT WITH SUPREME
20 COURT HOLDING.—Not later than 180 days after April
21 4, 1996, the Secretary shall ensure that the implementa-
22 tion of this section is consistent with the holding of the
23 Supreme Court in *Adarand Constructors, Inc. v. Federico*
24 *Pena*, Secretary of Transportation, 115 S. Ct. 2097
25 (1995).

1 **“SEC. 3417. COMPROMISE OR ADJUSTMENT OF DEBTS OR**
2 **CLAIMS BY GUARANTEED LENDER.**

3 “(a) **LOSS BY LENDER.**—If the lender of a guaran-
4 teed farmer program loan takes any action described in
5 section 3903(a)(4) with respect to the loan and the Sec-
6 retary approves the action, for purposes of the guarantee,
7 the lender shall be treated as having sustained a loss equal
8 to the amount by which—

9 “(1) the outstanding balance of the loan imme-
10 diately before the action; exceeds

11 “(2) the outstanding balance of the loan imme-
12 diately after the action.

13 “(b) **NET PRESENT VALUE OF LOAN.**—The Sec-
14 retary shall approve the taking of an action described in
15 section 3903(a)(4) by the lender of a guaranteed farmer
16 program loan with respect to the loan if the action reduces
17 the net present value of the loan to an amount equal to
18 not less than the greater of—

19 “(1) the greatest net present value of a loan the
20 borrower could reasonably be expected to repay; and

21 “(2) the difference between—

22 “(A) the greatest amount that the lender
23 of the loan could reasonably expect to recover
24 from the borrower through bankruptcy, or liq-
25 uidation of the property securing the loan; and

1 “(B) all reasonable and necessary costs
2 and expenses that the lender of the loan could
3 reasonably expect to incur to preserve or dis-
4 pose of the property (including all associated
5 legal and property management costs) in the
6 course of such a bankruptcy or liquidation.

7 “(c) NO LIMITATION ON AUTHORITY.—This section
8 shall not limit the authority of the Secretary to enter into
9 a shared appreciation arrangement with a borrower under
10 section 3411(e).

11 **“SEC. 3418. WAIVER OF MEDIATION RIGHTS BY BOR-**
12 **ROWERS.**

13 “The Secretary may not make or guarantee any
14 farmer program loan to a farm borrower on the condition
15 that the borrower waive any right under the mediation
16 program of any State.

17 **“SEC. 3419. BORROWER TRAINING.**

18 “(a) IN GENERAL.—The Secretary shall contract to
19 provide educational training to all borrowers of direct and
20 guaranteed farmer program loans made under this subtitle
21 in financial and farm management concepts associated
22 with commercial farming.

23 “(b) CONTRACT.—

24 “(1) IN GENERAL.—The Secretary may con-
25 tract with a State or private provider of farm man-

1 agement and credit counseling services (including a
2 community college, the extension service of a State,
3 a State department of agriculture, or a nonprofit or-
4 ganization) to carry out this section.

5 “(2) CONSULTATION.—The Secretary may con-
6 sult with the chief executive officer of a State con-
7 cerning the identity of the contracting organization
8 and the process for contracting.

9 “(c) ELIGIBILITY FOR LOANS.—

10 “(1) IN GENERAL.—Subject to paragraph (2),
11 to be eligible to obtain a direct or guaranteed loan
12 under this subtitle, a borrower shall be required to
13 obtain management assistance under this section,
14 appropriate to the management ability of the bor-
15 rower, as determined by the appropriate county com-
16 mittee, during the determination of eligibility for the
17 loan.

18 “(2) LOAN CONDITIONS.—The need of a bor-
19 rower who satisfies the criteria set out in section
20 3101(b)(1)(B) or 3201(b)(1)(B) for management as-
21 sistance under this section shall not be cause for de-
22 nial of eligibility of the borrower for a direct or
23 guaranteed loan under this subtitle.

24 “(d) GUIDELINES AND CURRICULUM.—The Sec-
25 retary shall issue regulations establishing guidelines and

1 curriculum for the borrower training program established
2 under this section.

3 “(e) PAYMENT.—A borrower—

4 “(1) shall pay for training received under this
5 section; and

6 “(2) may use funds from operating loans made
7 under chapter 2 to pay for the training.

8 “(f) WAIVERS.—

9 “(1) IN GENERAL.—The Secretary may waive
10 the requirements of this section for an individual
11 borrower on a determination by the county com-
12 mittee that the borrower demonstrates adequate
13 knowledge in areas described in this section.

14 “(2) CRITERIA.—The Secretary shall establish
15 criteria providing for the application of paragraph
16 (1) consistently in all counties nationwide.

17 **“SEC. 3420. LOAN ASSESSMENTS.**

18 “(a) IN GENERAL.—After an applicant is determined
19 to be eligible for assistance under this title by the appro-
20 priate county committee, the Secretary shall evaluate, in
21 accordance with regulations issued by the Secretary, the
22 farming plan and financial situation of each qualified
23 farmer applicant.

1 “(b) DETERMINATIONS.—In evaluating the farming
2 plan and financial situation of an applicant under this sec-
3 tion, the Secretary shall determine—

4 “(1) the amount that the applicant needs to
5 borrow to carry out the proposed farming plan;

6 “(2) the rate of interest that the applicant
7 would need to be able to cover expenses and build
8 an adequate equity base;

9 “(3) the goals of the proposed farming plan of
10 the applicant;

11 “(4) the financial viability of the plan and any
12 changes that are necessary to make the plan viable;
13 and

14 “(5) whether assistance is necessary under this
15 title and, if so, the amount of the assistance.

16 “(c) CONTRACT.—The Secretary may contract with
17 a third party (including an entity that is eligible to provide
18 borrower training under section 3419(b)) to conduct a
19 loan assessment under this section.

20 “(d) REVIEW OF LOANS.—

21 “(1) IN GENERAL.—Loan assessments con-
22 ducted under this section shall include biannual re-
23 view of direct loans, and periodic review (as deter-
24 mined necessary by the Secretary) of guaranteed
25 loans, made under this title to assess the progress

1 of a borrower in meeting the goals for the farm op-
2 eration.

3 “(2) CONTRACTS.—The Secretary may contract
4 with an entity that is eligible to provide borrower
5 training under section 3419(b) to conduct a loan re-
6 view under paragraph (1).

7 “(3) PROBLEM ASSESSMENTS.—If a borrower is
8 delinquent in payments on a direct or guaranteed
9 loan made under this title, the Secretary or the con-
10 tracting entity shall determine the cause of, and ac-
11 tion necessary to correct, the delinquency.

12 “(e) GUIDELINES.—The Secretary shall issue regula-
13 tions providing guidelines for loan assessments conducted
14 under this section.

15 **“SEC. 3421. SUPERVISED CREDIT.**

16 “The Secretary shall provide adequate training to
17 employees of the Farm Service Agency on credit analysis
18 and financial and farm management—

19 “(1) to better acquaint the employees with what
20 constitutes adequate financial data on which to base
21 a direct or guaranteed loan approval decision; and

22 “(2) to ensure proper supervision of farmer
23 program loans.

1 **“SEC. 3422. MARKET PLACEMENT.**

2 “The Secretary shall establish a market placement
3 program for a qualified beginning farmer and any other
4 borrower of farmer program loans that the Secretary be-
5 lieves has a reasonable chance of qualifying for commercial
6 credit with a guarantee provided under this subtitle.

7 **“SEC. 3423. RECORDKEEPING OF LOANS BY GENDER OF**
8 **BORROWER.**

9 “The Secretary shall classify, by gender, records of
10 applicants for loans and loan guarantees under this sub-
11 title.

12 **“SEC. 3424. CROP INSURANCE REQUIREMENT.**

13 “(a) IN GENERAL.—As a condition of obtaining any
14 benefit (including a direct loan, loan guarantee, or pay-
15 ment) described in subsection (b), a borrower shall be re-
16 quired to obtain at least catastrophic risk protection insur-
17 ance coverage under section 508 of the Federal Crop In-
18 surance Act (7 U.S.C. 1508) for the crop and crop year
19 for which the benefit is sought, if the coverage is offered
20 by the Federal Crop Insurance Corporation.

21 “(b) APPLICABLE BENEFITS.—Subsection (a) shall
22 apply to—

23 “(1) a farm ownership loan under section 3102;

24 “(2) an operating loan under section 3202; and

25 “(3) an emergency loan under section 3301.

1 **“SEC. 3425. LOAN AND LOAN SERVICING LIMITATIONS.**

2 “(a) DELINQUENT BORROWERS PROHIBITED FROM
3 OBTAINING DIRECT OPERATING LOANS.—The Secretary
4 may not make a direct operating loan under chapter 2
5 to a borrower who is delinquent on any loan made or guar-
6 anteed under this subtitle.

7 “(b) LOANS PROHIBITED FOR BORROWERS THAT
8 HAVE RECEIVED DEBT FORGIVENESS.—

9 “(1) PROHIBITIONS.—Except as provided in
10 paragraph (2)—

11 “(A) the Secretary may not make a loan
12 under this subtitle to a borrower that has re-
13 ceived debt forgiveness on a loan made or guar-
14 anteed under this title; and

15 “(B) the Secretary may not guarantee a
16 loan under this subtitle to a borrower that has
17 received—

18 “(i) debt forgiveness after April 4,
19 1996, on a loan made or guaranteed under
20 this title; or

21 “(ii) received debt forgiveness on more
22 than 3 occasions on or before April 4,
23 1996.

24 “(2) EXCEPTIONS.—

25 “(A) IN GENERAL.—The Secretary may
26 make a direct or guaranteed farm operating

1 loan for paying annual farm or ranch operating
2 expenses of a borrower who—

3 “(i) was restructured with a write-
4 down under section 3411;

5 “(ii) is current on payments under a
6 confirmed reorganization plan under chap-
7 ters 11, 12, or 13 of title 11 of the
8 United States Code; or

9 “(iii) received debt forgiveness on not
10 more than 1 occasion resulting directly and
11 primarily from a major disaster or emer-
12 gency designated by the President on or
13 after April 4, 1996, under the Robert T.
14 Stafford Disaster Relief and Emergency
15 Assistance Act (42 U.S.C. 5121 et seq.).

16 “(B) EMERGENCY LOANS.—The Secretary
17 may make an emergency loan under section
18 3301 to a borrower that—

19 “(i) on or before April 4, 1996, re-
20 ceived not more than 1 debt forgiveness on
21 a loan made or guaranteed under this title;
22 and

23 “(ii) after April 4, 1996, has not re-
24 ceived debt forgiveness on a loan made or
25 guaranteed under this title.

1 “(c) NO MORE THAN 1 DEBT FORGIVENESS FOR A
2 BORROWER ON A DIRECT LOAN.—The Secretary may not
3 provide to a borrower debt forgiveness on a direct loan
4 made under this subtitle if the borrower has received debt
5 forgiveness on another direct loan made under this sub-
6 title.

7 **“SEC. 3426. SHORT FORM CERTIFICATION OF FARM PRO-**
8 **GRAM BORROWER COMPLIANCE.**

9 “The Secretary shall develop and use a consolidated
10 short form for farmer program loan borrowers to use in
11 certifying compliance with any applicable provision of law
12 (including a regulation) that serves as an eligibility pre-
13 requisite for a loan made under this subtitle.

14 **“SEC. 3427. TRANSFER OF LAND TO SECRETARY.**

15 “The President may at any time, in the discretion
16 of the President, transfer to the Secretary any right, inter-
17 est, or title held by the United States in any land acquired
18 in the program of national defense and no longer needed
19 for that purpose that the President finds suitable for the
20 purposes of this title, and the Secretary shall dispose of
21 the transferred land in the manner and subject to the
22 terms and conditions of this title.

23 **“SEC. 3428. COMPETITIVE SOURCING LIMITATIONS.**

24 “The Secretary may not complete a study of, or enter
25 into a contract with a private party to carry out, without

1 specific authorization in a subsequent Act of Congress, a
2 competitive sourcing activity of the Secretary, including
3 support personnel of the Department, relating to rural de-
4 velopment or farm loan programs.

5 **“SEC. 3429. PROHIBITION ON USE OF LOANS FOR CERTAIN**
6 **PURPOSES.**

7 “(a) IN GENERAL.—Except as provided in subsection
8 (b), the Secretary shall not approve any loan under this
9 subtitle—

10 “(1) to drain, dredge, fill, level, or otherwise
11 manipulate a wetland (as defined in section 1201(a)
12 of the Food Security Act of 1985 (16 U.S.C.
13 3801(a))); or

14 “(2) to engage in any activity that results in
15 impairing or reducing the flow, circulation, or reach
16 of water.

17 “(b) EXCEPTIONS.—Subsection (a) shall not apply—

18 “(1) in the case of activity related to the main-
19 tenance of previously converted wetland;

20 “(2) in the case of such activity that is already
21 commenced before November 28, 1990 or

22 “(3) to a loan made or guaranteed under this
23 title for a utility line.

1 **“SEC. 3430. BEGINNING FARMER AND RANCHER INDI-**
2 **VIDUAL DEVELOPMENT ACCOUNTS PILOT**
3 **PROGRAM.**

4 “(a) DEFINITIONS.—In this section:

5 “(1) DEMONSTRATION PROGRAM.—The term
6 ‘demonstration program’ means a demonstration
7 program carried out by a qualified entity under the
8 pilot program established in subsection (b)(1).

9 “(2) ELIGIBLE PARTICIPANT.—The term ‘eligi-
10 ble participant’ means a qualified beginning farmer
11 or rancher that—

12 “(A) lacks significant financial resources
13 or assets; and

14 “(B) has an income that is less than—

15 “(i) 80 percent of the median income
16 of the State in which the farmer or ranch-
17 er resides; or

18 “(ii) 200 percent of the most recent
19 annual Federal Poverty Income Guidelines
20 published by the Department of Health
21 and Human Services for the State.

22 “(3) INDIVIDUAL DEVELOPMENT ACCOUNT.—
23 The term ‘individual development account’ means a
24 savings account described in subsection (b)(4)(A).

25 “(4) QUALIFIED ENTITY.—

1 “(A) IN GENERAL.—The term ‘qualified
2 entity’ means—

3 “(i) 1 or more organizations—

4 “(I) described in section
5 501(c)(3) of the Internal Revenue
6 Code of 1986; and

7 “(II) exempt from taxation under
8 section 501(a) of such Code; or

9 “(ii) a State, local, or tribal govern-
10 ment submitting an application jointly with
11 an organization described in clause (i).

12 “(B) NO PROHIBITION ON COLLABORA-
13 TION.—An organization described in subpara-
14 graph (A)(i) may collaborate with a financial
15 institution or for-profit community development
16 corporation to carry out the purposes of this
17 section.

18 “(b) PILOT PROGRAM.—

19 “(1) IN GENERAL.—The Secretary shall estab-
20 lish a pilot program to be known as the ‘New Farm-
21 er Individual Development Accounts Pilot Program’
22 under which the Secretary shall work through quali-
23 fied entities to establish demonstration programs—

24 “(A) of at least 5 years in duration; and

25 “(B) in at least 15 States.

1 “(2) COORDINATION.—The Secretary shall op-
2 erate the pilot program through, and in coordination
3 with the farm loan programs of, the Farm Service
4 Agency.

5 “(3) RESERVE FUNDS.—

6 “(A) IN GENERAL.—A qualified entity car-
7 rying out a demonstration program under this
8 section shall establish a reserve fund consisting
9 of a non-Federal match of 50 percent of the
10 total amount of the grant awarded to the dem-
11 onstration program under this section.

12 “(B) FEDERAL FUNDS.—After the quali-
13 fied entity has deposited the non-Federal
14 matching funds described in subparagraph (A)
15 in the reserve fund, the Secretary shall provide
16 the total amount of the grant awarded under
17 this section to the demonstration program for
18 deposit in the reserve fund.

19 “(C) USE OF FUNDS.—Of the funds depos-
20 ited under subparagraph (B) in the reserve
21 fund established for a demonstration program,
22 the qualified entity carrying out the demonstra-
23 tion program—

24 “(i) may use up to 10 percent for ad-
25 ministrative expenses; and

1 “(ii) shall use the remainder in mak-
2 ing matching awards described in para-
3 graph (4)(B)(ii)(I).

4 “(D) INTEREST.—Any interest earned on
5 amounts in a reserve fund established under
6 subparagraph (A) may be used by the qualified
7 entity as additional matching funds for, or to
8 administer, the demonstration program.

9 “(E) GUIDANCE.—The Secretary shall
10 issue guidance regarding the investment re-
11 quirements of reserve funds established under
12 this paragraph.

13 “(F) REVERSION.—On the date on which
14 all funds remaining in any individual develop-
15 ment account established by a qualified entity
16 have reverted under paragraph (5)(B)(ii) to the
17 reserve fund established by the qualified entity,
18 there shall revert to the Treasury of the United
19 States a percentage of the amount (if any) in
20 the reserve fund equal to—

21 “(i) the amount of Federal funds de-
22 posited in the reserve fund under subpara-
23 graph (B) that were not used for adminis-
24 trative expenses; divided by

1 “(ii) the total amount of funds depos-
2 ited in the reserve fund.

3 “(4) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

4 “(A) IN GENERAL.—A qualified entity re-
5 ceiving a grant under this section shall establish
6 and administer individual development accounts
7 for eligible participants.

8 “(B) CONTRACT REQUIREMENTS.—To be
9 eligible to receive funds under this section from
10 a qualified entity, an eligible participant shall
11 enter into a contract with only 1 qualified enti-
12 ty under which—

13 “(i) the eligible participant agrees—

14 “(I) to deposit a certain amount
15 of funds of the eligible participant in
16 a personal savings account, as pre-
17 scribed by the contractual agreement
18 between the eligible participant and
19 the qualified entity;

20 “(II) to use the funds described
21 in subclause (I) only for 1 or more eli-
22 gible expenditures described in para-
23 graph (5)(A); and

24 “(III) to complete financial train-
25 ing; and

1 “(ii) the qualified entity agrees—

2 “(I) to deposit, not later than 1
3 month after an amount is deposited
4 pursuant to clause (i)(I), at least a
5 100-percent, and up to a 200-percent,
6 match of that amount into the indi-
7 vidual development account estab-
8 lished for the eligible participant; and

9 “(II) with uses of funds proposed
10 by the eligible participant.

11 “(C) LIMITATION.—

12 “(i) IN GENERAL.—A qualified entity
13 administering a demonstration program
14 under this section may provide not more
15 than \$6,000 for each fiscal year in match-
16 ing funds to the individual development ac-
17 count established by the qualified entity
18 for an eligible participant.

19 “(ii) TREATMENT OF AMOUNT.—An
20 amount provided under clause (i) shall not
21 be considered to be a gift or loan for mort-
22 gage purposes.

23 “(5) ELIGIBLE EXPENDITURES.—

1 “(A) IN GENERAL.—An eligible expendi-
2 ture described in this subparagraph is an ex-
3 penditure—

4 “(i) to purchase farmland or make a
5 down payment on an accepted purchase
6 offer for farmland;

7 “(ii) to make mortgage payments on
8 farmland purchased pursuant to clause (i),
9 for up to 180 days after the date of the
10 purchase;

11 “(iii) to purchase breeding stock, fruit
12 or nut trees, or trees to harvest for timber;
13 and

14 “(iv) for other similar expenditures,
15 as determined by the Secretary.

16 “(B) TIMING.—

17 “(i) IN GENERAL.—An eligible partici-
18 pant may make an eligible expenditure at
19 any time during the 2-year period begin-
20 ning on the date on which the last match-
21 ing funds are provided under paragraph
22 (4)(B)(ii)(I) to the individual development
23 account established for the eligible partici-
24 pant.

1 “(ii) UNEXPENDED FUNDS.—At the
2 end of the period described in clause (i),
3 any funds remaining in an individual devel-
4 opment account established for an eligible
5 participant shall revert to the reserve fund
6 of the demonstration program under which
7 the account was established.

8 “(c) APPLICATIONS.—

9 “(1) IN GENERAL.—A qualified entity that
10 seeks to carry out a demonstration program under
11 this section may submit to the Secretary an applica-
12 tion at such time, in such form, and containing such
13 information as the Secretary may prescribe.

14 “(2) CRITERIA.—In considering whether to ap-
15 prove an application to carry out a demonstration
16 program under this section, the Secretary shall as-
17 sess—

18 “(A) the degree to which the demonstra-
19 tion program described in the application is
20 likely to aid eligible participants in successfully
21 pursuing new farming opportunities;

22 “(B) the experience and ability of the
23 qualified entity to responsibly administer the
24 demonstration program;

1 “(C) the experience and ability of the
2 qualified entity in recruiting, educating, and as-
3 sisting eligible participants to increase economic
4 independence and pursue or advance farming
5 opportunities;

6 “(D) the aggregate amount of direct funds
7 from non-Federal public sector and private
8 sources that are formally committed to the
9 demonstration program as matching contribu-
10 tions;

11 “(E) the adequacy of the plan of the quali-
12 fied entity to provide information relevant to an
13 evaluation of the demonstration program; and

14 “(F) such other factors as the Secretary
15 considers to be appropriate.

16 “(3) PREFERENCES.—In considering an appli-
17 cation to conduct a demonstration program under
18 this section, the Secretary shall give preference to an
19 application from a qualified entity that dem-
20 onstrates—

21 “(A) a track record of serving clients tar-
22 geted by the program, including, as appro-
23 priate, socially disadvantaged farmers or ranch-
24 ers; and

1 “(B) expertise in dealing with financial
2 management aspects of farming.

3 “(4) APPROVAL.—Not later than 1 year after
4 the date of enactment of this section, in accordance
5 with this section, the Secretary shall, on a competi-
6 tive basis, approve such applications to conduct dem-
7 onstration programs as the Secretary considers ap-
8 propriate.

9 “(5) TERM OF AUTHORITY.—If the Secretary
10 approves an application to carry out a demonstration
11 program, the Secretary shall authorize the applicant
12 to carry out the project for a period of 5 years, plus
13 an additional 2 years to make eligible expenditures
14 in accordance with subsection (b)(5)(B).

15 “(d) GRANT AUTHORITY.—

16 “(1) IN GENERAL.—The Secretary shall make a
17 grant to a qualified entity authorized to carry out a
18 demonstration program under this section.

19 “(2) MAXIMUM AMOUNT OF GRANTS.—The ag-
20 gregate amount of grant funds provided to a dem-
21 onstration program carried out under this section
22 shall not exceed \$250,000.

23 “(3) TIMING OF GRANT PAYMENTS.—The Sec-
24 retary shall pay the amounts awarded under a grant
25 made under this section—

1 “(A) on the awarding of the grant; or

2 “(B) pursuant to such payment plan as
3 the qualified entity may specify.

4 “(e) REPORTS.—

5 “(1) ANNUAL PROGRESS REPORTS.—

6 “(A) IN GENERAL.—Not later than 60
7 days after the end of the calendar year in which
8 the Secretary authorizes a qualified entity to
9 carry out a demonstration program under this
10 section, and annually thereafter until the con-
11 clusion of the demonstration program, the
12 qualified entity shall prepare an annual report
13 that includes, for the period covered by the re-
14 port—

15 “(i) an evaluation of the progress of
16 the demonstration program;

17 “(ii) information about the dem-
18 onstration program, including the eligible
19 participants and the individual develop-
20 ment accounts that have been established;
21 and

22 “(iii) such other information as the
23 Secretary may require.

1 “(B) SUBMISSION OF REPORTS.—A quali-
2 fied entity shall submit each report required
3 under subparagraph (A) to the Secretary.

4 “(2) REPORTS BY THE SECRETARY.—Not later
5 than 1 year after the date on which all demonstra-
6 tion programs under this section are concluded, the
7 Secretary shall submit to Congress a final report
8 that describes the results and findings of all reports
9 and evaluations carried out under this section.

10 “(f) ANNUAL REVIEW.—The Secretary may conduct
11 an annual review of the financial records of a qualified
12 entity—

13 “(1) to assess the financial soundness of the
14 qualified entity; and

15 “(2) to determine the use of grant funds made
16 available to the qualified entity under this section.

17 “(g) REGULATIONS.—In carrying out this section,
18 the Secretary may promulgate regulations to ensure that
19 the program includes provisions for—

20 “(1) the termination of demonstration pro-
21 grams;

22 “(2) control of the reserve funds in the case of
23 such a termination;

24 “(3) transfer of demonstration programs to
25 other qualified entities; and

1 “(4) remissions from a reserve fund to the Sec-
 2 retary in a case in which a demonstration program
 3 is terminated without transfer to a new qualified en-
 4 tity.

5 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
 6 is authorized to be appropriated to carry out this section
 7 \$5,000,000 for each of fiscal years 2012 through 2017.

8 **“SEC. 3431. AUTHORIZATION OF APPROPRIATIONS AND AL-**
 9 **LOCATION OF FUNDS.**

10 “(a) AUTHORIZATION FOR LOANS.—

11 “(1) IN GENERAL.—The Secretary may make
 12 or guarantee loans under chapters 1 and 2 from the
 13 Agricultural Credit Insurance Fund for not more
 14 than \$4,226,000,000 for each of fiscal years 2012
 15 through 2017, of which, for each fiscal year—

16 “(A) \$1,200,000,000 shall be for direct
 17 loans, of which—

18 “(i) \$350,000,000 shall be for farm
 19 ownership loans; and

20 “(ii) \$850,000,000 shall be for oper-
 21 ating loans; and

22 “(B) \$3,026,000,000 shall be for guaran-
 23 teed loans, of which—

24 “(i) \$1,000,000,000 shall be for guar-
 25 antees of farm ownership loans; and

1 retary shall reserve for qualified beginning
2 farmers for each of fiscal years 2012
3 through 2017, an amount that is not less
4 than 50 percent of the total amount.

5 “(iii) FUNDS RESERVED UNTIL SEP-
6 TEMBER 1.—Except as provided in clause
7 (i)(II), funds reserved for qualified begin-
8 ning farmers under this subparagraph for
9 a fiscal year shall be reserved only until
10 September 1 of the fiscal year.

11 “(B) GUARANTEED LOANS.—

12 “(i) FARM OWNERSHIP LOANS.—Of
13 the amounts made available under para-
14 graph (1) for guarantees of farm owner-
15 ship loans, the Secretary shall reserve an
16 amount that is not less than 40 percent of
17 the total amount for qualified beginning
18 farmers.

19 “(ii) OPERATING LOANS.—Of the
20 amounts made available under paragraph
21 (1) for guarantees of operating loans, the
22 Secretary shall reserve 40 percent for
23 qualified beginning farmers.

24 “(iii) FUNDS RESERVED UNTIL APRIL
25 1.—Funds reserved for qualified beginning

1 farmers under this subparagraph for a fis-
2 cal year shall be reserved only until April
3 1 of the fiscal year.

4 “(C) RESERVED FUNDS FOR ALL QUALI-
5 FIED BEGINNING FARMERS.—If a qualified be-
6 ginning farmer meets the eligibility criteria for
7 receiving a direct or guaranteed loan under sec-
8 tion 3101, 3107, or 3201, the Secretary shall
9 make or guarantee the loan if sufficient funds
10 reserved under this paragraph are available to
11 make or guarantee the loan.

12 “(3) TRANSFER FOR DOWN PAYMENT LOANS.—

13 “(A) IN GENERAL.—Subject to subpara-
14 graph (B)—

15 “(i) beginning on August 1 of each
16 fiscal year, the Secretary shall use avail-
17 able unsubsidized guaranteed farm oper-
18 ating loan funds to provide direct farm
19 ownership loans approved by the Secretary
20 to qualified beginning farmers under the
21 down payment loan program established
22 under section 3107, if sufficient direct
23 farm ownership loan funds are not other-
24 wise available; and

1 “(ii) beginning on September 1 of
2 each fiscal year, the Secretary shall use
3 available unsubsidized guaranteed farm op-
4 erating loan funds to provide direct farm
5 ownership loans approved by the Secretary
6 to qualified beginning farmers, if sufficient
7 direct farm ownership loan funds are not
8 otherwise available.

9 “(B) LIMITATION.—The Secretary shall
10 limit the transfer of funds under subparagraph
11 (A) so that all guaranteed farm operating loans
12 that have been approved, or will be approved,
13 by the Secretary during the fiscal year will be
14 made to the extent of available amounts.

15 “(4) TRANSFER FOR CREDIT SALES OF FARM
16 INVENTORY PROPERTY.—

17 “(A) IN GENERAL.—Subject to subpara-
18 graphs (B) and (C), beginning on September 1
19 of each fiscal year, the Secretary may use avail-
20 able funds made available under chapter 3 for
21 the fiscal year to fund the credit sale of farm
22 real estate in the inventory of the Secretary.

23 “(B) SUPPLEMENTAL APPROPRIATIONS.—
24 The transfer authority provided under subpara-
25 graph (A) shall not apply to any funds made

1 available to the Secretary for any fiscal year
2 under an Act making supplemental appropria-
3 tions.

4 “(C) LIMITATION.—The Secretary shall
5 limit the transfer of funds under subparagraph
6 (A) so that all emergency disaster loans that
7 have been approved, or will be approved, by the
8 Secretary during the fiscal year will be made to
9 the extent of available amounts.

10 “(5) AVAILABILITY OF FUNDS.—Funds made
11 available to carry out this subtitle shall remain avail-
12 able until expended.

13 “(b) COST PROJECTIONS.—

14 “(1) IN GENERAL.—The Secretary shall develop
15 long-term cost projections for loan program author-
16 izations required under subsection (a).

17 “(2) ANALYSIS.—Each projection under para-
18 graph (1) shall include analyses of—

19 “(A) the long-term costs of the lending lev-
20 els that the Secretary requests to be authorized
21 under subsection (a); and

22 “(B) the long-term costs for increases in
23 lending levels beyond those requested to be au-
24 thorized, based on increments of \$10,000,000

1 or such other levels as the Secretary considers
2 appropriate.

3 “(3) SUBMISSION TO CONGRESS.—The Sec-
4 retary shall submit to the Committees on Agri-
5 culture and Appropriations of the House of Rep-
6 resentatives and the Committees on Agriculture, Nu-
7 trition, and Forestry and Appropriations of the Sen-
8 ate reports containing the long-term cost projections
9 for the 3-year period beginning with fiscal year 1983
10 and each 3-year period thereafter at the time the re-
11 quests for authorizations for those periods are sub-
12 mitted to Congress.

13 “(c) LOW INCOME.—The Secretary shall provide no-
14 tification to farm borrowers under this subtitle in the nor-
15 mal course of loan making and loan servicing operations,
16 of the provisions of this subtitle relating to low-income,
17 limited-resource borrowers and the procedures by which
18 persons may apply for loans under the low-income, lim-
19 ited-resource borrower program.”.

20 **Subtitle B—State Agricultural**
21 **Mediation Programs**

22 **SEC. 5101. STATE AGRICULTURAL MEDIATION PROGRAMS.**

23 Section 506 of the Agricultural Credit Act of 1987
24 (7 U.S.C. 5106) is amended by striking “2015” and in-
25 serting “2017”.

1 **TITLE VI—RURAL**
 2 **DEVELOPMENT**
 3 **Subtitle A—Reorganization of the**
 4 **Consolidated Farm and Rural**
 5 **Development Act**

6 **SEC. 6001. REORGANIZATION OF THE CONSOLIDATED FARM**
 7 **AND RURAL DEVELOPMENT ACT.**

8 Title III of the Agricultural Act of 1961 (7 U.S.C.
 9 1921 et seq.) is amended to read as follows:

10 **“TITLE III—AGRICULTURAL**
 11 **CREDIT**

12 **“SEC. 3001. SHORT TITLE; TABLE OF CONTENTS.**

13 “(a) **SHORT TITLE.**—This title may be cited as the
 14 ‘Consolidated Farm and Rural Development Act’.

15 “(b) **TABLE OF CONTENTS.**—The table of contents
 16 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 or rancher and socially disadvantaged farmer or
 rancher contract land sales program.

 “CHAPTER 2—OPERATING LOANS

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- “Sec. 3201. Operating loans.
- “Sec. 3202. Purposes of loans.
- “Sec. 3203. Restrictions on loans.
- “Sec. 3204. Terms of loans.

“CHAPTER 3—EMERGENCY LOANS

- “Sec. 3301. Emergency loans.
- “Sec. 3302. Purposes of loans.
- “Sec. 3303. Terms of loans.
- “Sec. 3304. Production losses.

“CHAPTER 4—GENERAL FARMER LOAN PROVISIONS

- “Sec. 3401. Agricultural Credit Insurance Fund.
- “Sec. 3402. Guaranteed farmer loans.
- “Sec. 3403. Provision of information to borrowers.
- “Sec. 3404. Notice of loan service programs.
- “Sec. 3405. Planting and production history guidelines.
- “Sec. 3406. Special conditions and limitations on loans.
- “Sec. 3407. Graduation of borrowers.
- “Sec. 3408. Debt adjustment and credit counseling.
- “Sec. 3409. Security servicing.
- “Sec. 3410. Contracts on loan security properties.
- “Sec. 3411. Debt restructuring and loan servicing.
- “Sec. 3412. Relief for mobilized military reservists from certain agricultural loan obligations.
- “Sec. 3413. Interest rate reduction program.
- “Sec. 3414. Homestead property.
- “Sec. 3415. Transfer of inventory land.
- “Sec. 3416. Target participation rates.
- “Sec. 3417. Compromise or adjustment of debts or claims by guaranteed lender.
- “Sec. 3418. Waiver of mediation rights by borrowers.
- “Sec. 3419. Borrower training.
- “Sec. 3420. Loan assessments.
- “Sec. 3421. Supervised credit.
- “Sec. 3422. Market placement.
- “Sec. 3423. Recordkeeping of loans by gender of borrower.
- “Sec. 3424. Crop insurance requirement.
- “Sec. 3425. Loan and loan servicing limitations.
- “Sec. 3426. Short form certification of farm program borrower compliance.
- “Sec. 3427. Transfer of land to Secretary.
- “Sec. 3428. Competitive sourcing limitations.
- “Sec. 3429. Prohibition on use of loans for certain purposes.
- “Sec. 3430. Beginning farmer and rancher individual development accounts pilot program.
- “Sec. 3431. Authorization of appropriations and allocation of funds.

“Subtitle B—Rural Development

“CHAPTER 1—RURAL COMMUNITY PROGRAMS

- “Sec. 3501. Water and waste disposal loans, loan guarantees, and grants.
- “Sec. 3502. Community facilities loans, loan guarantees, and grants.

“CHAPTER 2—RURAL BUSINESS AND COOPERATIVE DEVELOPMENT

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- “See. 3601. Business programs.
- “See. 3602. Rural business investment program.

“CHAPTER 3—GENERAL RURAL DEVELOPMENT PROVISIONS

- “See. 3701. General provisions for loans and grants.
- “See. 3702. Strategic economic and community development.
- “See. 3703. Guaranteed rural development loans.
- “See. 3704. Rural Development Insurance Fund.

“CHAPTER 4—DELTA REGIONAL AUTHORITY

- “See. 3801. Definitions.
- “See. 3802. Delta Regional Authority.
- “See. 3803. Economic and community development grants.
- “See. 3804. Supplements to Federal grant programs.
- “See. 3805. Local development districts; certification and administrative expenses.
- “See. 3806. Distressed counties and areas and nondistressed counties.
- “See. 3807. Development planning process.
- “See. 3808. Program development criteria.
- “See. 3809. Approval of development plans and projects.
- “See. 3810. Consent of States.
- “See. 3811. Records.
- “See. 3812. Annual report.
- “See. 3813. Authorization of appropriations.
- “See. 3814. Termination of authority.

“CHAPTER 5—NORTHERN GREAT PLAINS REGIONAL AUTHORITY

- “See. 3821. Definitions.
- “See. 3822. Northern Great Plains Regional Authority.
- “See. 3823. Interstate cooperation for economic opportunity and efficiency.
- “See. 3824. Economic and community development grants.
- “See. 3825. Supplements to Federal grant programs.
- “See. 3826. Multistate and local development districts and organizations and Northern Great Plains Inc.
- “See. 3827. Distressed counties and areas and nondistressed counties.
- “See. 3828. Development planning process.
- “See. 3829. Program development criteria.
- “See. 3830. Approval of development plans and projects.
- “See. 3831. Consent of States.
- “See. 3832. Records.
- “See. 3833. Annual report.
- “See. 3834. Authorization of appropriations.
- “See. 3835. Termination of authority.

“Subtitle C—General Provisions

- “See. 3901. Full faith and credit.
- “See. 3902. Purchase and sale of guaranteed portions of loans.
- “See. 3903. Administration.
- “See. 3904. Loan moratorium and policy on foreclosures.
- “See. 3905. Oil and gas royalty payments on loans.
- “See. 3906. Taxation.
- “See. 3907. Conflicts of interest.
- “See. 3908. Loan summary statements.

“Sec. 3909. Certified lenders program.

“Sec. 3910. Loans to resident aliens.

“Sec. 3911. Expedited clearing of title to inventory property.

“Sec. 3912. Prohibition on use of loans for certain purposes.

“Sec. 3913. Regulations.

1 **“SEC. 3002. DEFINITIONS.**

2 “In this title (unless the context otherwise requires):

3 “(1) ABLE TO OBTAIN CREDIT ELSEWHERE.—

4 The term ‘able to obtain credit elsewhere’ means
5 able to obtain a loan from a production credit asso-
6 ciation, a Federal land bank, or other responsible co-
7 operative or private credit source (or, in the case of
8 a borrower under section 3106, the borrower may be
9 able to obtain a loan under section 3101) at reason-
10 able rates and terms, taking into consideration pre-
11 vailing private and cooperative rates and terms in
12 the community in or near which the applicant re-
13 sides for loans for similar purposes and periods of
14 time.

15 “(2) AGRICULTURAL CREDIT INSURANCE
16 FUND.—The term ‘Agricultural Credit Insurance
17 Fund’ means the fund established under section
18 3401.

19 “(3) APPROVED LENDER.—The term ‘approved
20 lender’ means—

21 “(A) a lender approved prior to October
22 28, 1992, by the Secretary under the approved
23 lender program established by exhibit A to sub-

1 part B of part 1980 of title 7, Code of Federal
2 Regulations (as in effect on January 1, 1991);
3 or

4 “(B) a lender certified under section 3909.

5 “(4) AQUACULTURE.—The term ‘aquaculture’
6 means the culture or husbandry of aquatic animals
7 or plants by private industry for commercial pur-
8 poses, including the culture and growing of fish by
9 private industry for the purpose of creating or aug-
10 menting publicly owned and regulated stocks of fish.

11 “(5) BEGINNING FARMER OR RANCHER.—The
12 term ‘beginning farmer or rancher’ has the meaning
13 given the term by the Secretary.

14 “(6) BORROWER.—

15 “(A) IN GENERAL.—Except as provided in
16 subparagraph (B), the term ‘borrower’ means
17 an individual or entity who has an outstanding
18 obligation to the Secretary under any loan
19 made or guaranteed under this title, without re-
20 gard to whether the loan has been accelerated.

21 “(B) EXCLUSIONS.—The term ‘borrower’
22 does not include an individual or entity all of
23 whose loans and accounts have been foreclosed
24 on or liquidated, voluntarily or otherwise.

1 “(7) COUNTY COMMITTEE.—The term ‘county
2 committee’ means the appropriate county committee
3 established under section 8(b)(5) of the Soil Con-
4 servation and Domestic Allotment Act (16 U.S.C.
5 590h(b)(5)).

6 “(8) DEBT FORGIVENESS.—

7 “(A) IN GENERAL.—Except as provided in
8 subparagraph (B), the term ‘debt forgiveness’
9 means reducing or terminating a loan made or
10 guaranteed under this title, in a manner that
11 results in a loss to the Secretary, through—

12 “(i) writing down or writing off a loan
13 under section 3417;

14 “(ii) compromising, adjusting, reduc-
15 ing, or charging-off a debt or claim under
16 section 3903;

17 “(iii) paying a loss on a guaranteed
18 loan under this title; or

19 “(iv) discharging a debt as a result of
20 bankruptcy.

21 “(B) LOAN RESTRUCTURING.—The term
22 ‘debt forgiveness’ does not include consolida-
23 tion, rescheduling, reamortization, or deferral.

24 “(9) DEPARTMENT.—The term ‘Department’
25 means the Department of Agriculture.

1 “(10) DIRECT LOAN.—The term ‘direct loan’
2 means a loan made by the Secretary from appro-
3 priated funds.

4 “(11) ENTITY.—The term ‘entity’ means a cor-
5 poration, farm cooperative, partnership, joint oper-
6 ation, governmental body, or other legal entity, as
7 determined by the Secretary.

8 “(12) FARM.—The term ‘farm’ means an oper-
9 ation involved in—

10 “(A) the production of an agricultural
11 commodity;

12 “(B) ranching; or

13 “(C) aquaculture.

14 “(13) FARMER.—The term ‘farmer’ means an
15 individual or entity engaged primarily and directly
16 in—

17 “(A) the production of an agricultural
18 commodity;

19 “(B) ranching; or

20 “(C) aquaculture.

21 “(14) FARMER PROGRAM LOAN.—The term
22 ‘farmer program loan’ means—

23 “(A) a farm ownership loan under section
24 3101;

1 “(B) a conservation loan under section
2 3103;

3 “(C) an operating loan under section 3201;

4 “(D) an emergency loan under section
5 3301;

6 “(E) an economic emergency loan under
7 section 202 of the Emergency Agricultural
8 Credit Adjustment Act of 1978 (7 U.S.C. prec.
9 1961 note; Public Law 95-334);

10 “(F) a loan for a farm service building
11 under section 502 of the Housing Act of 1949
12 (42 U.S.C. 1472);

13 “(G) an economic opportunity loan under
14 section 602 of the Economic Opportunity Act of
15 1964 (Public Law 88-452; 42 U.S.C. 2942
16 note) (as it existed before the amendment made
17 by section 683(a) of the Omnibus Budget Rec-
18 onciliation Act of 1981 (Public Law 97-35; 95
19 Stat. 519));

20 “(H) a softwood timber loan under section
21 608 of the Agricultural Programs Adjustment
22 Act of 1984 (7 U.S.C. 1981 note; Public Law
23 98-258); or

24 “(I) any other loan described in section
25 343(a)(10) of this title (as it existed before the

1 amendment made by section 2 of the
2 _____ Act of 2012) that is outstanding
3 on the date of enactment of that Act.

4 “(15) FARM SERVICE AGENCY.—The term
5 ‘Farm Service Agency’ means the offices of the
6 Farm Service Agency to which the Secretary dele-
7 gates responsibility to carry out this title.

8 “(16) GOVERNMENTAL ENTITY.—The term
9 ‘governmental entity’ means any agency of the
10 United States, a State, or a unit of local government
11 of a State.

12 “(17) GUARANTEE.—The term ‘guarantee’
13 means guaranteeing the payment of a loan origi-
14 nated, held, and serviced by a private financial agen-
15 cy, or lender, approved by the Secretary.

16 “(18) HIGHLY ERODIBLE LAND.—The term
17 ‘highly erodible land’ has the meaning given the
18 term in section 1201(a) of the Food Security Act of
19 1985 (16 U.S.C. 3801(a)).

20 “(19) HOMESTEAD RETENTION.—The term
21 ‘homestead retention’ means homestead retention as
22 authorized under section 3417.

23 “(20) INDIAN TRIBE.—The term ‘Indian tribe’
24 means a Federal and State-recognized Indian tribe
25 or other federally recognized Indian tribal group (in-

1 including a Tribal College or University (as defined in
2 section 316(b) of the Higher Education Act of 1965
3 (20 U.S.C. 1059c(b))).

4 “(21) LOAN SERVICE PROGRAM.—The term
5 ‘loan service program’ means, with respect to a
6 farmer program loan borrower, a primary loan serv-
7 ice program or a homestead retention program.

8 “(22) NATURAL OR MAJOR DISASTER OR EMER-
9 GENCY.—The term ‘natural or major disaster or
10 emergency’ means—

11 “(A) a natural disaster declared by the
12 Secretary; or

13 “(B) a major disaster or emergency des-
14 ignated by the President under the Robert T.
15 Stafford Disaster Relief and Emergency Assist-
16 ance Act (42 U.S.C. 5121 et seq.).

17 “(23) PRIMARY LOAN SERVICE PROGRAM.—The
18 term ‘primary loan service program’ means, with re-
19 spect to a farmer program loan—

20 “(A) loan consolidation, rescheduling, or
21 reamortization;

22 “(B) interest rate reduction, including the
23 use of the limited resource program;

24 “(C) loan restructuring, including deferral,
25 set aside, or writing down of the principal or

1 accumulated interest charges, or both, of the
2 loan; or

3 “(D) any combination of actions described
4 in subparagraphs (A), (B), and (C).

5 “(24) PRIME FARMLAND.—The term ‘prime
6 farmland’ means prime farmland and unique farm-
7 land (as defined in subsections (a) and (b) of section
8 657.5 of title 7, Code of Federal Regulations
9 (1980)).

10 “(25) PROJECT.—The term ‘project’ includes a
11 facility providing central service or a facility serving
12 an individual property, or both.

13 “(26) QUALIFIED BEGINNING FARMER OR
14 RANCHER.—The term ‘qualified beginning farmer or
15 rancher’ means an applicant, regardless of whether
16 the applicant is participating in a program under
17 section 3107, who—

18 “(A) is eligible for assistance under this
19 title;

20 “(B) has not operated a farm, or has oper-
21 ated a farm for not more than 10 years;

22 “(C) in the case of a cooperative, corpora-
23 tion, partnership, or joint operation, has mem-
24 bers, stockholders, partners, or joint operators

1 who are all related to each other by blood or
2 marriage;

3 “(D) in the case of a farmer who is the
4 owner and operator of a farm—

5 “(i) in the case of a loan made to an
6 individual, individually or with the imme-
7 diate family of the applicant—

8 “(I) materially and substantially
9 participates in the operation of the
10 farm; and

11 “(II) provides substantial day-to-
12 day labor and management of the
13 farm, consistent with the practices in
14 the State or county in which the farm
15 is located; or

16 “(ii)(I) in the case of a loan made to
17 a cooperative, corporation, partnership, or
18 joint operation, has members, stockholders,
19 partners, or joint operators who materially
20 and substantially participate in the oper-
21 ation of the farm; and

22 “(II) in the case of a loan made to a
23 corporation, has stockholders who all qual-
24 ify individually as beginning farmers;

1 “(E) in the case of an applicant seeking to
2 become an owner and operator of a farm—

3 “(i) in the case of a loan made to an
4 individual, individually or with the imme-
5 diate family of the applicant, will—

6 “(I) materially and substantially
7 participate in the operation of the
8 farm; and

9 “(II) provide substantial day-to-
10 day labor and management of the
11 farm, consistent with the practices in
12 the State or county in which the farm
13 is located; or

14 “(ii)(I) in the case of a loan made to
15 a cooperative, corporation, partnership, or
16 joint operation, will have members, stock-
17 holders, partners, or joint operators who
18 will materially and substantially participate
19 in the operation of the farm; and

20 “(II) in the case of a loan made to a
21 corporation, has stockholders who will all
22 qualify individually as beginning farmers;

23 “(F) agrees to participate in such loan as-
24 sessment, borrower training, and financial man-

1 agement programs as the Secretary may re-
2 quire;

3 “(G)(i) does not own farm land; or

4 “(ii) directly or through interests in family
5 farm corporations, owns farm land, the aggre-
6 gate acreage of which does not exceed 25 per-
7 cent of the average quantity of acreage of the
8 farms, as appropriate, in the county in which
9 the farm operations of the applicant are lo-
10 cated, as reported in the most recent census of
11 agriculture taken in accordance with the Census
12 of Agriculture Act of 1997 (7 U.S.C. 2204g et
13 seq.), except that this subparagraph shall not
14 apply to a loan made or guaranteed under
15 chapter 2 of subtitle A; and

16 “(H) demonstrates that the available re-
17 sources of the applicant and any spouse of the
18 applicant are not sufficient to enable the appli-
19 cant to farm on a viable scale.

20 “(27) RECREATIONAL PURPOSE.—The term
21 ‘recreational purpose’ has the meaning provided by
22 the Secretary, but shall include hunting.

23 “(28) RURAL AND RURAL AREA.—

24 “(A) IN GENERAL.—Subject to any deter-
25 mination made under subparagraph (B), the

1 terms ‘rural’ and ‘rural area’ mean any area
2 other than—

3 “(i) a city or town that has a popu-
4 lation of greater than 50,000 inhabitants;
5 and

6 “(ii) any urbanized area contiguous
7 and adjacent to a city or town described in
8 clause (i).

9 “(B) DETERMINATION OF AREAS RURAL IN
10 CHARACTER.—

11 “(i) IN GENERAL.—On petition of a
12 unit of local government in an urbanized
13 area described in subparagraph (A)(ii), or
14 on the initiative of the Secretary, acting
15 through the Under Secretary for Rural De-
16 velopment (referred to in this subpara-
17 graph as the ‘Under Secretary’), the
18 Under Secretary may determine that part
19 of an area is a rural area based on the cri-
20 teria described in clause (ii).

21 “(ii) CRITERIA.—In making a deter-
22 mination under clause (i), the Under Sec-
23 retary shall consider—

24 “(I) population density, with pri-
25 ority given to a rural area determina-

1 tion for the most sparsely populated
2 areas;

3 “(II) economic conditions, with
4 priority given to a rural area deter-
5 mination for areas facing—

6 “(aa) chronic unemployment
7 in excess of statewide averages;

8 “(bb) sudden loss of unem-
9 ployment from natural disaster
10 or the loss of a significant em-
11 ployer in the area; or

12 “(cc) chronic poverty dem-
13 onstrated at the census block or
14 county level compared to state-
15 wide median household income;
16 and

17 “(III) commuting patterns, with
18 priority given to a rural area deter-
19 mination for areas that can dem-
20 onstrate higher proportions of the
21 population living and working in the
22 area.

23 “(iii) ADMINISTRATION.—In carrying
24 out this subparagraph, the Under Sec-
25 retary shall—

500

1 “(I) not delegate the authority to
2 carry out this subparagraph;

3 “(II) consult with the applicable
4 rural development State or regional
5 director of the Department and the
6 Governor of the respective State;

7 “(III) provide to the petitioner
8 an opportunity to appeal to the Under
9 Secretary a determination made under
10 this subparagraph;

11 “(IV) release to the public notice
12 of a petition filed or initiative of the
13 Under Secretary under this subpara-
14 graph not later than 30 days after re-
15 ceipt of the petition or the commence-
16 ment of the initiative, as appropriate;

17 “(V) make a determination under
18 this subparagraph not less than 15
19 days, and not more than 60 days,
20 after the release of the notice under
21 subclause (IV);

22 “(VI) submit to the Committee
23 on Agriculture of the House of Rep-
24 resentatives and the Committee on
25 Agriculture, Nutrition, and Forestry

1 of the Senate an annual report on ac-
2 tions taken to carry out this subpara-
3 graph; and

4 “(VII) terminate a determination
5 under this subparagraph that part of
6 an area is a rural area on the date
7 that data is available for the next de-
8 cennial census conducted under sec-
9 tion 141(a) of title 13, United States
10 Code.

11 “(iv) HAWAII AND PUERTO RICO.—
12 Notwithstanding any other provision of
13 this subsection, within the areas of the
14 County of Honolulu, Hawaii, and the Com-
15 monwealth of Puerto Rico, the Under Sec-
16 retary may designate any part of the areas
17 as a rural area if the Under Secretary de-
18 termines that the part is not urban in
19 character, other than any area included in
20 the Honolulu Census Designated Place or
21 the San Juan Census Designated Place.

22 “(C) EXCLUSIONS.—Notwithstanding any
23 other provision of this paragraph, in deter-
24 mining which census blocks in an urbanized
25 area are not in a rural area (as defined in this

1 paragraph), the Secretary shall exclude any
2 cluster of census blocks that would otherwise be
3 considered not in a rural area only because the
4 cluster is adjacent to not more than 2 census
5 blocks that are otherwise considered not in a
6 rural area under this paragraph.

7 “(29) SEASONED DIRECT LOAN BORROWER.—
8 The term ‘seasoned direct loan borrower’ means a
9 borrower who could reasonably be expected to qual-
10 ify for commercial credit using criteria determined
11 by the Secretary.

12 “(30) SECRETARY.—The term ‘Secretary’
13 means the Secretary of Agriculture.

14 “(31) SOCIALLY DISADVANTAGED FARMER OR
15 RANCHER.—The term ‘socially disadvantaged farmer
16 or rancher’ means a farmer or rancher who is a
17 member of a socially disadvantaged group.

18 “(32) SOCIALLY DISADVANTAGED GROUP.—The
19 term ‘socially disadvantaged group’ means a group
20 whose members have been subjected to racial, ethnic,
21 or gender prejudice because of the identity of the
22 members as members of a group without regard to
23 the individual qualities of the members.

24 “(33) SOLAR ENERGY.—The term ‘solar energy’
25 means energy derived from sources (other than fossil

1 fuels) and technologies included in the Federal Non-
2 nuclear Energy Research and Development Act of
3 1974 (42 U.S.C. 5901 et seq.).

4 “(34) STATE.—The term ‘State’ means—

5 “(A) in this title (other than subtitle A),
6 each of the 50 States, the Commonwealth of
7 Puerto Rico, the Virgin Islands, Guam, Amer-
8 ican Samoa, the Commonwealth of the North-
9 ern Mariana Islands, the Republic of the Mar-
10 shall Islands, the Federated States of Micro-
11 nesia, and the Republic of Palau; and

12 “(B) in subtitle A, each of the 50 States,
13 the Commonwealth of Puerto Rico, the Virgin
14 Islands, Guam, American Samoa, the Common-
15 wealth of the Northern Mariana Islands, and,
16 to the extent the Secretary determines it to be
17 feasible and appropriate, the Republic of the
18 Marshall Islands, the Federated States of Mi-
19 cronesia, and the Republic of Palau.

20 “(35) STATE BEGINNING FARMER PROGRAM.—

21 The term ‘State beginning farmer program’ means
22 any program that is—

23 “(A) carried out by, or under contract
24 with, a State; and

1 “(B) designed to assist qualified beginning
2 farmers in obtaining the financial assistance
3 necessary to enter agriculture and establish via-
4 ble farming operations.

5 “(36) VETERAN.—The term ‘veteran’ means a
6 person who is a veteran of any war (as defined in
7 section 101 of title 38, United States Code).

8 “(37) WETLAND.—The term ‘wetland’ has the
9 meaning given the term in section 1201(a) of the
10 Food Security Act of 1985 (16 U.S.C. 3801(a)).

11 “(38) WILDLIFE.—The term ‘wildlife’ means
12 fish or wildlife (as defined in section 2(a) of the
13 Lacey Act Amendments of 1981 (16 U.S.C.
14 3371(a))).

15 **“Subtitle B—Rural Development**

16 **“CHAPTER 1—RURAL COMMUNITY**

17 **PROGRAMS**

18 **“SEC. 3501. WATER AND WASTE DISPOSAL LOANS, LOAN**

19 **GUARANTEES, AND GRANTS.**

20 “(a) IN GENERAL.—The Secretary may make grants
21 and loans and issue loan guarantees (including a guar-
22 antee of a loan financed by the net proceeds of a bond
23 described in section 142(a) of the Internal Revenue Code
24 of 1986) to eligible entities described in subsection (b) for

1 projects in rural areas that primarily serve rural residents
2 to provide for—

3 “(1) the development, storage, treatment, puri-
4 fication, or distribution of water or the collection,
5 treatment, or disposal of waste; and

6 “(2) financial assistance and other aid in the
7 planning of projects for purposes described in para-
8 graph (1).

9 “(b) ELIGIBLE ENTITIES.—Entities eligible for as-
10 sistance described in subsection (a) are—

11 “(1) associations (including corporations not
12 operated for profit);

13 “(2) Indian tribes;

14 “(3) public and quasi-public agencies; and

15 “(4) in the case of a project to attach an indi-
16 vidual property in a rural area to a water system to
17 alleviate a health risk, an individual.

18 “(c) LOAN AND LOAN GUARANTEE REQUIRE-
19 MENTS.—In connection with loans made or guaranteed
20 under this section, the Secretary shall require the appli-
21 cant—

22 “(1) to certify in writing, and the Secretary
23 shall determine, that the applicant is unable to ob-
24 tain sufficient credit elsewhere to finance the actual
25 needs of the applicant at reasonable rates and terms,

1 taking into consideration prevailing private and co-
2 operative rates and terms in the community in or
3 near which the applicant resides for loans for similar
4 purposes and periods of time; and

5 “(2) to furnish an appropriate written financial
6 statement.

7 “(d) GRANT AMOUNTS.—

8 “(1) MAXIMUM.—Except as otherwise provided
9 in this subsection, the amount of any grant made
10 under this section shall not exceed 75 percent of the
11 development cost of the project for which the grant
12 is provided.

13 “(2) GRANT RATE.—The Secretary shall estab-
14 lish the grant rate for each project in conformity
15 with regulations issued by the Secretary that shall
16 provide for a graduated scale of grant rates that es-
17 tablish higher rates for projects in communities that
18 have—

19 “(A) low community population;

20 “(B) high rates of outmigration; and

21 “(C) low income levels.

22 “(3) LOCAL SHARE REQUIREMENTS.—Grants
23 made under this section may be used to pay the
24 local share requirements of another Federal grant-

1 in-aid program to the extent permitted under the
2 law providing for the grant-in-aid program.

3 “(e) SPECIAL GRANTS.—

4 “(1) REVOLVING FUNDS FOR FINANCING
5 WATER AND WASTEWATER PROJECTS.—

6 “(A) IN GENERAL.—The Secretary may
7 make grants to qualified, nonprofit entities in
8 rural areas to capitalize revolving funds for the
9 purpose of providing financing to eligible enti-
10 ties for—

11 “(i) predevelopment costs associated
12 with proposed water and wastewater
13 projects or with existing water and waste-
14 water systems; and

15 “(ii) short-term costs incurred for re-
16 placement equipment, small-scale extension
17 services, or other small capital projects
18 that are not part of the regular operations
19 and maintenance activities of existing
20 water and wastewater systems.

21 “(B) MAXIMUM AMOUNT OF FINANCING.—

22 The amount of financing made to an eligible
23 entity under this paragraph shall not exceed—

24 “(i) \$100,000 for costs described in
25 subparagraph (A)(i); and

1 “(ii) \$100,000 for costs described in
2 subparagraph (A)(ii).

3 “(C) TERM.—The term of financing pro-
4 vided to an eligible entity under this paragraph
5 shall not exceed 10 years.

6 “(D) ADMINISTRATION.—The Secretary
7 shall limit the amount of grant funds that may
8 be used by a grant recipient for administrative
9 costs incurred under this paragraph.

10 “(E) ANNUAL REPORT.—A nonprofit enti-
11 ty receiving a grant under this paragraph shall
12 submit to the Secretary an annual report that
13 describes the number and size of communities
14 served and the type of financing provided.

15 “(F) AUTHORIZATION OF APPROPRIA-
16 TIONS.—There is authorized to be appropriated
17 to carry out this paragraph \$30,000,000 for
18 each of fiscal years 2013 through 2017.

19 “(2) EMERGENCY AND IMMINENT COMMUNITY
20 WATER ASSISTANCE PROGRAM.—

21 “(A) IN GENERAL.—The Secretary shall
22 provide grants in accordance with this para-
23 graph to assist the residents of rural areas and
24 small communities to secure adequate quan-
25 tities of safe water—

1 “(i) after a significant decline in the
2 quantity or quality of water available from
3 the water supplies of the rural areas and
4 small communities, or when such a decline
5 is imminent; or

6 “(ii) when repairs, partial replace-
7 ment, or significant maintenance efforts on
8 established water systems would remedy—

9 “(I) an acute or imminent short-
10 age of quality water; or

11 “(II) a significant or imminent
12 decline in the quantity or quality of
13 water that is available.

14 “(B) PRIORITY.—In carrying out subpara-
15 graph (A), the Secretary shall—

16 “(i) give priority to projects described
17 in subparagraph (A)(i); and

18 “(ii) provide at least 70 percent of all
19 grants under this paragraph to those
20 projects.

21 “(C) ELIGIBILITY.—To be eligible to ob-
22 tain a grant under this paragraph, an applicant
23 shall—

24 “(i) be a public or private nonprofit
25 entity; and

1 “(ii) in the case of a grant made
2 under subparagraph (A)(i), demonstrate to
3 the Secretary that the decline referred to
4 in that subparagraph occurred, or will
5 occur, not later than 2 years after the date
6 on which the application was filed for the
7 grant.

8 “(D) USES.—

9 “(i) IN GENERAL.—Grants made
10 under this paragraph may be used—

11 “(I) for waterline extensions from
12 existing systems, laying of new
13 waterlines, repairs, significant mainte-
14 nance, digging of new wells, equip-
15 ment replacement, and hook and tap
16 fees;

17 “(II) for any other appropriate
18 purpose associated with developing
19 sources of, treating, storing, or dis-
20 tributing water;

21 “(III) to assist communities in
22 complying with the requirements of
23 the Federal Water Pollution Control
24 Act (33 U.S.C. 1251 et seq.) or the

1 Safe Drinking Water Act (42U.S.C.
2 300f et seq.); and

3 “(IV) to provide potable water to
4 communities through other means.

5 “(ii) JOINT PROPOSALS.—

6 “(I) IN GENERAL.—Subject to
7 the restrictions in subparagraph (E),
8 nothing in this paragraph precludes
9 rural communities from submitting
10 joint proposals for emergency water
11 assistance.

12 “(II) CONSIDERATION OF RE-
13 STRICTIONS.—The restrictions in sub-
14 paragraph (E) shall be considered in
15 the aggregate, depending on the num-
16 ber of communities involved.

17 “(E) RESTRICTIONS.—

18 “(i) MAXIMUM INCOME.—No grant
19 provided under this paragraph shall be
20 used to assist any rural area or community
21 that has a median household income in ex-
22 cess of the State nonmetropolitan median
23 household income according to the most re-
24 cent decennial census of the United States.

1 “(ii) SET-ASIDE FOR SMALLER COM-
2 MUNITIES.—Not less than 50 percent of
3 the funds allocated under this paragraph
4 shall be allocated to rural communities
5 with populations that do not exceed 3,000
6 inhabitants.

7 “(F) MAXIMUM GRANTS.—Grants made
8 under this paragraph may not exceed—

9 “(i) in the case of each grant made
10 under subparagraph (A)(i), \$500,000; and

11 “(ii) in the case of each grant made
12 under subparagraph (A)(ii), \$150,000.

13 “(G) FULL FUNDING.—Subject to sub-
14 paragraph (F), grants under this paragraph
15 shall be made in an amount equal to 100 per-
16 cent of the costs of the projects conducted
17 under this paragraph.

18 “(H) APPLICATION.—

19 “(i) NATIONALLY COMPETITIVE AP-
20 PLICATION PROCESS.—

21 “(I) IN GENERAL.—The Sec-
22 retary shall develop a nationally com-
23 petitive application process to award
24 grants under this paragraph.

1 “(II) REQUIREMENTS.—The
2 process shall include criteria for evalu-
3 ating applications, including popu-
4 lation, median household income, and
5 the severity of the decline, or immi-
6 nent decline, in the quantity or qual-
7 ity of water.

8 “(ii) TIMING OF REVIEW OF APPLICA-
9 TIONS.—

10 “(I) SIMPLIFIED APPLICATION.—
11 The application process developed by
12 the Secretary under clause (i) shall in-
13 clude a simplified application form
14 that will permit expedited consider-
15 ation of an application for a grant
16 filed under this paragraph.

17 “(II) PRIORITY REVIEW.—In
18 processing applications for any water
19 or waste grant or loan authorized
20 under this section, the Secretary shall
21 afford priority processing to an appli-
22 cation for a grant under this para-
23 graph to the extent funds will be
24 available for an award on the applica-

1 tion at the conclusion of priority pro-
2 cessing.

3 “(III) TIMING.—The Secretary
4 shall, to the maximum extent prac-
5 ticable, review and act on an applica-
6 tion under this paragraph not later
7 than 60 days after the date on which
8 the application is submitted to the
9 Secretary.

10 “(I) FUNDING.—

11 “(i) RESERVATION.—

12 “(I) IN GENERAL.—For each fis-
13 cal year, not less than 3 nor more
14 than 5 percent of the total amount
15 made available to carry out this sec-
16 tion for the fiscal year shall be re-
17 served for grants under this para-
18 graph.

19 “(II) RELEASE.—Funds reserved
20 under subclause (I) for a fiscal year
21 shall be reserved only until July 1 of
22 the fiscal year.

23 “(ii) AUTHORIZATION OF APPROPRIA-
24 TIONS.—In addition to funds made avail-
25 able under clause (i), there is authorized to

1 be appropriated to carry out this para-
2 graph \$35,000,000 for each of fiscal years
3 2013 through 2017.

4 “(3) WATER AND WASTE FACILITY LOANS AND
5 GRANTS TO ALLEVIATE HEALTH RISKS.—

6 “(A) DEFINITION OF COOPERATIVE.—In
7 this paragraph, the term ‘cooperative’ means a
8 cooperative formed specifically for the purpose
9 of the installation, expansion, improvement, or
10 operation of water supply or waste disposal fa-
11 cilities or systems.

12 “(B) LOANS AND GRANTS TO PERSONS
13 OTHER THAN INDIVIDUALS.—

14 “(i) IN GENERAL.—The Secretary
15 shall make or guarantee loans and make
16 grants to rural water supply corporations,
17 cooperatives, or similar entities, Indian
18 tribes on Federal and State reservations
19 and other federally recognized Indian
20 tribes, rural or native villages in Alaska
21 and Hawaii, and public agencies, to pro-
22 vide for the conservation, development,
23 use, and control of water (including the ex-
24 tension or improvement of existing water
25 supply systems), and the installation or im-

1 tional average per capita income,
2 as determined by the Department
3 of Commerce; and

4 “(bb) the unemployment
5 rate of the residents of which is
6 not less than 125 percent of the
7 national average unemployment
8 rate, as determined by the Bu-
9 reau of Labor Statistics.

10 “(II) EXCEPTION.—Notwith-
11 standing subclause (I), loans and
12 grants under clause (i) may also be
13 made if the loan or grant funds will
14 be used primarily to provide water or
15 waste services, or both, to residents of
16 a rural area that was recognized as a
17 colonia as of October 1, 1989.

18 “(C) LOANS AND GRANTS TO INDIVID-
19 UALS.—

20 “(i) IN GENERAL.—The Secretary
21 shall make or guarantee loans and make
22 grants to individuals who reside in a com-
23 munity described in subparagraph (B)(i)
24 for the purpose of extending water supply
25 and waste disposal systems, connecting the

1 systems to the residences of the individ-
2 uals, or installing plumbing and fixtures
3 within the residences of the individuals to
4 facilitate the use of the water supply and
5 waste disposal systems.

6 “(ii) INTEREST.—Loans described in
7 clause (i) shall be at a rate of interest no
8 greater than the Federal Financing Bank
9 rate on loans of a similar term at the time
10 the loans are made.

11 “(iii) AMORTIZATION.—The repay-
12 ment of loans described in clause (i) shall
13 be amortized over the expected life of the
14 water supply or waste disposal system to
15 which the residence of the borrower will be
16 connected.

17 “(iv) MANNER IN WHICH LOANS AND
18 GRANTS ARE TO BE MADE.—Loans and
19 grants to individuals under clause (i) shall
20 be made—

21 “(I) directly to the individuals by
22 the Secretary; or

23 “(II) to the individuals through
24 the rural water supply corporation,
25 cooperative, or similar entity, or pub-

1 lic agency, providing the water supply
2 or waste disposal services, pursuant to
3 regulations issued by the Secretary.

4 “(D) PREFERENCE.—The Secretary shall
5 give preference in the awarding of loans and
6 grants—

7 “(i) under subparagraph (B) to rural
8 water supply corporations, cooperatives, or
9 similar entities, or public agencies, that
10 propose to provide water supply or waste
11 disposal services to the residents of those
12 rural subdivisions commonly referred to as
13 colonias, that are characterized by sub-
14 standard housing, inadequate roads and
15 drainage, and a lack of adequate water or
16 waste facilities; and

17 “(ii) under subparagraph (C) to indi-
18 viduals who reside in a rural subdivision
19 commonly referred to as a colonia, that is
20 characterized by substandard housing, in-
21 adequate roads and drainage, and a lack of
22 adequate water or waste facilities.

23 “(E) AUTHORIZATION OF APPROPRIA-
24 TIONS.—There are authorized to be appro-
25 priated—

1 “(i) for grants under this paragraph,
2 \$60,000,000 for each fiscal year;

3 “(ii) for loans under this paragraph,
4 \$60,000,000 for each fiscal year; and

5 “(iii) in addition to grants provided
6 under clause (i), for grants under this sec-
7 tion to benefit Indian tribes, \$20,000,000
8 for each fiscal year.

9 “(4) SOLID WASTE MANAGEMENT GRANTS.—

10 “(A) IN GENERAL.—The Secretary may
11 make grants to nonprofit organizations for the
12 provision of regional technical assistance to
13 local and regional governments and related
14 agencies for the purpose of reducing or elimi-
15 nating pollution of water resources and improv-
16 ing the planning and management of solid
17 waste disposal facilities in rural areas.

18 “(B) TECHNICAL ASSISTANCE GRANT
19 AMOUNTS.—Grants made under this paragraph
20 for the provision of technical assistance shall be
21 made for 100 percent of the cost of the tech-
22 nical assistance.

23 “(C) AUTHORIZATION OF APPROPRIA-
24 TIONS.—There is authorized to be appropriated

1 to carry out this paragraph \$10,000,000 for
2 each of fiscal years 2013 through 2017

3 “(5) RURAL WATER AND WASTEWATER TECH-
4 NICAL ASSISTANCE AND TRAINING PROGRAMS.—

5 “(A) GRANTS TO NONPROFITS.—

6 “(i) IN GENERAL.—The Secretary
7 may make grants to nonprofit organiza-
8 tions to enable the organizations to provide
9 to associations that provide water and
10 wastewater services in rural areas technical
11 assistance and training—

12 “(I) to identify, and evaluate al-
13 ternative solutions to, problems relat-
14 ing to the obtaining, storage, treat-
15 ment, purification, or distribution of
16 water or the collection, treatment, or
17 disposal of waste in rural areas;

18 “(II) to prepare applications to
19 receive financial assistance for any
20 purpose specified in subsection (a)(1)
21 from any public or private source; and

22 “(III) to improve the operation
23 and maintenance practices at any ex-
24 isting works for the storage, treat-
25 ment, purification, or distribution of

1 water or the collection, treatment, or
2 disposal of waste in rural areas.

3 “(ii) SELECTION PRIORITY.—In se-
4 lecting recipients of grants to be made
5 under clause (i), the Secretary shall give
6 priority to nonprofit organizations that
7 have experience in providing the technical
8 assistance and training described in clause
9 (i) to associations serving rural areas in
10 which—

11 “(I) residents have low income;
12 and

13 “(II) water supply systems or
14 waste facilities are unhealthful.

15 “(iii) FUNDING.—

16 “(I) IN GENERAL.—Except as
17 provided in subclause (II), not less
18 than 1 nor more than 3 percent of
19 any funds made available to carry out
20 water and waste disposal projects de-
21 scribed in subsection (a) for any fiscal
22 year shall be reserved for grants
23 under this paragraph.

24 “(II) EXCEPTION.—The min-
25 imum amount specified in subclause

1 (I) shall not apply if the aggregate
2 amount of grant funds requested by
3 applications that qualify for grants re-
4 ceived by the Secretary from eligible
5 nonprofit organizations for the fiscal
6 year totals less than 1 percent of
7 those funds.

8 “(B) RURAL WATER AND WASTEWATER
9 CIRCUIT RIDER PROGRAM.—

10 “(i) IN GENERAL.—The Secretary
11 shall continue a national rural water and
12 wastewater circuit rider program that—

13 “(I) is consistent with the activi-
14 ties and results of the program con-
15 ducted before January 1, 2012, as de-
16 termined by the Secretary; and

17 “(II) received funding from the
18 Secretary, acting through the Admin-
19 istrator of the Rural Utilities Service.

20 “(ii) AUTHORIZATION OF APPROPRIA-
21 TIONS.—There is authorized to be appro-
22 priated to carry out this subparagraph
23 \$25,000,000 for fiscal year 2013 and each
24 fiscal year thereafter.

25 “(6) SEARCH PROGRAM.—

1 “(A) IN GENERAL.—The Secretary may es-
2 tablish a Special Evaluation Assistance for
3 Rural Communities and Households
4 (SEARCH) program to make predevelopment
5 planning grants for feasibility studies, design
6 assistance, and technical assistance, to finan-
7 cially distressed communities in rural areas
8 with populations of 2,500 or fewer inhabitants
9 for water and waste disposal projects described
10 in this section.

11 “(B) TERMS.—

12 “(i) DOCUMENTATION.—With respect
13 to grants made under this paragraph, the
14 Secretary shall require the lowest quantity
15 of documentation practicable.

16 “(ii) MATCHING.—Notwithstanding
17 any other provision of this section, the Sec-
18 retary may fund up to 100 percent of the
19 eligible costs of grants provided under this
20 paragraph, as determined by the Secretary.

21 “(iii) FUNDING.—The Secretary may
22 use not more than 4 percent of the total
23 amount of funds made available for a fiscal
24 year for water, waste disposal, and essen-

1 tial community facility activities under this
2 chapter to carry out this paragraph.

3 “(C) RELATIONSHIP TO OTHER AUTHOR-
4 ITY.—

5 “(i) IN GENERAL.—The funds and au-
6 thorities provided under this paragraph are
7 in addition to any other funds or authori-
8 ties the Secretary may have to carry out
9 activities described in this section.

10 “(ii) AUTHORIZED ACTIVITIES.—The
11 Secretary may furnish financial assistance
12 or other aid in planning projects for the
13 purposes described in subparagraph (A).

14 “(f) PRIORITY.—In making grants and loans, and
15 guaranteeing loans, for water, wastewater, and waste dis-
16 posal projects under this section, the Secretary shall give
17 priority to projects that serve, as determined by the Sec-
18 retary—

19 “(1) a community with a population of less
20 than 5,500 permanent residents;

21 “(2) a community that the Secretary deter-
22 mines has a community water, wastewater, or waste
23 disposal system that—

24 “(A) is experiencing—

1 “(i) an unanticipated reduction in the
2 quality of water, the quantity of water, or
3 the ability to deliver water; or

4 “(ii) some other deterioration in the
5 supply of water to the community;

6 “(B) is not adequate to meet the needs of
7 the community; and

8 “(C) requires immediate corrective action;

9 “(3) a rural community that is experiencing
10 outmigration;

11 “(4) a community that has a high percentage of
12 low-income residents; or

13 “(5) a rural community that is isolated from
14 other significant population centers.

15 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
16 are authorized to be appropriated to carry out this section
17 such sums as are necessary.

18 **“SEC. 3502. COMMUNITY FACILITIES LOANS, LOAN GUARAN-**
19 **TEES, AND GRANTS.**

20 “(a) IN GENERAL.—The Secretary may make grants
21 and loans and issue loan guarantees (including a guar-
22 antee of a loan financed by the net proceeds of a bond
23 described in section 142(a) of the Internal Revenue Code
24 of 1986) to eligible entities described in subsection (b) for

1 projects in rural areas that primarily serve rural residents
2 to provide for—

3 “(1) essential community facilities, including—

4 “(A) necessary equipment;

5 “(B) recreational developments; and

6 “(2) financial assistance and other assistance in
7 the planning of projects for purposes described in
8 this section.

9 “(b) ELIGIBLE ENTITIES.—Entities eligible for as-
10 sistance described in subsection (a) are—

11 “(1) associations (including corporations not
12 operated for profit);

13 “(2) Indian tribes; and

14 “(3) public and quasi-public agencies.

15 “(c) LOAN AND LOAN GUARANTEE REQUIRE-
16 MENTS.—

17 “(1) IN GENERAL.—In connection with loans
18 made or guaranteed under this section, the Sec-
19 retary shall require the applicant—

20 “(A) to certify in writing, and the Sec-
21 retary shall determine, that the applicant is un-
22 able to obtain sufficient credit elsewhere to fi-
23 nance the actual needs of the applicant at rea-
24 sonable rates and terms, taking into consider-
25 ation prevailing private and cooperative rates

1 and terms in the community in or near which
2 the applicant resides for loans for similar pur-
3 poses and periods of time; and

4 “(B) to furnish an appropriate written fi-
5 nancial statement.

6 “(2) DEBT RESTRUCTURING AND LOAN SERV-
7 ICING FOR COMMUNITY FACILITY LOANS.—The Sec-
8 retary shall establish and implement a program that
9 is similar to the program established under section
10 3411, except that the debt restructuring and loan
11 servicing procedures shall apply to delinquent com-
12 munity facility program loans (rather than delin-
13 quent farmer program loans) made by the Farm
14 Service Agency to a hospital or health care facility
15 under subsection (a).

16 “(d) GRANT AMOUNTS.—

17 “(1) MAXIMUM.—Except as otherwise provided
18 in this subsection, the amount of any grant made
19 under this section shall not exceed 75 percent of the
20 development cost of the project for which the grant
21 is provided.

22 “(2) GRANT RATE.—The Secretary shall estab-
23 lish the grant rate for each project in conformity
24 with regulations issued by the Secretary that shall
25 provide for a graduated scale of grant rates that es-

1 establish higher rates for projects in communities that
2 have—

3 “(A) low community population;

4 “(B) high rates of outmigration; and

5 “(C) low income levels.

6 “(3) LOCAL SHARE REQUIREMENTS.—Grants
7 made under this section may be used to pay the
8 local share requirements of another Federal grant-
9 in-aid program to the extent permitted under the
10 law providing for the grant-in-aid program.

11 “(e) PRIORITY.—In making grants and loans, and
12 guaranteeing loans under this section, the Secretary shall
13 give priority to projects that serve—

14 “(1) a community with a population of less
15 than 20,000 permanent residents;

16 “(2) a rural community that is experiencing
17 outmigration;

18 “(3) a community that has a high percentage of
19 low-income residents; or

20 “(4) a rural community that is isolated from
21 other significant population centers.

22 “(f) TRIBAL COLLEGES AND UNIVERSITIES.—

23 “(1) IN GENERAL.—The Secretary may make
24 grants to an entity that is a Tribal College or Uni-
25 versity (as defined in section 316(b) of the Higher

1 Education Act of 1965 (20 U.S.C. 1059c(b))) to
2 provide the Federal share of the cost of developing
3 specific Tribal College or University essential com-
4 munity facilities in rural areas.

5 “(2) FEDERAL SHARE.—The Secretary shall es-
6 tablish the maximum percentage of the cost of the
7 facility that may be covered by a grant under this
8 paragraph, except that the Secretary may not re-
9 quire non-Federal financial support in an amount
10 that is greater than 5 percent of the total cost of the
11 facility.

12 “(3) AUTHORIZATION OF APPROPRIATIONS.—
13 There is authorized to be appropriated to carry out
14 this subsection \$10,000,000 for each of fiscal years
15 2013 through 2017.

16 “(g) TECHNICAL ASSISTANCE FOR COMMUNITY FA-
17 CILITIES PROJECTS.—

18 “(1) IN GENERAL.—Subject to paragraph (2),
19 the Secretary may use funds made available for com-
20 munity facilities programs authorized under this sec-
21 tion to provide technical assistance to applicants and
22 participants for community facilities programs.

23 “(2) FUNDING.—The Secretary may use not
24 more than 3 percent of the amount of funds made
25 available to participants for a fiscal year for a com-

1 munity facilities program to provide technical assist-
2 ance described in paragraph (1).

3 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated to carry out this section
5 such sums as are necessary.

6 **“CHAPTER 2—RURAL BUSINESS AND**
7 **COOPERATIVE DEVELOPMENT**

8 **“SEC. 3601. BUSINESS PROGRAMS.**

9 “(a) RURAL BUSINESS DEVELOPMENT GRANTS.—

10 “(1) IN GENERAL.—The Secretary may make
11 grants under this subsection to eligible entities de-
12 scribed in paragraph (2) in rural areas that pri-
13 marily serve rural areas for purposes described in
14 paragraph (3).

15 “(2) ELIGIBLE ENTITIES.—The Secretary may
16 make grants under this subsection to—

17 “(A) public bodies;

18 “(B) Indian tribes; and

19 “(C) nonprofit entities.

20 “(3) ELIGIBLE PURPOSES FOR GRANTS.—Eligi-
21 ble entities that receive grants under this subsection
22 may use the grant funds for—

23 “(A) business opportunity projects that—

24 “(i) identify and analyze business op-
25 portunities;

1 “(ii) identify, train, and provide tech-
2 nical assistance to existing or prospective
3 rural entrepreneurs and managers;

4 “(iii) assist in the establishment of
5 new rural businesses and the maintenance
6 of existing businesses, including through
7 business support centers;

8 “(iv) conduct regional, community,
9 and local economic development planning
10 and coordination, and leadership develop-
11 ment; and

12 “(v) establish centers for training,
13 technology, and trade that will provide
14 training to rural businesses in the use of
15 interactive communications technologies to
16 develop international trade opportunities
17 and markets; and

18 “(B) projects that support the development
19 of business enterprises that finance or facili-
20 tate—

21 “(i) the development of small and
22 emerging private business enterprise;

23 “(ii) the establishment, expansion,
24 and operation of rural distance learning
25 networks;

1 “(iii) the development of rural learn-
2 ing programs that provide educational in-
3 struction or job training instruction related
4 to potential employment or job advance-
5 ment to adult students; and

6 “(iv) the provision of technical assist-
7 ance and training to rural communities for
8 the purpose of improving passenger trans-
9 portation services or facilities.

10 “(4) AUTHORIZATION OF APPROPRIATIONS.—

11 There is authorized to be appropriated to the Sec-
12 retary to carry out this subsection \$65,000,000 for
13 each of fiscal years 2013 through 2017, to remain
14 available until expended.

15 “(b) VALUE-ADDED AGRICULTURAL PRODUCER
16 GRANTS.—

17 “(1) DEFINITIONS.—In this subsection:

18 “(A) MID-TIER VALUE CHAIN.—The term
19 ‘mid-tier value chain’ means a local and re-
20 gional supply network that links independent
21 producers with businesses and cooperatives that
22 market value-added agricultural products in a
23 manner that—

24 “(i) targets and strengthens the prof-
25 itability and competitiveness of small- and

1 medium-sized farms and ranches that are
2 structured as family farms; and

3 “(ii) obtains agreement from an eligi-
4 ble agricultural producer group, farmer or
5 rancher cooperative, or majority-controlled
6 producer-based business venture that is en-
7 gaged in the value chain on a marketing
8 strategy.

9 “(B) VALUE-ADDED AGRICULTURAL PROD-
10 UCT.—The term ‘value-added agricultural prod-
11 uct’ means any agricultural commodity or prod-
12 uct—

13 “(i) that—

14 “(I) has undergone a change in
15 physical state;

16 “(II) was produced in a manner
17 that enhances the value of the agricul-
18 tural commodity or product, as dem-
19 onstrated through a business plan
20 that shows the enhanced value, as de-
21 termined by the Secretary;

22 “(III) is physically segregated in
23 a manner that results in the enhance-
24 ment of the value of the agricultural
25 commodity or product;

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1 “(IV) is a source of farm- or
2 ranch-based renewable energy, includ-
3 ing E-85 fuel; or

4 “(V) is aggregated and marketed
5 as a locally produced agricultural food
6 product; and

7 “(ii) for which, as a result of the
8 change in physical state or the manner in
9 which the agricultural commodity or prod-
10 uct was produced, marketed, or seg-
11 regated—

12 “(I) the customer base for the
13 agricultural commodity or product is
14 expanded; and

15 “(II) a greater portion of the rev-
16 enue derived from the marketing,
17 processing, or physical segregation of
18 the agricultural commodity or product
19 is available to the producer of the
20 commodity or product.

21 “(2) PRODUCER GRANTS.—

22 “(A) IN GENERAL.—The Secretary may
23 make grants under this subsection to inde-
24 pendent producers of value-added agricultural
25 products to assist the producers in developing—

1 “(i) business plans for viable mar-
2 keting opportunities for value-added agri-
3 cultural products;

4 “(ii) strategies for the ventures that
5 are intended to create marketing opportu-
6 nities for the producers; or

7 “(iii) mid-tier value chains.

8 “(B) USES OF GRANT FUNDS.—A producer
9 that receives a grant under this subsection shall
10 use the grant—

11 “(i) to develop a business plan or per-
12 form a feasibility study to establish a via-
13 ble marketing opportunity (including
14 through mid-tier value chains) for value-
15 added agricultural products; or

16 “(ii) to provide capital to establish al-
17 liances or business ventures that allow the
18 producer to better compete in domestic or
19 international markets.

20 “(C) PRIORITY.—In awarding grants
21 under this subsection, the Secretary shall give
22 priority to projects that contribute to increasing
23 opportunities for—

24 “(i) beginning farmers and ranchers;

1 “(ii) socially disadvantaged farmers or
2 ranchers; and

3 “(iii) operators of small- and medium-
4 sized farms and ranches that are struc-
5 tured as a family farm.

6 “(D) RESERVATION OF FUNDS FOR
7 PROJECTS TO BENEFIT BEGINNING FARMERS
8 OR RANCHERS, SOCIALLY DISADVANTAGED
9 FARMERS OR RANCHERS, AND MID-TIER VALUE
10 CHAINS.—

11 “(i) IN GENERAL.—The Secretary
12 shall reserve 10 percent of the amounts
13 made available for each fiscal year under
14 this subsection to fund projects that ben-
15 efit beginning farmers or ranchers or so-
16 cially disadvantaged farmers or ranchers.

17 “(ii) MID-TIER VALUE CHAINS.—The
18 Secretary shall reserve 10 percent of the
19 amounts made available for each fiscal
20 year under this paragraph to fund applica-
21 tions of eligible entities described in para-
22 graph (2) that propose to develop mid-tier
23 value chains.

24 “(iii) UNOBLIGATED AMOUNTS.—Any
25 amounts in the reserves for a fiscal year

1 established under clauses (i) and (ii) that
2 are not obligated by June 30 of the fiscal
3 year shall be available to the Secretary to
4 make grants under this subsection to eligi-
5 ble entities in any State, as determined by
6 the Secretary.

7 “(3) AUTHORIZATION OF APPROPRIATIONS.—
8 There is authorized to be appropriated to carry out
9 this subsection \$40,000,000 for each of fiscal years
10 2013 through 2017.

11 “(c) RURAL COOPERATIVE DEVELOPMENT
12 GRANTS.—

13 “(1) DEFINITIONS.—In this subsection:

14 “(A) NONPROFIT INSTITUTION.—The term
15 ‘nonprofit institution’ means any organization
16 or institution, including an accredited institu-
17 tion of higher education, no part of the net
18 earnings of which inures, or may lawfully inure,
19 to the benefit of any private shareholder or in-
20 dividual.

21 “(B) UNITED STATES.—The term
22 “‘United States’ ” means—

23 “(i) the several States;

24 “(ii) the District of Columbia;

1 “(iii) the Commonwealth of Puerto
2 Rico;

3 “(iv) the United States Virgin Is-
4 lands;

5 “(v) Guam; and

6 “(vi) American Samoa.

7 “(2) GRANTS.—The Secretary shall make
8 grants under this subsection to nonprofit institutions
9 for the purpose of enabling the nonprofit institutions
10 to establish and operate centers for rural cooperative
11 development.

12 “(3) GOALS.—The goals of a center funded
13 under this subsection shall be to facilitate the cre-
14 ation of jobs in rural areas through the development
15 of new rural cooperatives, value -added processing,
16 and rural businesses.

17 “(4) APPLICATION.—

18 “(A) IN GENERAL.—Any nonprofit institu-
19 tion seeking a grant under paragraph (2) shall
20 submit to the Secretary an application con-
21 taining a plan for the establishment and oper-
22 ation by the institution of 1 or more centers for
23 cooperative development.

1 “(B) REQUIREMENTS.—The Secretary
2 may approve an application if the plan contains
3 the following:

4 “(i) A provision that substantiates
5 that the center will effectively serve rural
6 areas in the United States.

7 “(ii) A provision that the primary ob-
8 jective of the center will be to improve the
9 economic condition of rural areas through
10 cooperative development.

11 “(iii) A description of the activities
12 that the center will carry out to accomplish
13 the objective, which may include pro-
14 grams—

15 “(I) for applied research and fea-
16 sibility studies that may be useful to
17 individuals, cooperatives, small busi-
18 nesses, and other similar entities in
19 rural areas served by the center;

20 “(II) for the collection, interpre-
21 tation, and dissemination of informa-
22 tion that may be useful to individuals,
23 cooperatives, small businesses, and
24 other similar entities in rural areas
25 served by the center;

1 “(III) providing training and in-
2 struction for individuals, cooperatives,
3 small businesses, and other similar
4 entities in rural areas served by the
5 center;

6 “(IV) providing loans and grants
7 to individuals, cooperatives, small
8 businesses, and other similar entities
9 in rural areas served by the center;

10 “(V) providing technical assist-
11 ance, research services, and advisory
12 services to individuals, cooperatives,
13 small businesses, and other similar
14 entities in rural areas served by the
15 center; and

16 “(VI) providing for the coordina-
17 tion of services and sharing of infor-
18 mation by the center.

19 “(iv) A description of the contribu-
20 tions that the activities are likely to make
21 to the improvement of the economic condi-
22 tions of the rural areas for which the cen-
23 ter will provide services.

24 “(v) Provisions that the center, in car-
25 rying out the activities, will seek, if appro-

1 priate, the advice, participation, expertise,
2 and assistance of representatives of busi-
3 ness, industry, educational institutions, the
4 Federal Government, and State and local
5 governments.

6 “(vi) Provisions that the center will
7 take all practicable steps to develop con-
8 tinuing sources of financial support for the
9 center, particularly from sources in the pri-
10 vate sector.

11 “(vii) Provisions for—

12 “(I) monitoring and evaluating
13 the activities by the nonprofit institu-
14 tion operating the center; and

15 “(II) accounting for funds re-
16 ceived by the institution under this
17 section.

18 “(5) AWARDING GRANTS.—

19 “(A) IN GENERAL.—Grants made under
20 paragraph (2) shall be made on a competitive
21 basis.

22 “(B) PREFERENCE.—In making grants
23 under paragraph (2), the Secretary shall give
24 preference to grant applications providing for

1 centers and other organizations in-
2 volved in rural economic development
3 efforts; and

4 “(II) developing multiorganiza-
5 tion and multistate approaches to ad-
6 dressing the economic development
7 and cooperative needs of rural areas;
8 and

9 “(vi) commit to providing a 25 per-
10 cent matching contribution with private
11 funds and in-kind contributions, except
12 that the Secretary shall not require non-
13 Federal financial support in an amount
14 that is greater than 5 percent in the case
15 of a 1994 institution (as defined in section
16 532 of the Equity in Educational Land-
17 Grant Status Act of 1994 (7 U.S.C. 301
18 note; Public Law 103–382)).

19 “(6) GRANT PERIOD.—

20 “(A) IN GENERAL.—A grant awarded to a
21 center that has received no prior funding under
22 this subsection shall be made for a period of 1
23 year.

24 “(B) MULTIYEAR GRANTS.—If the Sec-
25 retary determines it to be in the best interest

1 of the program, the Secretary shall award
2 grants for a period of more than 1 year, but
3 not more than 3 years, to a center that has suc-
4 cessfully met the requirements of paragraph
5 (5)(B), as determined by the Secretary.

6 “(7) AUTHORITY TO EXTEND GRANT PERIOD.—
7 The Secretary may extend for 1 additional 12-month
8 period the period during which a grantee may use a
9 grant made under this subsection.

10 “(8) TECHNICAL ASSISTANCE TO PREVENT EX-
11 CESSIVE UNEMPLOYMENT OR UNDEREMPLOY-
12 MENT.—

13 “(A) IN GENERAL.—In carrying out this
14 subsection, the Secretary may provide technical
15 assistance to alleviate or prevent conditions of
16 excessive unemployment, underemployment,
17 outmigration, or low employment growth in eco-
18 nomically distressed rural areas that the Sec-
19 retary determines have a substantial need for
20 the assistance.

21 “(B) INCLUSIONS.—The assistance may
22 include planning and feasibility studies, man-
23 agement and operational assistance, and studies
24 evaluating the need for the development poten-

1 tial of projects that increase employment and
2 improve economic growth in the areas.

3 “(9) GRANTS TO DEFRAY ADMINISTRATIVE
4 COSTS.—

5 “(A) IN GENERAL.—The Secretary may
6 make grants to defray not to exceed 75 percent
7 of the costs incurred by organizations and pub-
8 lic bodies to carry out projects for which grants
9 or loans are made under this subsection.

10 “(B) COST-SHARING.—For purposes of de-
11 termining the non-Federal share of the costs,
12 the Secretary shall include contributions in cash
13 and in kind, fairly evaluated, including prem-
14 ises, equipment, and services.

15 “(10) COOPERATIVE RESEARCH PROGRAM.—
16 The Secretary shall offer to enter into a cooperative
17 research agreement with 1 or more qualified aca-
18 demic institutions in each fiscal year to conduct re-
19 search on the effects of all types of cooperatives on
20 the national economy.

21 “(11) ADDRESSING NEEDS OF MINORITY COM-
22 MUNITIES.—

23 “(A) IN GENERAL.—If the total amount
24 appropriated under paragraph (13) for a fiscal
25 year exceeds \$7,500,000, the Secretary shall re-

1 serve an amount equal to 20 percent of the
2 total amount appropriated for grants for coop-
3 erative development centers, individual coopera-
4 tives, or groups of cooperatives—

5 “(i) that serve socially disadvantaged
6 groups; and

7 “(ii) a majority of the boards of direc-
8 tors or governing boards of which are com-
9 prised of individuals who are members of
10 socially disadvantaged groups.

11 “(B) INSUFFICIENT APPLICATIONS.—To
12 the extent there are insufficient applications to
13 carry out subparagraph (A), the Secretary shall
14 use the funds as otherwise authorized by this
15 subsection.

16 “(12) INTERAGENCY WORKING GROUP.—Not
17 later than 90 days after the date of enactment of
18 the _____ Act of 2012, the Secretary shall co-
19 ordinate and chair an interagency working group to
20 foster cooperative development and ensure coordina-
21 tion with Federal agencies and national and local co-
22 operative organizations that have cooperative pro-
23 grams and interests.

24 “(13) AUTHORIZATION OF APPROPRIATIONS.—
25 There is authorized to be appropriated to carry out

1 this subsection \$50,000,000 for each of fiscal years
2 2013 through 2017.

3 “(d) APPROPRIATE TECHNOLOGY TRANSFER FOR
4 RURAL AREAS PROGRAM.—

5 “(1) DEFINITION OF NATIONAL NONPROFIT AG-
6 RICULTURAL ASSISTANCE INSTITUTION.—In this
7 subsection, the term ‘national nonprofit agricultural
8 assistance institution’ means an organization that—

9 “(A) is described in section 501(c)(3) of
10 the Internal Revenue Code of 1986 and exempt
11 from taxation under 501(a) of that Code;

12 “(B) has staff and offices in multiple re-
13 gions of the United States;

14 “(C) has experience and expertise in oper-
15 ating national agricultural technical assistance
16 programs;

17 “(D) expands markets for the agricultural
18 commodities produced by producers through the
19 use of practices that enhance the environment,
20 natural resource base, and quality of life; and

21 “(E) improves the economic viability of ag-
22 ricultural operations.

23 “(2) ESTABLISHMENT.—The Secretary shall es-
24 tablish a national appropriate technology transfer

1 for rural areas program to assist agricultural pro-
2 ducers that are seeking information—

3 “(A) to reduce input costs;

4 “(B) to conserve energy resources;

5 “(C) to diversify operations through new
6 energy crops and energy generation facilities;
7 and

8 “(D) to expand markets for agricultural
9 commodities produced by the producers by
10 using practices that enhance the environment,
11 natural resource base, and quality of life.

12 “(3) IMPLEMENTATION.—

13 “(A) IN GENERAL.—The Secretary shall
14 carry out the program under this subsection by
15 making a grant to, or offering to enter into a
16 cooperative agreement with, a national non-
17 profit agricultural assistance institution.

18 “(B) GRANT AMOUNT.—A grant made, or
19 cooperative agreement entered into, under sub-
20 paragraph (A) shall provide 100 percent of the
21 cost of providing information described in para-
22 graph (2).

23 “(4) AUTHORIZATION OF APPROPRIATIONS.—

24 There is authorized to be appropriated to carry out

1 this subsection \$5,000,000 for each of fiscal years
2 2013 through 2017.

3 “(e) BUSINESS AND INDUSTRY DIRECT AND GUAR-
4 ANTEED LOANS.—

5 “(1) DEFINITION OF BUSINESS AND INDUSTRY
6 LOAN.—In this section, the term ‘business and in-
7 dustry loan’ means a direct loan that is made, or a
8 loan that is guaranteed, by the Secretary under this
9 subsection.

10 “(2) LOAN PURPOSES.—The Secretary may
11 make business and industry loans to public, private,
12 or cooperative organizations organized for profit or
13 nonprofit, private investment funds that invest pri-
14 marily in cooperative organizations, or to individ-
15 uals—

16 “(A) to improve, develop, or finance busi-
17 ness, industry, and employment and improve
18 the economic and environmental climate in
19 rural communities, including pollution abate-
20 ment and control;

21 “(B) to conserve, develop, and use water
22 for aquaculture purposes in rural areas; and

23 “(C) to reduce the reliance on nonrenew-
24 able energy resources by encouraging the devel-
25 opment and construction of renewable energy

1 systems (including solar energy systems, wind
2 energy systems, and anaerobic digestors for the
3 purpose of energy generation), including the
4 modification of existing systems, in rural areas.

5 “(3) LOAN GUARANTEES FOR CERTAIN
6 LOANS.—The Secretary may guarantee loans made
7 under this subsection to finance the issuance of
8 bonds for the projects described in paragraph (2).

9 “(4) MAXIMUM AMOUNT OF PRINCIPAL.—

10 “(A) IN GENERAL.—Except as otherwise
11 provided in this paragraph, no loan may be
12 made, insured, or guaranteed under this sub-
13 section that exceeds \$25,000,000 in principal
14 amount.

15 “(B) LIMITATIONS ON LOAN GUARANTEES
16 FOR COOPERATIVE ORGANIZATIONS.—

17 “(i) PRINCIPAL AMOUNT.—Subject to
18 clause (ii), the principal amount of a busi-
19 ness and industry loan made to a coopera-
20 tive organization and guaranteed under
21 this subsection shall not exceed
22 \$40,000,000.

23 “(ii) USE.—To be eligible for a guar-
24 antee under this subsection for a business
25 and industry loan made to a cooperative

1 organization, the principal amount of the
2 loan in excess of \$25,000,000 shall be used
3 to carry out a project that is in a rural
4 area and—

5 “(I) provides for the value-added
6 processing of agricultural commod-
7 ities; or

8 “(II) significantly benefits 1 or
9 more entities eligible for assistance for
10 the purposes described in paragraph
11 (2), as determined by the Secretary.

12 “(iii) APPLICATIONS.—If a coopera-
13 tive organization submits an application
14 for a guarantee under this paragraph, the
15 Secretary shall make the determination
16 whether to approve the application, and
17 the Secretary may not delegate this au-
18 thority.

19 “(iv) MAXIMUM AMOUNT.—The total
20 amount of business and industry loans
21 made to cooperative organizations and
22 guaranteed for a fiscal year under this
23 subsection with principal amounts that are
24 in excess of \$25,000,000 may not exceed
25 10 percent of the total amount of business

1 and industry loans guaranteed for the fis-
2 cal year under this subsection.

3 “(5) FEES.—The Secretary may assess a 1-
4 time fee and an annual renewal fee for any guaran-
5 teed business and industry loan in an amount that
6 does not exceed 3 percent of the guaranteed prin-
7 cipal portion of the loan.

8 “(6) INTANGIBLE ASSETS.—In determining
9 whether a cooperative organization is eligible for a
10 guaranteed business and industry loan, the Sec-
11 retary may consider the market value of a properly
12 appraised brand name, patent, or trademark of the
13 cooperative.

14 “(7) LOAN APPRAISALS.—The Secretary may
15 require that any appraisal made in connection with
16 a business and industry loan be conducted by a spe-
17 cialized appraiser that uses standards that are com-
18 parable to standards used for similar purposes in the
19 private sector, as determined by the Secretary.

20 “(8) LOAN GUARANTEES FOR THE PURCHASE
21 OF COOPERATIVE STOCK.—

22 “(A) IN GENERAL.—The Secretary may
23 guarantee a business and industry loan to indi-
24 vidual farmers or ranchers to purchase capital
25 stock of a farmer or rancher cooperative estab-

1 lished for the purpose of processing an agricul-
2 tural commodity.

3 “(B) PROCESSING CONTRACTS DURING INI-
4 TIAL PERIOD.—A cooperative described in sub-
5 paragraph (A) for which a farmer or rancher
6 receives a guarantee to purchase stock under
7 that subparagraph may contract for services to
8 process agricultural commodities or otherwise
9 process value added for the period beginning on
10 the date of the startup of the cooperative in
11 order to provide adequate time for the planning
12 and construction of the processing facility of
13 the cooperative.

14 “(C) FINANCIAL INFORMATION.—Financial
15 information required by the Secretary from a
16 farmer or rancher as a condition of making a
17 business and industry loan guarantee under this
18 paragraph shall be provided in the manner gen-
19 erally required by commercial agricultural lend-
20 ers in the applicable area.

21 “(9) LOANS TO COOPERATIVES.—

22 “(A) ELIGIBILITY.—

23 “(i) IN GENERAL.—The Secretary
24 may make or guarantee a business and in-
25 dustry loan to a cooperative organization

1 “(II)(aa) is not, and has not
2 been, in payment default, with respect
3 to the existing loan; or

4 “(bb) has not converted any of
5 the collateral with respect to the exist-
6 ing loan; and

7 “(ii) there is adequate security or full
8 collateral for the refinanced loan.

9 “(10) LOAN GUARANTEES IN NONRURAL
10 AREAS.—The Secretary may guarantee a business
11 and industry loan to a cooperative organization for
12 a facility that is not located in a rural area if—

13 “(A) the primary purpose of the loan guar-
14 antee is for a facility to provide value-added
15 processing for agricultural producers that are
16 located within 80 miles of the facility;

17 “(B) the applicant demonstrates to the
18 Secretary that the primary benefit of the loan
19 guarantee will be to provide employment for
20 residents of a rural area; and

21 “(C) the total amount of business and in-
22 dustry loans guaranteed for a fiscal year under
23 this paragraph does not exceed 10 percent of
24 the business and industry loans guaranteed for
25 the fiscal year under this subsection.

1 “(11) LOCALLY OR REGIONALLY PRODUCED AG-
2 RICULTURAL FOOD PRODUCTS.—

3 “(A) DEFINITIONS.—In this paragraph:

4 “(i) LOCALLY OR REGIONALLY PRO-
5 DUCED AGRICULTURAL FOOD PRODUCT.—

6 The term ‘locally or regionally produced
7 agricultural food product’ means any agri-
8 cultural food product that is raised, pro-
9 duced, and distributed in—

10 “(I) the locality or region in
11 which the final product is marketed,
12 so that the total distance that the
13 product is transported is less than
14 400 miles from the origin of the prod-
15 uct; or

16 “(II) the State in which the
17 product is produced.

18 “(ii) UNDERSERVED COMMUNITY.—

19 The term ‘underserved community’ means
20 a community (including an urban or rural
21 community and an Indian tribal commu-
22 nity) that, as determined by the Secretary,
23 has—

24 “(I) limited access to affordable,
25 healthy foods, including fresh fruits

1 and vegetables, in grocery retail stores
2 or farmer-to-consumer direct markets;
3 and

4 “(II) a high rate of hunger or
5 food insecurity or a high poverty rate.

6 “(B) LOAN AND LOAN GUARANTEE PRO-
7 GRAM.—

8 “(i) IN GENERAL.—The Secretary
9 shall make or guarantee loans to individ-
10 uals, cooperatives, cooperative organiza-
11 tions, businesses, and other entities to es-
12 tablish and facilitate enterprises that proc-
13 ess, distribute, aggregate, store, and mar-
14 ket locally or regionally produced agricul-
15 tural food products to support community
16 development and farm income.

17 “(ii) REQUIREMENT.—The recipient
18 of a loan or loan guarantee under this
19 paragraph shall include in an appropriate
20 agreement with retail and institutional fa-
21 cilities to which the recipient sells locally
22 or regionally produced agricultural food
23 products a requirement to inform con-
24 sumers of the retail or institutional facili-
25 ties that the consumers are purchasing or

1 consuming locally or regionally produced
2 agricultural food products.

3 “(iii) PRIORITY.—In making or guar-
4 anteeing a loan under this paragraph, the
5 Secretary shall give priority to projects
6 that have components benefitting under-
7 served communities.

8 “(iv) REPORTS.—Not later than 2
9 years after the date of enactment of the
10 _____ Act of 2012 and annually
11 thereafter, the Secretary shall submit to
12 the Committee on Agriculture of the House
13 of Representatives and the Committee on
14 Agriculture, Nutrition, and Forestry of the
15 Senate, and publish on the Internet, a re-
16 port that describes projects carried out
17 using loans or loan guarantees made under
18 clause (i), including—

19 “(I) summary information about
20 all projects;

21 “(II) the characteristics of the
22 communities served; and

23 “(III) resulting benefits.

24 “(v) RESERVATION OF FUNDS.—For
25 each of fiscal years 2012 through 2017,

1 the Secretary shall reserve not less than 5
2 percent of the total amount of funds made
3 available to carry out this subsection to
4 carry out this paragraph until April 1 of
5 the fiscal year.

6 “(vi) OUTREACH.—The Secretary
7 shall develop and implement an outreach
8 plan to publicize the availability of loans
9 and loan guarantees under this paragraph,
10 working closely with rural cooperative de-
11 velopment centers, credit unions, commu-
12 nity development financial institutions, re-
13 gional economic development authorities,
14 and other financial and economic develop-
15 ment entities.

16 “(12) AUTHORIZATION OF APPROPRIATIONS.—
17 There is authorized to be appropriated to carry out
18 this subsection \$75,000,000 for each of fiscal years
19 2013 through 2017.

20 “(f) RELENDING PROGRAMS.—

21 “(1) INTERMEDIATE RELENDING PROGRAM.—

22 “(A) IN GENERAL.—The Secretary may
23 make or guarantee loans to eligible entities de-
24 scribed in subparagraph (B) so that the eligible
25 entities may relend the funds to individuals and

1 entities for the purposes described in subpara-
2 graph (C).

3 “(B) ELIGIBLE ENTITIES.—Entities eligi-
4 ble for loans and loan guarantees described in
5 subparagraph (A) are—

6 “(i) public agencies;

7 “(ii) Indian tribes;

8 “(iii) cooperatives; and

9 “(iv) nonprofit corporations.

10 “(C) ELIGIBLE PURPOSES.—The proceeds
11 from loans made or guaranteed by the Sec-
12 retary pursuant to subparagraph (A) may be
13 relent by eligible entities for projects that—

14 “(i) predominately serve communities
15 in rural areas; and

16 “(ii) as determined by the Secretary—

17 “(I) promote community develop-
18 ment;

19 “(II) establish new businesses;

20 “(III) establish and support
21 microlending programs; and

22 “(IV) create or retain employ-
23 ment opportunities.

24 “(D) AUTHORIZATION OF APPROPRIA-
25 TIONS.—There is authorized to be appropriated

1 to carry out this subsection \$50,000,000 for
2 each of fiscal years 2013 through 2017.

3 “(2) RURAL MICROENTREPRENEUR ASSISTANCE
4 PROGRAM.—

5 “(A) DEFINITIONS.—In this paragraph:

6 “(i) MICROENTREPRENEUR.—The
7 term ‘microentrepreneur’ means an owner
8 and operator, or prospective owner and op-
9 erator, of a rural microenterprise who is
10 unable to obtain sufficient training, tech-
11 nical assistance, or credit other than under
12 this subsection, as determined by the Sec-
13 retary.

14 “(ii) MICROENTERPRISE DEVELOP-
15 MENT ORGANIZATION.—The term ‘micro-
16 enterprise development organization’
17 means an organization that is—

18 “(I) a nonprofit entity;

19 “(II) an Indian tribe, the tribal
20 government of which certifies to the
21 Secretary that—

22 “(aa) no microenterprise de-
23 velopment organization serves the
24 Indian tribe; and

1 “(bb) no rural microentre-
2 preneur assistance program ex-
3 ists under the jurisdiction of the
4 Indian tribe;

5 “(III) a public institution of
6 higher education; or

7 “(IV) a collaboration of rural
8 nonprofit entities serving a region or
9 State, if 1 lead nonprofit entity is the
10 sole underwriter of all loans and is re-
11 sponsible for associated risks.

12 “(iii) MICROLOAN.—The term
13 ‘microloan’ means a business loan of not
14 more than \$50,000 that is provided to a
15 rural microenterprise.

16 “(iv) PROGRAM.—The term ‘program’
17 means the rural microentrepreneur assist-
18 ance program established under subpara-
19 graph (B).

20 “(v) RURAL MICROENTERPRISE.—The
21 term ‘rural microenterprise’ means a busi-
22 ness entity with not more than 10 full-time
23 equivalent employees located in a rural
24 area.

1 “(II) continuing technical and fi-
2 nancial assistance related to the suc-
3 cessful operation of rural microenter-
4 prises.

5 “(iii) LOANS.—

6 “(I) IN GENERAL.—The Sec-
7 retary shall make loans to microenter-
8 prise development organizations for
9 the purpose of providing fixed-interest
10 rate microloans to microentrepreneurs
11 for startup and growing rural micro-
12 enterprises.

13 “(II) LOAN TERMS.—A loan
14 made by the Secretary to a microen-
15 terprise development organization
16 under this subparagraph shall—

17 “(aa) be for a term not to
18 exceed 20 years; and

19 “(bb) bear an annual inter-
20 est rate of at least 1 percent.

21 “(III) LOAN LOSS RESERVE
22 FUND.—The Secretary shall require
23 each microenterprise development or-
24 ganization that receives a loan under
25 this subparagraph to—

1 “(aa) establish a loan loss
2 reserve fund; and

3 “(bb) maintain the reserve
4 fund in an amount equal to at
5 least 5 percent of the outstanding
6 balance of such loans owed by
7 the microenterprise development
8 organization, until all obligations
9 owed to the Secretary under this
10 subparagraph are repaid.

11 “(IV) DEFERRAL OF INTEREST
12 AND PRINCIPAL.—The Secretary may
13 permit the deferral of payments on
14 principal and interest due on a loan to
15 a microenterprise development organi-
16 zation made under this paragraph for
17 a 2-year period beginning on the date
18 on which the loan is made.

19 “(iv) GRANTS TO SUPPORT RURAL MI-
20 CROENTERPRISE DEVELOPMENT.—

21 “(I) IN GENERAL.—The Sec-
22 retary shall make grants to microen-
23 terprise development organizations—

24 “(aa) to provide training
25 and technical assistance, and

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1 other related services to rural
2 microentrepreneurs; and

3 “(bb) to carry out such
4 other projects and activities as
5 the Secretary determines appro-
6 priate to further the purposes of
7 the program.

8 “(II) SELECTION.—In making
9 grants under subclause (I), the Sec-
10 retary shall—

11 “(aa) place an emphasis on
12 microenterprise development or-
13 ganizations that serve micro-
14 entrepreneurs that are located in
15 rural areas that have suffered
16 significant outward migration, as
17 determined by the Secretary; and

18 “(bb) ensure, to the max-
19 imum extent practicable, that
20 grant recipients include microen-
21 terprise development organiza-
22 tions of varying sizes and that
23 serve racially and ethnically di-
24 verse populations.

1 “(v) GRANTS TO ASSIST MICROENTRE-
2 PRENEURS.—

3 “(I) IN GENERAL.—The Sec-
4 retary shall make grants to microen-
5 terprise development organizations to
6 provide technical assistance to micro-
7 entrepreneurs that—

8 “(aa) received a loan from
9 the microenterprise development
10 organization under subparagraph
11 (B)(iii); or

12 “(bb) are seeking a loan
13 from the microenterprise develop-
14 ment organization under sub-
15 paragraph (B)(iii).

16 “(II) MAXIMUM AMOUNT OF
17 TECHNICAL ASSISTANCE GRANT.—A
18 microenterprise development organiza-
19 tion shall be eligible to receive an an-
20 nual grant under this clause in an
21 amount equal to not more than 25
22 percent of the total outstanding bal-
23 ance of microloans made by the micro-
24 enterprise development organization

1 under clause (iii), as of the date the
2 grant is awarded.

3 “(vi) ADMINISTRATIVE EXPENSES.—
4 Not more than 10 percent of a grant re-
5 ceived by a microenterprise development
6 organization for a fiscal year under this
7 subparagraph may be used to pay adminis-
8 trative expenses.

9 “(C) ADMINISTRATION.—

10 “(i) MATCHING REQUIREMENT.—As a
11 condition of any grant made under clauses
12 (iv) and (v) of subparagraph (B), the Sec-
13 retary shall require the microenterprise de-
14 velopment organization to match not less
15 than 15 percent of the total amount of the
16 grant in the form of matching funds (in-
17 cluding community development block
18 grants), indirect costs, or in-kind goods or
19 services.

20 “(ii) OVERSIGHT.—At a minimum,
21 not later than December 1 of each fiscal
22 year, a microenterprise development orga-
23 nization that receives a loan or grant
24 under this section shall provide to the Sec-
25 retary such information as the Secretary

1 may require to ensure that assistance pro-
2 vided under this section is used for the
3 purposes for which the loan or grant was
4 made.

5 “(D) AUTHORIZATION OF APPROPRIA-
6 TIONS.—There is authorized to be appropriated
7 to carry out this paragraph \$40,000,000 for
8 each of fiscal years 2013 through 2017.

9 **“SEC. 3602. RURAL BUSINESS INVESTMENT PROGRAM.**

10 “(a) DEFINITIONS.—In this section,

11 “(1) ARTICLES.—The term ‘articles’ means ar-
12 ticles of incorporation for an incorporated body or
13 the functional equivalent or other similar documents
14 specified by the Secretary for other business entities.

15 “(2) DEVELOPMENTAL VENTURE CAPITAL.—
16 The term ‘developmental venture capital’ means cap-
17 ital in the form of equity capital investments in rural
18 business investment companies with an objective of
19 fostering economic development in rural areas.

20 “(3) EMPLOYEE WELFARE BENEFIT PLAN;
21 PENSION PLAN.—

22 “(A) IN GENERAL.—The terms ‘employee
23 welfare benefit plan’ and ‘pension plan’ have
24 the meanings given the terms in section 3 of

1 the Employee Retirement Income Security Act
2 of 1974 (29 U.S.C. 1002).

3 “(B) INCLUSIONS.—The terms ‘employee
4 welfare benefit plan’ and ‘pension plan’ in-
5 clude—

6 “(i) public and private pension or re-
7 tirement plans subject to this subtitle; and

8 “(ii) similar plans not covered by this
9 subtitle that have been established, and
10 that are maintained, by the Federal Gov-
11 ernment or any State (including by a polit-
12 ical subdivision, agency, or instrumentality
13 of the Federal Government or a State) for
14 the benefit of employees.

15 “(4) EQUITY CAPITAL.—The term ‘equity cap-
16 ital’ means common or preferred stock or a similar
17 instrument, including subordinated debt with equity
18 features.

19 “(5) LEVERAGE.—The term ‘leverage’ in-
20 cludes—

21 “(A) debentures purchased or guaranteed
22 by the Secretary;

23 “(B) participating securities purchased or
24 guaranteed by the Secretary; and

1 “(C) preferred securities outstanding as of
2 the date of enactment of the _____ Act of
3 2012.

4 “(6) LICENSE.—The term ‘license’ means a li-
5 cense issued by the Secretary in accordance with in
6 subsection (d)(5).

7 “(7) LIMITED LIABILITY COMPANY.—The term
8 ‘limited liability company’ means a business entity
9 that is organized and operating in accordance with
10 a State limited liability company law approved by
11 the Secretary.

12 “(8) MEMBER.—The term ‘member’ means,
13 with respect to a rural business investment company
14 that is a limited liability company, a holder of an
15 ownership interest, or a person otherwise admitted
16 to membership in the limited liability company.

17 “(9) OPERATIONAL ASSISTANCE.—The term
18 ‘operational assistance’ means management, mar-
19 keting, and other technical assistance that assists a
20 rural business concern with business development.

21 “(10) PARTICIPATION AGREEMENT.—The term
22 ‘participation agreement’ means an agreement, be-
23 tween the Secretary and a rural business investment
24 company granted final approval under subsection
25 (d)(5), that requires the rural business investment

1 nonprivate funds do not control, di-
2 rectly or indirectly, the management,
3 board of directors, general partners,
4 or members of the rural business in-
5 vestment company).

6 “(12) QUALIFIED NONPRIVATE FUNDS.—The
7 term ‘qualified nonprivate funds’ means any—

8 “(A) funds directly or indirectly invested in
9 any applicant or rural business investment com-
10 pany on or before the date of enactment of the
11 _____ Act of 2012 by any Federal agen-
12 cy, other than the Department, under a provi-
13 sion of law explicitly mandating the inclusion of
14 those funds in the definition of the term ‘pri-
15 vate capital’; and

16 “(B) funds invested in any applicant or
17 rural business investment company by 1 or
18 more entities of any State (including by a polit-
19 ical subdivision, agency, or instrumentality of
20 the State and including any guarantee extended
21 by those entities) in an aggregate amount that
22 does not exceed 33 percent of the private cap-
23 ital of the applicant or rural business invest-
24 ment company.

1 on which assistance is provided under
2 this section to the rural business con-
3 cern; and

4 “(II) except as provided in sub-
5 paragraph (B), an average net income
6 for the 2-year period preceding the
7 date on which assistance is provided
8 under this section to the rural busi-
9 ness concern, of not more than
10 \$2,000,000, after Federal income
11 taxes (excluding any carryover losses);
12 or

13 “(ii) satisfies the standard industrial
14 classification size standards established by
15 the Administrator of the Small Business
16 Administration for the industry in which
17 the rural business concern is primarily en-
18 gaged.

19 “(B) EXCEPTION.—For purposes of sub-
20 paragraph (A)(i)(II), if the rural business con-
21 cern is not required by law to pay Federal in-
22 come taxes at the enterprise level, but is re-
23 quired to pass income through to the share-
24 holders, partners, beneficiaries, or other equi-
25 table owners of the business concern, the net in-

1 if the rural business concern were a
2 corporation.

3 “(b) PURPOSES.—The purposes of the Rural Busi-
4 ness Investment Program established under this section
5 are—

6 “(1) to promote economic development and the
7 creation of wealth and job opportunities in rural
8 areas and among individuals living in those areas by
9 encouraging developmental venture capital invest-
10 ments in smaller enterprises primarily located in
11 rural areas; and

12 “(2) to establish a developmental venture cap-
13 ital program, with the mission of addressing the
14 unmet equity investment needs of small enterprises
15 located in rural areas, by authorizing the Sec-
16 retary—

17 “(A) to enter into participation agreements
18 with rural business investment companies;

19 “(B) to guarantee debentures of rural
20 business investment companies to enable each
21 rural business investment company to make de-
22 velopmental venture capital investments in
23 smaller enterprises in rural areas; and

24 “(C) to make grants to rural business in-
25 vestment companies, and to other entities, for

1 the purpose of providing operational assistance
2 to smaller enterprises financed, or expected to
3 be financed, by rural business investment com-
4 panies.

5 “(c) ESTABLISHMENT.—In accordance with this sub-
6 title, the Secretary shall establish a Rural Business Invest-
7 ment Program, under which the Secretary may—

8 “(1) enter into participation agreements with
9 companies granted final approval under subsection
10 (d)(5) for the purposes described in subsection (b);

11 “(2) guarantee the debentures issued by rural
12 business investment companies as provided in sub-
13 section (e); and

14 “(3) make grants to rural business investment
15 companies, and to other entities, under subsection
16 (h).

17 “(d) SELECTION OF RURAL BUSINESS INVESTMENT
18 COMPANIES.—

19 “(1) ELIGIBILITY.—A company shall be eligible
20 to apply to participate, as a rural business invest-
21 ment company, in the program established under
22 this section if—

23 “(A) the company is a newly formed for-
24 profit entity or a newly formed for-profit sub-
25 sidiary of such an entity;

1 “(B) the company has a management team
2 with experience in community development fi-
3 nancing or relevant venture capital financing;
4 and

5 “(C) the company will invest in enterprises
6 that will create wealth and job opportunities in
7 rural areas, with an emphasis on smaller enter-
8 prises.

9 “(2) APPLICATION.—To participate, as a rural
10 business investment company, in the program estab-
11 lished under this section, a company meeting the eli-
12 gibility requirements of paragraph (1) shall submit
13 an application to the Secretary that includes—

14 “(A) a business plan describing how the
15 company intends to make successful develop-
16 mental venture capital investments in identified
17 rural areas;

18 “(B) information regarding the community
19 development finance or relevant venture capital
20 qualifications and general reputation of the
21 management of the company;

22 “(C) a description of how the company in-
23 tends to work with community-based organiza-
24 tions and local entities (including local economic
25 development companies, local lenders, and local

1 investors) and to seek to address the unmet eq-
2 uity capital needs of the communities served;

3 “(D) a proposal describing how the com-
4 pany intends to use the grant funds provided
5 under this section to provide operational assist-
6 ance to smaller enterprises financed by the
7 company, including information regarding
8 whether the company intends to use licensed
9 professionals, as necessary, on the staff of the
10 company or from an outside entity;

11 “(E) with respect to binding commitments
12 to be made to the company under this section,
13 an estimate of the ratio of cash to in-kind con-
14 tributions;

15 “(F) a description of the criteria to be
16 used to evaluate whether and to what extent the
17 company meets the purposes of the program es-
18 tablished under this section;

19 “(G) information regarding the manage-
20 ment and financial strength of any parent firm,
21 affiliated firm, or any other firm essential to
22 the success of the business plan of the com-
23 pany; and

24 “(H) such other information as the Sec-
25 retary may require.

1 “(3) STATUS.—Not later than 90 days after the
2 initial receipt by the Secretary of an application
3 under this subsection, the Secretary shall provide to
4 the applicant a written report describing the status
5 of the application and any requirements remaining
6 for completion of the application.

7 “(4) MATTERS CONSIDERED.—In reviewing and
8 processing any application under this subsection, the
9 Secretary shall—

10 “(A) determine whether—

11 “(i) the applicant meets the require-
12 ments of paragraph (5); and

13 “(ii) the management of the applicant
14 is qualified and has the knowledge, experi-
15 ence, and capability necessary to comply
16 with this section;

17 “(B) take into consideration—

18 “(i) the need for and availability of fi-
19 nancing for rural business concerns in the
20 geographic area in which the applicant is
21 to commence business;

22 “(ii) the general business reputation
23 of the owners and management of the ap-
24 plicant; and

1 “(iii) the probability of successful op-
2 erations of the applicant, including ade-
3 quate profitability and financial soundness;
4 and

5 “(C) not take into consideration any pro-
6 jected shortage or unavailability of grant funds
7 or leverage.

8 “(5) APPROVAL; LICENSE.—

9 “(A) IN GENERAL.—Except as provided in
10 subparagraph (B), the Secretary may approve
11 an applicant to operate as a rural business in-
12 vestment company under this subtitle and li-
13 cense the applicant as a rural business invest-
14 ment company, if—

15 “(i) the Secretary determines that the
16 application satisfies the requirements of
17 paragraph (2);

18 “(ii) the area in which the rural busi-
19 ness investment company is to conduct its
20 operations, and establishment of branch of-
21 fices or agencies (if authorized by the arti-
22 cles), are approved by the Secretary; and

23 “(iii) the applicant enters into a par-
24 ticipation agreement with the Secretary.

25 “(B) CAPITAL REQUIREMENTS.—

1 “(i) IN GENERAL.—Notwithstanding
2 any other provision of this section, the Sec-
3 retary may approve an applicant to operate
4 as a rural business investment company
5 under this section and designate the appli-
6 cant as a rural business investment com-
7 pany, if the Secretary determines that the
8 applicant—

9 “(I) has private capital as deter-
10 mined by the Secretary;

11 “(II) would otherwise be ap-
12 proved under this section, except that
13 the applicant does not satisfy the re-
14 quirements of subsection (i)(3); and

15 “(III) has a viable business plan
16 that—

17 “(aa) reasonably projects
18 profitable operations; and

19 “(bb) has a reasonable time-
20 table for achieving a level of pri-
21 vate capital that satisfies the re-
22 quirements of subsection (i)(3).

23 “(ii) LEVERAGE.—An applicant ap-
24 proved under clause (i) shall not be eligible
25 to receive leverage under this section until

1 the applicant satisfies the requirements of
2 section 3602(i)(3).

3 “(iii) GRANTS.—An applicant ap-
4 proved under clause (i) shall be eligible for
5 grants under subsection (h) in proportion
6 to the private capital of the applicant, as
7 determined by the Secretary.

8 “(e) DEBENTURES.—

9 “(1) IN GENERAL.—The Secretary may guar-
10 antee the timely payment of principal and interest,
11 as scheduled, on debentures issued by any rural
12 business investment company.

13 “(2) TERMS AND CONDITIONS.—The Secretary
14 may make guarantees under this subsection on such
15 terms and conditions as the Secretary considers ap-
16 propriate, except that the term of any debenture
17 guaranteed under this section shall not exceed 15
18 years.

19 “(3) FULL FAITH AND CREDIT OF THE UNITED
20 STATES.—Section 3901 shall apply to any guarantee
21 under this subsection.

22 “(4) MAXIMUM GUARANTEE.—Under this sub-
23 section, the Secretary may—

24 “(A) guarantee the debentures issued by a
25 rural business investment company only to the

1 extent that the total face amount of out-
2 standing guaranteed debentures of the rural
3 business investment company does not exceed
4 the lesser of—

5 “(i) 300 percent of the private capital
6 of the rural business investment company;

7 or

8 “(ii) \$105,000,000; and

9 “(B) provide for the use of discounted de-
10 bentures.

11 “(f) ISSUANCE AND GUARANTEE OF TRUST CERTIFI-
12 CATES.—

13 “(1) ISSUANCE.—The Secretary may issue trust
14 certificates representing ownership of all or a frac-
15 tional part of debentures issued by a rural business
16 investment company and guaranteed by the Sec-
17 retary under this section, if the certificates are
18 based on and backed by a trust or pool approved by
19 the Secretary and composed solely of guaranteed de-
20 bentures.

21 “(2) GUARANTEE.—

22 “(A) IN GENERAL.—The Secretary may,
23 under such terms and conditions as the Sec-
24 retary considers appropriate, guarantee the
25 timely payment of the principal of and interest

1 on trust certificates issued by the Secretary or
2 agents of the Secretary for purposes of this
3 subsection.

4 “(B) LIMITATION.—Each guarantee under
5 this paragraph shall be limited to the extent of
6 principal and interest on the guaranteed debentures that compose the trust or pool.

8 “(C) PREPAYMENT OR DEFAULT.—

9 “(i) IN GENERAL.—

10 “(I) AUTHORITY TO PREPAY.—A
11 debenture may be prepaid at any time
12 without penalty.

13 “(II) REDUCTION OF GUAR-
14 ANTEE.—Subject to subclause (I), if a
15 debenture in a trust or pool is pre-
16 paid, or in the event of default of such
17 a debenture, the guarantee of timely
18 payment of principal and interest on
19 the trust certificates shall be reduced
20 in proportion to the amount of prin-
21 cipal and interest the prepaid debenture
22 represents in the trust or pool.

23 “(ii) INTEREST.—Interest on prepaid
24 or defaulted debentures shall accrue and be

1 guaranteed by the Secretary only through
2 the date of payment of the guarantee.

3 “(iii) REDEMPTION.—At any time
4 during the term of a trust certificate, the
5 trust certificate may be called for redemp-
6 tion due to prepayment or default of all
7 debentures.

8 “(3) FULL FAITH AND CREDIT OF THE UNITED
9 STATES.—Section 3901 shall apply to any guarantee
10 of a trust certificate issued by the Secretary under
11 this section.

12 “(4) SUBROGATION AND OWNERSHIP RIGHTS.—

13 “(A) SUBROGATION.—If the Secretary
14 pays a claim under a guarantee issued under
15 this section, the claim shall be subrogated fully
16 to the rights satisfied by the payment.

17 “(B) OWNERSHIP RIGHTS.—No Federal,
18 State, or local law shall preclude or limit the ex-
19 ercise by the Secretary of the ownership rights
20 of the Secretary in a debenture residing in a
21 trust or pool against which 1 or more trust cer-
22 tificates are issued under this subsection.

23 “(5) MANAGEMENT AND ADMINISTRATION.—

1 “(A) REGISTRATION.—The Secretary shall
2 provide for a central registration of all trust
3 certificates issued under this subsection.

4 “(B) CREATION OF POOLS.—The Secretary
5 may—

6 “(i) maintain such commercial bank
7 accounts or investments in obligations of
8 the United States as may be necessary to
9 facilitate the creation of trusts or pools
10 backed by debentures guaranteed under
11 this subtitle; and

12 “(ii) issue trust certificates to facili-
13 tate the creation of those trusts or pools.

14 “(C) FIDELITY BOND OR INSURANCE RE-
15 QUIREMENT.—Any agent performing functions
16 on behalf of the Secretary under this paragraph
17 shall provide a fidelity bond or insurance in
18 such amount as the Secretary considers to be
19 necessary to fully protect the interests of the
20 United States.

21 “(D) REGULATION OF BROKERS AND
22 DEALERS.—The Secretary may regulate brokers
23 and dealers in trust certificates issued under
24 this subsection.

1 “(E) ELECTRONIC REGISTRATION.—Noth-
2 ing in this paragraph prohibits the use of a
3 book-entry or other electronic form of registra-
4 tion for trust certificates issued under this sub-
5 section.

6 “(g) FEES.—

7 “(1) IN GENERAL.—The Secretary may charge
8 a fee that does not exceed \$500 with respect to any
9 guarantee or grant issued under this section.

10 “(2) TRUST CERTIFICATE.—Notwithstanding
11 paragraph (1), the Secretary shall not collect a fee
12 for any guarantee of a trust certificate under sub-
13 section (f), except that any agent of the Secretary
14 may collect a fee that does not exceed \$500 for the
15 functions described in subsection (f)(5)(B).

16 “(3) LICENSE.—

17 “(A) IN GENERAL.—Except as provided in
18 subparagraph (C), the Secretary may prescribe
19 fees to be paid by each applicant for a license
20 to operate as a rural business investment com-
21 pany under this section.

22 “(B) USE OF AMOUNTS.—Fees collected
23 under this paragraph—

24 “(i) shall be deposited in the account
25 for salaries and expenses of the Secretary;

1 “(ii) are authorized to be appropriated
2 solely to cover the costs of licensing exami-
3 nations; and

4 “(iii) shall—

5 “(I) in the case of a license
6 issued before the date of enactment of
7 the _____ Act of 2012, not ex-
8 ceed \$500 for any fee collected under
9 this paragraph; and

10 “(II) in the case of a license
11 issued after the date of enactment of
12 the _____ Act of 2012, be a
13 rate as determined by the Secretary.

14 “(C) PROHIBITION ON COLLECTION OF
15 CERTAIN FEES.—In the case of a license de-
16 scribed in subparagraph (A) that was approved
17 before July 1, 2007, the Secretary shall not col-
18 lect any fees due on or after the date of enact-
19 ment of the _____ Act of 2012.

20 “(h) OPERATIONAL ASSISTANCE GRANTS.—

21 “(1) IN GENERAL.—In accordance with this
22 subsection, the Secretary may make grants to rural
23 business investment companies and to other entities,
24 as authorized by this section, to provide operational

1 assistance to smaller enterprises financed, or ex-
2 pected to be financed, by the entities.

3 “(2) TERMS.—Grants made under this sub-
4 section shall be made over a multiyear period (not
5 to exceed 10 years) under such terms as the Sec-
6 retary may require.

7 “(3) USE OF FUNDS.—The proceeds of a grant
8 made under this subsection may be used by the rural
9 business investment company receiving the grant
10 only to provide operational assistance in connection
11 with an equity or prospective equity investment in a
12 business located in a rural area.

13 “(4) SUBMISSION OF PLANS.—A rural business
14 investment company shall be eligible for a grant
15 under this subsection only if the rural business in-
16 vestment company submits to the Secretary, in such
17 form and manner as the Secretary may require, a
18 plan for use of the grant.

19 “(5) GRANT AMOUNT.—

20 “(A) RURAL BUSINESS INVESTMENT COM-
21 PANIES.—The amount of a grant made under
22 this subsection to a rural business investment
23 company shall be equal to the lesser of—

1 “(i) 10 percent of the private capital
2 raised by the rural business investment
3 company; or

4 “(ii) \$1,000,000.

5 “(6) OTHER ENTITIES.—The amount of a
6 grant made under this subsection to any entity other
7 than a rural business investment company shall be
8 equal to the resources (in cash or in kind) raised by
9 the entity in accordance with the requirements appli-
10 cable to rural business investment companies under
11 this section.

12 “(i) RURAL BUSINESS INVESTMENT COMPANIES.—

13 “(1) ORGANIZATION.—For purposes of this
14 subsection, a rural business investment company
15 shall—

16 “(A) be an incorporated body, a limited li-
17 ability company, or a limited partnership orga-
18 nized and chartered or otherwise existing under
19 State law solely for the purpose of performing
20 the functions and conducting the activities au-
21 thorized by this section;

22 “(B)(i) if incorporated, have succession for
23 a period of not less than 30 years unless earlier
24 dissolved by the shareholders of the rural busi-
25 ness investment company; and

1 “(ii) if a limited partnership or a limited li-
2 ability company, have succession for a period of
3 not less than 10 years; and

4 “(iii) possess the powers reasonably nec-
5 essary to perform the functions and conduct the
6 activities.

7 “(2) ARTICLES.—The articles of any rural busi-
8 ness investment company—

9 “(A) shall specify in general terms—

10 “(i) the purposes for which the rural
11 business investment company is formed;

12 “(ii) the name of the rural business
13 investment company;

14 “(iii) the 1 or more areas in which the
15 operations of the rural business investment
16 company are to be carried out;

17 “(iv) the place where the principal of-
18 fice of the rural business investment com-
19 pany is to be located; and

20 “(v) the amount and classes of the
21 shares of capital stock of the rural busi-
22 ness investment company;

23 “(B) may contain any other provisions
24 consistent with this section that the rural busi-
25 ness investment company may determine appro-

1 prudently in accordance with the articles of
2 the rural business investment company;

3 “(ii) determine that the rural business
4 investment company will be able to comply
5 with the requirements of this section;

6 “(iii) require that at least 75 percent
7 of the capital of each rural business invest-
8 ment company is invested in rural business
9 concerns;

10 “(iv) ensure that the rural business
11 investment company is designed primarily
12 to meet equity capital needs of the busi-
13 nesses in which the rural business invest-
14 ment company invests and not to compete
15 with traditional small business financing
16 by commercial lenders; and

17 “(v) require that the rural business
18 investment company makes short-term
19 non-equity investments of less than 5 years
20 only to the extent necessary to preserve an
21 existing investment.

22 “(4) DIVERSIFICATION OF OWNERSHIP.—The
23 Secretary shall ensure that the management of each
24 rural business investment company licensed after the
25 date of enactment of the _____ Act of 2012

1 is sufficiently diversified from and unaffiliated with
2 the ownership of the rural business investment com-
3 pany so as to ensure independence and objectivity in
4 the financial management and oversight of the in-
5 vestments and operations of the rural business in-
6 vestment company.

7 “(j) FINANCIAL INSTITUTION INVESTMENTS.—

8 “(1) IN GENERAL.—Except as otherwise pro-
9 vided in this subsection and notwithstanding any
10 other provision of law, the following banks, associa-
11 tions, and institutions are eligible both to establish
12 and invest in any rural business investment company
13 or in any entity established to invest solely in rural
14 business investment companies:

15 “(A) Any bank or savings association the
16 deposits of which are insured under the Federal
17 Deposit Insurance Act (12 U.S.C. 1811 et
18 seq.), including an investment pool created en-
19 tirely by such bank or savings association.

20 “(B) Any Farm Credit System institution
21 described in subsection 1.2(a) of the Farm
22 Credit Act of 1971 (12 U.S.C. 2002(a)).

23 “(2) LIMITATION.—No bank, association, or in-
24 stitution described in paragraph (1) may make in-
25 vestments described in paragraph (1) that are great-

1 er than 5 percent of the capital and surplus of the
2 bank, association, or institution.

3 “(3) LIMITATION ON RURAL BUSINESS INVEST-
4 MENT COMPANIES CONTROLLED BY FARM CREDIT
5 SYSTEM INSTITUTIONS.—If a Farm Credit System
6 institution described in section 1.2(a) of the Farm
7 Credit Act of 1971 (12 U.S.C. 2002(a)) holds more
8 than 25 percent of the shares of a rural business in-
9 vestment company, either alone or in conjunction
10 with other System institutions (or affiliates), the
11 rural business investment company shall not provide
12 equity investments in, or provide other financial as-
13 sistance to, entities that are not otherwise eligible to
14 receive financing from the Farm Credit System
15 under that Act (12 U.S.C. 2001 et seq.).

16 “(k) EXAMINATIONS.—

17 “(1) IN GENERAL.—Each rural business invest-
18 ment company that participates in the program es-
19 tablished under this section shall be subject to ex-
20 aminations made at the direction of the Secretary in
21 accordance with this subsection.

22 “(2) ASSISTANCE OF PRIVATE SECTOR ENTI-
23 TIES.—An examination under this subsection may be
24 conducted with the assistance of a private sector en-

1 tity that has the qualifications and the expertise nec-
2 essary to conduct such an examination.

3 “(3) COSTS.—

4 “(A) IN GENERAL.—The Secretary may
5 assess the cost of an examination under this
6 section, including compensation of the exam-
7 iners, against the rural business investment
8 company examined.

9 “(B) PAYMENT.—Any rural business in-
10 vestment company against which the Secretary
11 assesses costs under this subparagraph shall
12 pay the costs.

13 “(4) DEPOSIT OF FUNDS.—Funds collected
14 under this subsection shall—

15 “(A) be deposited in the account that in-
16 curred the costs for carrying out this sub-
17 section;

18 “(B) be made available to the Secretary to
19 carry out this subsection, without further ap-
20 propriation; and

21 “(C) remain available until expended.

22 “(l) AUTHORIZATION OF APPROPRIATIONS.—There is
23 authorized to be appropriated to carry out this section
24 \$25,000,000 for the period of fiscal years 2008 through
25 2017.”.

1 **“CHAPTER 3—GENERAL RURAL**
2 **DEVELOPMENT PROVISIONS**

3 **“SEC. 3701. GENERAL PROVISIONS FOR LOANS AND**
4 **GRANTS.**

5 “(a) PERIOD FOR REPAYMENT.—Unless otherwise
6 specifically provided for in this subtitle, the period for re-
7 payment of a loan under this subtitle shall not exceed 40
8 years.

9 “(b) INTEREST RATES.—

10 “(1) IN GENERAL.—Except as otherwise pro-
11 vided in this title, the interest rate on a loan under
12 this subtitle shall be determined by the Secretary at
13 a rate—

14 “(A) not to exceed a sum obtained by add-
15 ing—

16 “(i) the current average market yield
17 on outstanding marketable obligations of
18 the United States with remaining periods
19 to maturity comparable to the average ma-
20 turity of the loan; and

21 “(ii) an amount not to exceed 1 per-
22 cent, as determined by the Secretary; and

23 “(B) adjusted to the nearest $\frac{1}{8}$ of 1 per-
24 cent.

1 served by the facility is below the pov-
2 erty line (as defined in section 673 of
3 the Community Services Block Grant
4 Act (42 U.S.C. 9902)); and

5 “(II) any areas the Secretary
6 may designate in which a significant
7 percentage of the persons to be served
8 by the facilities are low income per-
9 sons, as determined by the Secretary;
10 and

11 “(iii) 7 percent per year for a loan for
12 a facility that does not qualify for the 5
13 percent per year interest rate prescribed in
14 clause (ii) but that is located in an area in
15 a State in which the median household in-
16 come of the persons to be served by the fa-
17 cility does not exceed 100 percent of the
18 statewide nonmetropolitan median house-
19 hold income for the State.

20 “(B) HEALTH CARE AND RELATED FACILI-
21 TIES.—Notwithstanding subparagraph (A), the
22 Secretary shall establish a rate for a loan for a
23 health care or related facility that is—

24 “(i) based solely on the income of the
25 area to be served; and

1 cent of the current market yield for
2 outstanding municipal obligations
3 with remaining periods to maturity
4 comparable to the average maturity of
5 the loan, adjusted to the nearest $\frac{1}{8}$ of
6 1 percent.

7 “(ii) EXCEPTION.—Clause (i) does not
8 apply to a loan for a specific project that
9 is the subject of a loan that has been ap-
10 proved, but not closed, as of the date of
11 enactment of the _____ Act of 2012.

12 “(3) INTEREST RATES ON BUSINESS AND
13 OTHER LOANS.—

14 “(A) IN GENERAL.—Except as provided in
15 paragraph (4), the interest rates on loans under
16 sections 3501(a)(1) (other than guaranteed
17 loans and loans as described in paragraph
18 (2)(A)) shall be as determined by the Secretary
19 in accordance with subparagraph (B).

20 “(B) MINIMUM RATE.—The interest rates
21 described in subparagraph (A) shall be not less
22 than the sum obtained by adding—

23 “(i) such rates as determined by the
24 Secretary of the Treasury taking into con-
25 sideration the current average market yield

1 on outstanding marketable obligations of
2 the United States with remaining periods
3 to maturity comparable to the average ma-
4 turities of such loans, adjusted in the judg-
5 ment of the Secretary of the Treasury to
6 provide for rates comparable to the rates
7 prevailing in the private market for similar
8 loans and considering the insurance by the
9 Secretary of the loans; and

10 “(ii) an additional charge, prescribed
11 by the Secretary, to cover the losses of the
12 Secretary and cost of administration,
13 which shall be deposited in the Rural De-
14 velopment Insurance Fund, and further
15 adjusted to the nearest $\frac{1}{8}$ of 1 percent.

16 “(4) INTEREST RATES ADJUSTMENTS.—

17 “(A) ADJUSTMENTS.—Notwithstanding
18 any other provision of this subsection, in the
19 case of loans (other than guaranteed loans)
20 made or guaranteed under the authorities of
21 this title specified in subparagraph (C) for ac-
22 tivities that involve the use of prime farmland,
23 the interest rates shall be the interest rates oth-
24 erwise applicable under this section increased
25 by 2 percent per year.

1 “(B) PRIME FARMLAND.—

2 “(i) IN GENERAL.—Wherever prac-
3 ticable, construction by a State, munici-
4 pality, or other political subdivision of local
5 government that is supported by loans de-
6 scribed in subparagraph (A) shall be
7 placed on land that is not prime farmland,
8 in order to preserve the maximum prac-
9 ticable quantity of prime farmlands for
10 production of food and fiber.

11 “(ii) INCREASED RATE.—In any case
12 in which other options exist for the siting
13 of construction described in clause (i) and
14 the governmental authority still desires to
15 carry out the construction on prime farm-
16 land, the 2-percent interest rate increase
17 provided by this paragraph shall apply, but
18 that increased interest rate shall not apply
19 where such other options do not exist.

20 “(C) APPLICABLE AUTHORITIES.—The au-
21 thorities referred to in subparagraph (A) are—

22 “(i) the provisions of section 3502(a)
23 relating to loans for recreational develop-
24 ments and essential community facilities;

25 “(ii) section 3601(e)(2)(A); and

1 “(iii) section 3601(c).

2 “(c) PAYMENT OF CHARGES.—A borrower of a loan
3 made or guaranteed under this subtitle shall pay such fees
4 and other charges as the Secretary may require, and pre-
5 pay to the Secretary such taxes and insurance as the Sec-
6 retary may require, on such terms and conditions as the
7 Secretary may prescribe.

8 “(d) SECURITY.—

9 “(1) IN GENERAL.—The Secretary shall take as
10 security for an obligation entered into in connection
11 with a loan made under this subtitle such security
12 as the Secretary may require.

13 “(2) LIENS TO UNITED STATES.—An instru-
14 ment for security under paragraph (1) may con-
15 stitute a lien running to the United States notwith-
16 standing the fact that the note for the security may
17 be held by a lender other than the United States.

18 “(3) MULTIPLE LOANS.—A borrower may use
19 the same collateral to secure 2 or more loans made
20 or guaranteed under this subtitle, except that the
21 outstanding amount of the loans may not exceed the
22 total value of the collateral.

23 “(e) LEGAL COUNSEL FOR SMALL LOANS.—In the
24 case of a loan of less than \$500,000 made or guaranteed
25 under section 3501 that is evidenced by a note or mort-

1 gage (as distinguished from a bond issue), the borrower
2 shall not be required to appoint bond counsel to review
3 the legal validity of the loan if the Secretary has available
4 legal counsel to perform the review.

5 **“SEC. 3702. STRATEGIC ECONOMIC AND COMMUNITY DE-**
6 **VELOPMENT.**

7 “(a) PRIORITY.—In the case of any rural develop-
8 ment program authorized by this subtitle, the Secretary
9 may give priority to applications that are otherwise eligible
10 and support strategic community and economic develop-
11 ment plans on a multijurisdictional basis, as approved by
12 the Secretary.

13 “(b) EVALUATION.—In evaluating strategic applica-
14 tions, the Secretary shall give a higher priority to strategic
15 applications for a plan described in subsection (a) that
16 demonstrate—

17 “(1) the plan was developed through the col-
18 laboration of multiple stakeholders in the service
19 area of the plan, including the participation of com-
20 binations of stakeholders such as State, local, and
21 tribal governments, nonprofit institutions, institu-
22 tions of higher education, and private entities;

23 “(2) an understanding of the applicable re-
24 gional resources that could support the plan, includ-

1 ing natural resources, human resources, infrastruc-
2 ture, and financial resources;

3 “(3) investment from other Federal agencies;

4 “(4) investment from philanthropic organiza-
5 tions; and

6 “(5) clear objectives for the plan and the ability
7 to establish measurable performance measures and
8 to track progress toward meeting the objectives.

9 **“SEC. 3703. GUARANTEED RURAL DEVELOPMENT LOANS.**

10 “(a) IN GENERAL.—The Secretary may provide fi-
11 nancial assistance to a borrower for a purpose provided
12 in this subtitle by guaranteeing a loan made by any Fed-
13 eral or State chartered bank, savings and loan association,
14 cooperative lending agency, or other legally organized
15 lending agency.

16 “(b) INTEREST RATE.—The interest rate payable by
17 a borrower on the portion of a guaranteed loan that is
18 sold by a lender to the secondary market under this sub-
19 title may be lower than the interest rate charged on the
20 portion retained by the lender.

21 “(c) MAXIMUM GUARANTEE OF 90 PERCENT.—Ex-
22 cept as provided in subsections (d) and (e), a loan guar-
23 antee under this subtitle shall be for not more than 90
24 percent of the principal and interest due on the loan.

1 “(d) REFINANCED LOANS GUARANTEED AT 95 PER-
2 CENT.—The Secretary shall guarantee 95 percent of—

3 “(1) in the case of a loan that solely refinances
4 a direct loan made under this subtitle, the principal
5 and interest due on the loan on the date of the refi-
6 nancing; or

7 “(2) in the case of a loan that is used for mul-
8 tiple purposes, the portion of the loan that refi-
9 nances the principal and interest due on a direct
10 loan made under this subtitle that is outstanding on
11 the date on which the loan is guaranteed.

12 “(e) RISK OF LOSS.—

13 “(1) IN GENERAL.—Subject to subsection (b),
14 the Secretary may not make a loan under section
15 3501 or 3601 unless the Secretary determines that
16 no other lender is willing to make the loan and as-
17 sume 10 percent of the potential loss to be sustained
18 from the loan.

19 “(2) EXCEPTION FOR NONPROFIT GROUPS.—
20 Paragraph (1) shall not apply to a public body or
21 nonprofit association, including an Indian tribe.

22 **“SEC. 3704. RURAL DEVELOPMENT INSURANCE FUND.**

23 “(a) DEFINITION OF RURAL DEVELOPMENT
24 LOAN.—In this section, the term ‘rural development loan’
25 means a loan provided for by section 3501 or 3601.

1 “(b) ESTABLISHMENT.—There is established in the
2 Treasury of the United States a fund to be known as the
3 ‘Rural Development Insurance Fund’ that shall be used
4 by the Secretary to discharge the obligations of the Sec-
5 retary under contracts making or guaranteeing rural de-
6 velopment loans.

7 **“CHAPTER 4—DELTA REGIONAL**
8 **AUTHORITY**

9 **“SEC. 3801. DEFINITIONS.**

10 “In this chapter:

11 “(1) AUTHORITY.—The term ‘Authority’ means
12 the Delta Regional Authority established by section
13 3802.

14 “(2) FEDERAL GRANT PROGRAM.—The term
15 ‘Federal grant program’ means a Federal grant pro-
16 gram to provide assistance in—

17 “(A) acquiring or developing land;

18 “(B) constructing or equipping a highway,
19 road, bridge, or facility; or

20 “(C) carrying out other economic develop-
21 ment activities.

22 “(3) REGION.—The term ‘region’ means the
23 Lower Mississippi (as defined in section 4 of the
24 Delta Development Act (42 U.S.C. 3121 note; Pub-
25 lic Law 100–460)).

1 **“SEC. 3802. DELTA REGIONAL AUTHORITY.**

2 “(a) ESTABLISHMENT.—

3 “(1) IN GENERAL.—There is established the
4 Delta Regional Authority.

5 “(2) COMPOSITION.—The Authority shall be
6 composed of—

7 “(A) a Federal member, to be appointed
8 by the President, with the advice and consent
9 of the Senate; and

10 “(B) the Governor (or a designee of the
11 Governor) of each State in the region that
12 elects to participate in the Authority.

13 “(3) COCHAIRPERSONS.—The Authority shall
14 be headed by—

15 “(A) the Federal member, who shall serve
16 as—

17 “(i) the Federal cochairperson; and

18 “(ii) a liaison between the Federal
19 Government and the Authority; and

20 “(B) a State cochairperson, who shall be—

21 “(i) a Governor of a participating
22 State in the region; and

23 “(ii) elected by the State members for
24 a term of not less than 1 year.

25 “(4) ALABAMA.—Notwithstanding any other
26 provision of law, the State of Alabama shall be a full

1 member of the Authority and shall be entitled to all
2 rights and privileges that the membership affords to
3 all other participating States in the Authority.

4 “(b) ALTERNATE MEMBERS.—

5 “(1) STATE ALTERNATES.—The State member
6 of a participating State may have a single alternate,
7 who shall be—

8 “(A) a resident of that State; and

9 “(B) appointed by the Governor of the
10 State.

11 “(2) ALTERNATE FEDERAL COCHAIRPERSON.—
12 The President shall appoint an alternate Federal co-
13 chairperson.

14 “(3) QUORUM.—A State alternate shall not be
15 counted toward the establishment of a quorum of
16 the Authority in any instance in which a quorum of
17 the State members is required to be present.

18 “(4) DELEGATION OF POWER.—No power or
19 responsibility of the Authority specified in para-
20 graphs (2) and (3) of subsection (c), and no voting
21 right of any Authority member, shall be delegated to
22 any person—

23 “(A) who is not an Authority member; or

24 “(B) who is not entitled to vote in Author-
25 ity meetings.

1 “(c) VOTING.—

2 “(1) IN GENERAL.—A decision by the Authority
3 shall require a majority vote of the Authority (not
4 including any member representing a State that is
5 delinquent under subsection (g)(2)(C)) to be effec-
6 tive.

7 “(2) QUORUM.—A quorum of State members
8 shall be required to be present for the Authority to
9 make any policy decision, including—

10 “(A) a modification or revision of an Au-
11 thority policy decision;

12 “(B) approval of a State or regional devel-
13 opment plan; and

14 “(C) any allocation of funds among the
15 States.

16 “(3) PROJECT AND GRANT PROPOSALS.—The
17 approval of project and grant proposals shall be—

18 “(A) a responsibility of the Authority; and

19 “(B) conducted in accordance with section
20 3809.

21 “(4) VOTING BY ALTERNATE MEMBERS.—An
22 alternate member shall vote in the case of the ab-
23 sence, death, disability, removal, or resignation of
24 the Federal or State representative for which the al-
25 ternate member is an alternate.

1 “(d) DUTIES.—The Authority shall—

2 “(1) develop, on a continuing basis, comprehen-
3 sive and coordinated plans and programs to establish
4 priorities and approve grants for the economic devel-
5 opment of the region, giving due consideration to
6 other Federal, State, and local planning and devel-
7 opment activities in the region;

8 “(2) review, and where appropriate amend, pri-
9 orities in a development plan for the region (includ-
10 ing 5-year regional outcome targets);

11 “(3) assess the needs and assets of the region
12 based on available research, demonstrations, inves-
13 tigation, assessments, and evaluations of the region
14 prepared by Federal, State, and local agencies, uni-
15 versities, local development districts, and other non-
16 profit groups;

17 “(4) formulate and recommend to the Gov-
18 ernors and legislatures of States that participate in
19 the Authority forms of interstate cooperation;

20 “(5) work with State and local agencies in de-
21 veloping appropriate model legislation;

22 “(6)(A) enhance the capacity of, and provide
23 support for, local development districts in the region;

24 or

1 “(B) if no local development district exists in
2 an area in a participating State in the region, foster
3 the creation of a local development district;

4 “(7) encourage private investment in industrial,
5 commercial, and other economic development
6 projects in the region; and

7 “(8) cooperate with and assist State govern-
8 ments with economic development programs of par-
9 ticipating States.

10 “(e) ADMINISTRATION.—In carrying out subsection
11 (d), the Authority may—

12 “(1) hold such hearings, sit and act at such
13 times and places, take such testimony, receive such
14 evidence, and print or otherwise reproduce and dis-
15 tribute a description of the proceedings and reports
16 on actions by the Authority as the Authority con-
17 siders appropriate;

18 “(2) authorize, through the Federal or State co-
19 chairperson or any other member of the Authority
20 designated by the Authority, the administration of
21 oaths if the Authority determines that testimony
22 should be taken or evidence received under oath;

23 “(3) request from any Federal, State, or local
24 department or agency such information as may be
25 available to or procurable by the department or

1 agency that may be of use to the Authority in car-
2 rying out duties of the Authority;

3 “(4) adopt, amend, and repeal bylaws, rules,
4 and regulations governing the conduct of Authority
5 business and the performance of Authority duties;

6 “(5) request the head of any Federal depart-
7 ment or agency to detail to the Authority such per-
8 sonnel as the Authority requires to carry out duties
9 of the Authority, each such detail to be without loss
10 of seniority, pay, or other employee status;

11 “(6) request the head of any State department
12 or agency or local government to detail to the Au-
13 thority such personnel as the Authority requires to
14 carry out duties of the Authority, each such detail
15 to be without loss of seniority, pay, or other em-
16 ployee status;

17 “(7) provide for coverage of Authority employ-
18 ees in a suitable retirement and employee benefit
19 system by—

20 “(A) making arrangements or entering
21 into contracts with any participating State gov-
22 ernment; or

23 “(B) otherwise providing retirement and
24 other employee benefit coverage;

1 “(8) accept, use, and dispose of gifts or dona-
2 tions of services or real, personal, tangible, or intan-
3 gible property;

4 “(9) enter into and perform such contracts,
5 leases, cooperative agreements, or other transactions
6 as are necessary to carry out Authority duties, in-
7 cluding any contracts, leases, or cooperative agree-
8 ments with—

9 “(A) any department, agency, or instru-
10 mentality of the United States;

11 “(B) any State (including a political sub-
12 division, agency, or instrumentality of the
13 State); or

14 “(C) any person, firm, association, or cor-
15 poration; and

16 “(10) establish and maintain a central office
17 and field offices at such locations as the Authority
18 may select.

19 “(f) FEDERAL AGENCY COOPERATION.—A Federal
20 agency shall—

21 “(1) cooperate with the Authority; and

22 “(2) provide, on request of the Federal cochair-
23 person, appropriate assistance in carrying out this
24 chapter, in accordance with applicable Federal laws
25 (including regulations).

1 “(g) ADMINISTRATIVE EXPENSES.—

2 “(1) IN GENERAL.—Administrative expenses of
3 the Authority (except for the expenses of the Fed-
4 eral cochairperson, including expenses of the alter-
5 nate and staff of the Federal cochairperson, which
6 shall be paid solely by the Federal Government)
7 shall be paid—

8 “(A) by the Federal Government, in an
9 amount equal to 50 percent of the administra-
10 tive expenses; and

11 “(B) by the States in the region partici-
12 pating in the Authority, in an amount equal to
13 50 percent of the administrative expenses.

14 “(2) STATE SHARE.—

15 “(A) IN GENERAL.—The share of adminis-
16 trative expenses of the Authority to be paid by
17 each State shall be determined by the Author-
18 ity.

19 “(B) NO FEDERAL PARTICIPATION.—The
20 Federal cochairperson shall not participate or
21 vote in any decision under subparagraph (A).

22 “(C) DELINQUENT STATES.—If a State is
23 delinquent in payment of the State’s share of
24 administrative expenses of the Authority under
25 this subsection—

1 resenting the State on the Authority at the rate
2 established by law of the State.

3 “(B) NO ADDITIONAL COMPENSATION.—
4 No State member or alternate member shall re-
5 ceive any salary, or any contribution to or sup-
6 plementation of salary from any source other
7 than the State for services provided by the
8 member or alternate to the Authority.

9 “(4) DETAILED EMPLOYEES.—

10 “(A) IN GENERAL.—No person detailed to
11 serve the Authority under subsection (e)(6)
12 shall receive any salary or any contribution to
13 or supplementation of salary for services pro-
14 vided to the Authority from—

15 “(i) any source other than the State,
16 local, or intergovernmental department or
17 agency from which the person was detailed;
18 or

19 “(ii) the Authority.

20 “(B) VIOLATION.—Any person that vio-
21 lates this paragraph shall be fined not more
22 than \$5,000, imprisoned not more than 1 year,
23 or both.

24 “(C) APPLICABLE LAW.—The Federal co-
25 chairperson, the alternate Federal cochair-

1 person, and any Federal officer or employee de-
2 tailed to duty on the Authority under sub-
3 section (e)(5) shall not be subject to subpara-
4 graph (A), but shall remain subject to sections
5 202 through 209 of title 18, United States
6 Code.

7 “(5) ADDITIONAL PERSONNEL.—

8 “(A) COMPENSATION.—

9 “(i) IN GENERAL.—The Authority
10 may appoint and fix the compensation of
11 an executive director and such other per-
12 sonnel as are necessary to enable the Au-
13 thority to carry out the duties of the Au-
14 thority.

15 “(ii) EXCEPTION.—Compensation
16 under clause (i) shall not exceed the max-
17 imum rate for the Senior Executive Service
18 under section 5382 of title 5, United
19 States Code, including any applicable local-
20 ity-based comparability payment that may
21 be authorized under section 5304(h)(2)(C)
22 of that title.

23 “(B) EXECUTIVE DIRECTOR.—The execu-
24 tive director shall be responsible for—

1 “(i) the carrying out of the adminis-
2 trative duties of the Authority;

3 “(ii) direction of the Authority staff;
4 and

5 “(iii) such other duties as the Author-
6 ity may assign.

7 “(C) NO FEDERAL EMPLOYEE STATUS.—
8 No member, alternate, officer, or employee of
9 the Authority (except the Federal cochairperson
10 of the Authority, the alternate and staff for the
11 Federal cochairperson, and any Federal em-
12 ployee detailed to the Authority under sub-
13 section (e)(5)) shall be considered to be a Fed-
14 eral employee for any purpose.

15 “(i) CONFLICTS OF INTEREST.—

16 “(1) IN GENERAL.—Except as provided under
17 paragraph (2), no State member, alternate, officer,
18 or employee of the Authority shall participate per-
19 sonally and substantially as a member, alternate, of-
20 ficer, or employee of the Authority, through decision,
21 approval, disapproval, recommendation, the ren-
22 dering of advice, investigation, or otherwise, in any
23 proceeding, application, request for a ruling or other
24 determination, contract, claim, controversy, or other
25 matter in which, to knowledge of the member, alter-

1 nate, officer, or employee, there is a financial inter-
2 est of—

3 “(A) the member, alternate, officer, or em-
4 ployee;

5 “(B) the spouse, minor child, partner, or
6 organization (other than a State or political
7 subdivision of the State) of the member, alter-
8 nate, officer, or employee, in which the member,
9 alternate, officer, or employee is serving as offi-
10 cer, director, trustee, partner, or employee; or

11 “(C) any person or organization with
12 whom the member, alternate, officer, or em-
13 ployee is negotiating or has any arrangement
14 concerning prospective employment.

15 “(2) DISCLOSURE.—Paragraph (1) shall not
16 apply if the State member, alternate, officer, or em-
17 ployee—

18 “(A) immediately advises the Authority of
19 the nature and circumstances of the proceeding,
20 application, request for a ruling or other deter-
21 mination, contract, claim, controversy, or other
22 particular matter presenting a potential conflict
23 of interest;

24 “(B) makes full disclosure of the financial
25 interest; and

1 for this purpose may only be made to a State or
2 local government);

3 “(2) to assist the region in obtaining the job
4 training, employment-related education, and busi-
5 ness development (with an emphasis on entrepre-
6 neurship) that are needed to build and maintain
7 strong local economies;

8 “(3) to provide assistance to severely distressed
9 and underdeveloped areas that lack financial re-
10 sources for improving basic public services;

11 “(4) to provide assistance to severely distressed
12 and underdeveloped areas that lack financial re-
13 sources for equipping industrial parks and related
14 facilities; and

15 “(5) to otherwise achieve the purposes of this
16 chapter.

17 “(b) FUNDING.—

18 “(1) IN GENERAL.—Funds for grants under
19 subsection (a) may be provided—

20 “(A) entirely from appropriations to carry
21 out this section;

22 “(B) in combination with funds available
23 under another Federal or Federal grant pro-
24 gram; or

25 “(C) from any other source.

1 “(2) PRIORITY OF FUNDING.—To best build the
2 foundations for long-term economic development and
3 to complement other Federal and State resources in
4 the region, Federal funds available under this chap-
5 ter shall be focused on the activities in the following
6 order or priority:

7 “(A) Basic public infrastructure in dis-
8 tressed counties and isolated areas of distress.

9 “(B) Transportation infrastructure for the
10 purpose of facilitating economic development in
11 the region.

12 “(C) Business development, with emphasis
13 on entrepreneurship.

14 “(D) Job training or employment-related
15 education, with emphasis on use of existing
16 public educational institutions located in the re-
17 gion.

18 **“SEC. 3804. SUPPLEMENTS TO FEDERAL GRANT PRO-**
19 **GRAMS.**

20 “(a) FINDING.—Congress finds that certain States
21 and local communities of the region, including local devel-
22 opment districts, may be unable to take maximum advan-
23 tage of Federal grant programs for which the States and
24 communities are eligible because—

1 “(1) the States or communities lack the eco-
2 nomic resources to provide the required matching
3 share; or

4 “(2) there are insufficient funds available under
5 the applicable Federal law authorizing the Federal
6 grant program to meet pressing needs of the region.

7 “(b) FEDERAL GRANT PROGRAM FUNDING.—Not-
8 withstanding any provision of law limiting the Federal
9 share, the areas eligible for assistance, or the authoriza-
10 tions of appropriations of any Federal grant program, and
11 in accordance with subsection (c), the Authority, with the
12 approval of the Federal cochairperson and with respect to
13 a project to be carried out in the region—

14 “(1) may increase the Federal share of the
15 costs of a project under the Federal grant program
16 to not more than 90 percent (except as provided in
17 section 3806(b)); and

18 “(2) shall use amounts made available to carry
19 out this chapter to pay the increased Federal share.

20 “(c) CERTIFICATIONS.—

21 “(1) IN GENERAL.—In the case of any project
22 for which all or any portion of the basic Federal
23 share of the costs of the project is proposed to be
24 paid under this section, no Federal contribution
25 shall be made until the Federal official admin-

1 istering the Federal law that authorizes the Federal
2 grant program certifies that the project—

3 “(A) meets (except as provided in sub-
4 section (b)) the applicable requirements of the
5 applicable Federal grant program; and

6 “(B) could be approved for Federal con-
7 tribution under the Federal grant program if
8 funds were available under the law for the
9 project.

10 “(2) CERTIFICATION BY AUTHORITY.—

11 “(A) IN GENERAL.—The certifications and
12 determinations required to be made by the Au-
13 thority for approval of projects under this Act
14 in accordance with section 3809 shall be—

15 “(i) controlling; and

16 “(ii) accepted by the Federal agencies.

17 “(B) ACCEPTANCE BY FEDERAL COCHAIR-
18 PERSON.—In the case of any project described
19 in paragraph (1), any finding, report, certifi-
20 cation, or documentation required to be sub-
21 mitted with respect to the project to the head
22 of the department, agency, or instrumentality of
23 the Federal Government responsible for the ad-
24 ministration of the Federal grant program

1 under which the project is carried out shall be
2 accepted by the Federal cochairperson.

3 **“SEC. 3805. LOCAL DEVELOPMENT DISTRICTS; CERTIFI-**
4 **CATION AND ADMINISTRATIVE EXPENSES.**

5 “(a) DEFINITION OF LOCAL DEVELOPMENT DIS-
6 TRICT.—In this section, the term ‘local development dis-
7 trict’ means an entity that—

8 “(1) is—

9 “(A) a planning district in existence on the
10 date of enactment of the _____ Act of
11 2012 that is recognized by the Secretary; or

12 “(B) if an entity described in subpara-
13 graph (A) does not exist—

14 “(i) organized and operated in a man-
15 ner that ensures broad-based community
16 participation and an effective opportunity
17 for other nonprofit groups to contribute to
18 the development and implementation of
19 programs in the region;

20 “(ii) governed by a policy board with
21 at least a simple majority of members con-
22 sisting of elected officials or employees of
23 a general purpose unit of local government
24 who have been appointed to represent the
25 government;

1 “(iii) certified to the Authority as hav-
2 ing a charter or authority that includes the
3 economic development of counties or parts
4 of counties or other political subdivisions
5 within the region—

6 “(I) by the Governor of each
7 State in which the entity is located; or

8 “(II) by the State officer des-
9 ignated by the appropriate State law
10 to make the certification; and

11 “(iv)(I) a nonprofit incorporated body
12 organized or chartered under the law of
13 the State in which the entity is located;

14 “(II) a nonprofit agency or instru-
15 mentality of a State or local government;

16 “(III) a public organization estab-
17 lished before December 21, 2000, under
18 State law for creation of multi-jurisdic-
19 tional, area-wide planning organizations; or

20 “(IV) a nonprofit association or com-
21 bination of bodies, agencies, and instru-
22 mentalities described in subclauses (I)
23 through (III); and

24 “(2) has not, as certified by the Federal co-
25 chairperson—

1 “(A) inappropriately used Federal grant
2 funds from any Federal source; or

3 “(B) appointed an officer who, during the
4 period in which another entity inappropriately
5 used Federal grant funds from any Federal
6 source, was an officer of the other entity.

7 “(b) GRANTS TO LOCAL DEVELOPMENT DIS-
8 TRICTS.—

9 “(1) IN GENERAL.—The Authority shall make
10 grants for administrative expenses under this sec-
11 tion.

12 “(2) CONDITIONS FOR GRANTS.—

13 “(A) MAXIMUM AMOUNT.—The amount of
14 any grant awarded under paragraph (1) shall
15 not exceed 80 percent of the administrative ex-
16 penses of the local development district receiv-
17 ing the grant.

18 “(B) MAXIMUM PERIOD.—No grant de-
19 scribed in paragraph (1) shall be awarded to a
20 State agency certified as a local development
21 district for a period greater than 3 years.

22 “(C) LOCAL SHARE.—The contributions of
23 a local development district for administrative
24 expenses may be in cash or in kind, fairly evalu-
25 ated, including space, equipment, and services.

1 “(c) DUTIES OF LOCAL DEVELOPMENT DIS-
2 TRICTS.—A local development district shall—

3 “(1) operate as a lead organization serving
4 multicounty areas in the region at the local level;
5 and

6 “(2) serve as a liaison between State and local
7 governments, nonprofit organizations (including
8 community-based groups and educational institu-
9 tions), the business community, and citizens that—

10 “(A) are involved in multijurisdictional
11 planning;

12 “(B) provide technical assistance to local
13 jurisdictions and potential grantees; and

14 “(C) provide leadership and civic develop-
15 ment assistance.

16 **“SEC. 3806. DISTRESSED COUNTIES AND AREAS AND NON-
17 DISTRESSED COUNTIES.**

18 “(a) DESIGNATIONS.—Each year, the Authority, in
19 accordance with such criteria as the Authority may estab-
20 lish, shall designate—

21 “(1) as distressed counties, counties in the re-
22 gion that are the most severely and persistently dis-
23 tressed and underdeveloped and have high rates of
24 poverty or unemployment;

1 “(2) as nondistressed counties, counties in the
2 region that are not designated as distressed counties
3 under paragraph (1); and

4 “(3) as isolated areas of distress, areas located
5 in nondistressed counties (as designated under para-
6 graph (2)) that have high rates of poverty or unem-
7 ployment.

8 “(b) DISTRESSED COUNTIES.—

9 “(1) IN GENERAL.—The Authority shall allo-
10 cate at least 75 percent of the appropriations made
11 available under section 3813 for programs and
12 projects designed to serve the needs of distressed
13 counties and isolated areas of distress in the region.

14 “(2) FUNDING LIMITATIONS.—The funding lim-
15 itations under section 3804(b) shall not apply to a
16 project providing transportation or basic public serv-
17 ices to residents of 1 or more distressed counties or
18 isolated areas of distress in the region.

19 “(c) NONDISTRESSED COUNTIES.—

20 “(1) IN GENERAL.—Except as provided in this
21 subsection, no funds shall be provided under this
22 chapter for a project located in a county designated
23 as a nondistressed county under subsection (a)(2).

24 “(2) EXCEPTIONS.—

1 “(A) IN GENERAL.—The funding prohibi-
2 tion under paragraph (1) shall not apply to
3 grants to fund the administrative expenses of
4 local development districts under section
5 3805(b).

6 “(B) MULTICOUNTY PROJECTS.—The Au-
7 thority may waive the application of the fund-
8 ing prohibition under paragraph (1) to a multi-
9 county project that includes participation by a
10 nondistressed county; or any other type of
11 project if the Authority determines that the
12 project could bring significant benefits to areas
13 of the region outside a nondistressed county.

14 “(C) ISOLATED AREAS OF DISTRESS.—For
15 a designation of an isolated area of distress for
16 assistance to be effective, the designation shall
17 be supported—

18 “(i) by the most recent Federal data
19 available; or

20 “(ii) if no recent Federal data are
21 available, by the most recent data available
22 through the government of the State in
23 which the isolated area of distress is lo-
24 cated.

1 “(d) TRANSPORTATION AND BASIC PUBLIC INFRA-
2 STRUCTURE.—The Authority shall allocate at least 50 per-
3 cent of any funds made available under section 3813 for
4 transportation and basic public infrastructure projects au-
5 thorized under paragraphs (1) and (3) of section 3803(a).

6 **“SEC. 3807. DEVELOPMENT PLANNING PROCESS.**

7 “(a) STATE DEVELOPMENT PLAN.—In accordance
8 with policies established by the Authority, each State
9 member shall submit a development plan for the area of
10 the region represented by the State member.

11 “(b) CONTENT OF PLAN.—A State development plan
12 submitted under subsection (a) shall reflect the goals, ob-
13 jectives, and priorities identified in the regional develop-
14 ment plan developed under section 3802(d)(2).

15 “(c) CONSULTATION WITH INTERESTED LOCAL PAR-
16 TIES.—In carrying out the development planning process
17 (including the selection of programs and projects for as-
18 sistance), a State may—

19 “(1) consult with—

20 “(A) local development districts; and

21 “(B) local units of government; and

22 “(2) take into consideration the goals, objec-
23 tives, priorities, and recommendations of the entities
24 described in paragraph (1).

25 “(d) PUBLIC PARTICIPATION.—

1 “(1) IN GENERAL.—The Authority and applica-
2 ble State and local development districts shall en-
3 courage and assist, to the maximum extent prac-
4 ticable, public participation in the development, revi-
5 sion, and implementation of all plans and programs
6 under this chapter.

7 “(2) REGULATIONS.—The Authority shall de-
8 velop guidelines for providing public participation
9 described in paragraph (1), including public hear-
10 ings.

11 **“SEC. 3808. PROGRAM DEVELOPMENT CRITERIA.**

12 “(a) IN GENERAL.—In considering programs and
13 projects to be provided assistance under this chapter and
14 in establishing a priority ranking of the requests for as-
15 sistance provided by the Authority, the Authority shall fol-
16 low procedures that ensure, to the maximum extent prac-
17 ticable, consideration of—

18 “(1) the relationship of the project or class of
19 projects to overall regional development;

20 “(2) the per capita income and poverty and un-
21 employment rates in an area;

22 “(3) the financial resources available to the ap-
23 plicants for assistance seeking to carry out the
24 project, with emphasis on ensuring that projects are

1 adequately financed to maximize the probability of
2 successful economic development;

3 “(4) the importance of the project or class of
4 projects in relation to other projects or classes of
5 projects that may be in competition for the same
6 funds;

7 “(5) the prospects that the project for which as-
8 sistance is sought will improve, on a continuing rath-
9 er than a temporary basis, the opportunities for em-
10 ployment, the average level of income, or the eco-
11 nomic development of the area served by the project;
12 and

13 “(6) the extent to which the project design pro-
14 vides for detailed outcome measurements by which
15 grant expenditures and the results of the expendi-
16 tures may be evaluated.

17 “(b) NO RELOCATION ASSISTANCE.—

18 “(1) IN GENERAL.—Except as provided in para-
19 graph (2), no financial assistance authorized by this
20 chapter shall be used to assist a person or entity in
21 relocating from 1 area to another.

22 “(2) OUTSIDE BUSINESSES.—Financial assist-
23 ance under this chapter may be used as otherwise
24 authorized by this title to attract businesses from
25 outside the region to the region.

1 “(2) meets applicable criteria under section
2 3808;

3 “(3) provides adequate assurance that the pro-
4 posed project will be properly administered, oper-
5 ated, and maintained; and

6 “(4) otherwise meets the requirements of this
7 chapter.

8 “(d) APPROVAL OF GRANT APPLICATIONS.—On cer-
9 tification by a State member of the Authority of an appli-
10 cation for a grant or other assistance for a specific project
11 under this section, an affirmative vote of the Authority
12 under section 3802(c) shall be required for approval of
13 the application.

14 **“SEC. 3810. CONSENT OF STATES.**

15 “Nothing in this chapter requires any State to engage
16 in or accept any program under this chapter without the
17 consent of the State.

18 **“SEC. 3811. RECORDS.**

19 “(a) RECORDS OF THE AUTHORITY.—

20 “(1) IN GENERAL.—The Authority shall main-
21 tain accurate and complete records of all trans-
22 actions and activities of the Authority.

23 “(2) AVAILABILITY.—All records of the Author-
24 ity shall be available for audit and examination by
25 the Comptroller General of the United States and

1 the Inspector General of the Department of Agri-
2 culture (including authorized representatives of the
3 Comptroller General and the Inspector General of
4 the Department of Agriculture).

5 “(b) RECORDS OF RECIPIENTS OF FEDERAL ASSIST-
6 ANCE.—

7 “(1) IN GENERAL.—A recipient of Federal
8 funds under this chapter shall, as required by the
9 Authority, maintain accurate and complete records
10 of transactions and activities financed with Federal
11 funds and report on the transactions and activities
12 to the Authority.

13 “(2) AVAILABILITY.—All records required
14 under paragraph (1) shall be available for audit by
15 the Comptroller General of the United States, the
16 Inspector General of the Department of Agriculture,
17 and the Authority (including authorized representa-
18 tives of the Comptroller General, the Inspector Gen-
19 eral of the Department of Agriculture, and the Au-
20 thority).

21 **“SEC. 3812. ANNUAL REPORT.**

22 “Not later than 180 days after the end of each fiscal
23 year, the Authority shall submit to the President and to
24 Congress a report describing the activities carried out
25 under this chapter.

1 **“SEC. 3813. AUTHORIZATION OF APPROPRIATIONS.**

2 “(a) IN GENERAL.—There is authorized to be appro-
3 priated to the Authority to carry out this chapter
4 \$30,000,000 for each of fiscal years 2012 through 2017,
5 to remain available until expended.

6 “(b) ADMINISTRATIVE EXPENSES.—Not more than
7 10 percent of the amount appropriated under subsection
8 (a) for a fiscal year shall be used for administrative ex-
9 penses of the Authority.

10 **“SEC. 3814. TERMINATION OF AUTHORITY.**

11 “This chapter and the authority provided under this
12 chapter expire on October 1, 2017.

13 **“CHAPTER 5—NORTHERN GREAT PLAINS**
14 **REGIONAL AUTHORITY**

15 **“SEC. 3821. DEFINITIONS.**

16 “In this chapter:

17 “(1) AUTHORITY.—The term ‘Authority’ means
18 the Northern Great Plains Regional Authority estab-
19 lished by section 3822.

20 “(2) FEDERAL GRANT PROGRAM.—The term
21 ‘Federal grant program’ means a Federal grant pro-
22 gram to provide assistance in—

23 “(A) implementing the recommendations of
24 the Northern Great Plains Rural Development
25 Commission established by the Northern Great

1 Plains Rural Development Act (7 U.S.C. 2661
2 note; Public Law 103–318);

3 “(B) acquiring or developing land;

4 “(C) constructing or equipping a highway,
5 road, bridge, or facility;

6 “(D) carrying out other economic develop-
7 ment activities; or

8 “(E) conducting research activities related
9 to the activities described in subparagraphs (A)
10 through (D).

11 “(3) REGION.—The term ‘region’ means the
12 States of Iowa, Minnesota, Missouri (other than
13 counties included in the Delta Regional Authority),
14 Nebraska, North Dakota, and South Dakota.

15 **“SEC. 3822. NORTHERN GREAT PLAINS REGIONAL AUTHOR-**
16 **ITY.**

17 “(a) ESTABLISHMENT.—

18 “(1) IN GENERAL.—There is established the
19 Northern Great Plains Regional Authority.

20 “(2) COMPOSITION.—The Authority shall be
21 composed of—

22 “(A) a Federal member, to be appointed
23 by the President, by and with the advice and
24 consent of the Senate;

1 “(B) the Governor (or a designee of the
2 Governor) of each State in the region that
3 elects to participate in the Authority; and

4 “(C) a member of an Indian tribe, who
5 shall be a chairperson of an Indian tribe in the
6 region or a designee of such a chairperson, to
7 be appointed by the President, by and with the
8 advice and consent of the Senate.

9 “(3) COCHAIRPERSONS.—The Authority shall
10 be headed by—

11 “(A) the Federal member, who shall serve
12 as—

13 “(i) the Federal cochairperson; and

14 “(ii) a liaison between the Federal
15 Government and the Authority;

16 “(B) a State cochairperson, who shall be—

17 “(i) a Governor of a participating
18 State in the region; and

19 “(ii) elected by the State members for
20 a term of not less than 1 year; and

21 “(C) the member of an Indian tribe, who
22 shall serve as—

23 “(i) the tribal cochairperson; and

1 “(ii) a liaison between the govern-
2 ments of Indian tribes in the region and
3 the Authority.

4 “(4) FAILURE TO CONFIRM.—

5 “(A) FEDERAL MEMBER.—Notwith-
6 standing any other provision of this section, if
7 a Federal member described in paragraph
8 (2)(A) has not been confirmed by the Senate by
9 not later than 180 days after the date of enact-
10 ment of the _____ Act of 2012, the Au-
11 thority may organize and operate without the
12 Federal member.

13 “(B) TRIBAL COCHAIRPERSON.—In the
14 case of the tribal cochairperson, if no tribal co-
15 chairperson is confirmed by the Senate, the re-
16 gional authority shall consult and coordinate
17 with the leaders of Indian tribes in the region
18 concerning the activities of the Authority, as
19 appropriate.

20 “(b) ALTERNATE MEMBERS.—

21 “(1) ALTERNATE FEDERAL COCHAIRPERSON.—
22 The President shall appoint an alternate Federal co-
23 chairperson.

24 “(2) STATE ALTERNATES.—

1 “(A) IN GENERAL.—The State member of
2 a participating State may have a single alter-
3 nate, who shall be—

4 “(i) a resident of that State; and

5 “(ii) appointed by the Governor of the
6 State.

7 “(B) QUORUM.—A State alternate member
8 shall not be counted toward the establishment
9 of a quorum of the members of the Authority
10 in any case in which a quorum of the State
11 members is required to be present.

12 “(3) ALTERNATE TRIBAL COCHAIRPERSON.—
13 The President shall appoint an alternate tribal co-
14 chairperson, by and with the advice and consent of
15 the Senate.

16 “(4) DELEGATION OF POWER.—No power or
17 responsibility of the Authority specified in para-
18 graphs (2) and (3) of subsection (c), and no voting
19 right of any member of the Authority, shall be dele-
20 gated to any person who is not—

21 “(A) a member of the Authority; or

22 “(B) entitled to vote in Authority meet-
23 ings.

24 “(c) VOTING.—

1 “(1) IN GENERAL.—A decision by the Authority
2 shall require a majority vote of the Authority (not
3 including any member representing a State that is
4 delinquent under subsection (g)(2)(D)) to be effective.
5

6 “(2) QUORUM.—A quorum of State members
7 shall be required to be present for the Authority to
8 make any policy decision, including—

9 “(A) a modification or revision of an Au-
10 thority policy decision;

11 “(B) approval of a State or regional devel-
12 opment plan; and

13 “(C) any allocation of funds among the
14 States.

15 “(3) PROJECT AND GRANT PROPOSALS.—The
16 approval of project and grant proposals shall be—

17 “(A) a responsibility of the Authority; and

18 “(B) conducted in accordance with section
19 3830.

20 “(4) VOTING BY ALTERNATE MEMBERS.—An
21 alternate member shall vote in the case of the ab-
22 sence, death, disability, removal, or resignation of
23 the Federal, State, or Indian tribe member for
24 whom the alternate member is an alternate.

25 “(d) DUTIES.—The Authority shall—

1 “(1) develop, on a continuing basis, comprehen-
2 sive and coordinated plans and programs for
3 multistate cooperation to advance the economic and
4 social well-being of the region and to approve grants
5 for the economic development of the region, giving
6 due consideration to other Federal, State, tribal, and
7 local planning and development activities in the re-
8 gion;

9 “(2) review, and when appropriate amend, pri-
10 orities in a development plan for the region (includ-
11 ing 5-year regional outcome targets);

12 “(3) assess the needs and assets of the region
13 based on available research, demonstrations, inves-
14 tigations, assessments, and evaluations of the region
15 prepared by Federal, State, tribal, and local agen-
16 cies, universities, regional and local development dis-
17 tricts or organizations, and other nonprofit groups;

18 “(4) formulate and recommend to the Gov-
19 ernors and legislatures of States that participate in
20 the Authority forms of interstate cooperation for—

21 “(A) renewable energy development and
22 transmission;

23 “(B) transportation planning and economic
24 development;

25 “(C) information technology;

1 “(D) movement of freight and individuals
2 within the region;

3 “(E) federally-funded research at institu-
4 tions of higher education; and

5 “(F) conservation land management;

6 “(5) work with State, tribal, and local agencies
7 in developing appropriate model legislation;

8 “(6) enhance the capacity of, and provide sup-
9 port for, multistate development and research orga-
10 nizations, local development organizations and dis-
11 tricts, and resource conservation districts in the re-
12 gion;

13 “(7) encourage private investment in industrial,
14 commercial, renewable energy, and other economic
15 development projects in the region; and

16 “(8) cooperate with and assist State govern-
17 ments with economic development programs of par-
18 ticipating States.

19 “(e) ADMINISTRATION.—In carrying out subsection
20 (d), the Authority may—

21 “(1) hold such hearings, sit and act at such
22 times and places, take such testimony, receive such
23 evidence, and print or otherwise reproduce and dis-
24 tribute a description of the proceedings and reports

1 on actions by the Authority as the Authority con-
2 siders appropriate;

3 “(2) authorize, through the Federal, State, or
4 tribal cochairperson or any other member of the Au-
5 thority designated by the Authority, the administra-
6 tion of oaths if the Authority determines that testi-
7 mony should be taken or evidence received under
8 oath;

9 “(3) request from any Federal, State, tribal, or
10 local agency such information as may be available to
11 or procurable by the agency that may be of use to
12 the Authority in carrying out the duties of the Au-
13 thority;

14 “(4) adopt, amend, and repeal bylaws and rules
15 governing the conduct of business and the perform-
16 ance of duties of the Authority;

17 “(5) request the head of any Federal agency to
18 detail to the Authority such personnel as the Au-
19 thority requires to carry out duties of the Authority,
20 each such detail to be without loss of seniority, pay,
21 or other employee status;

22 “(6) request the head of any State agency, trib-
23 al government, or local government to detail to the
24 Authority such personnel as the Authority requires
25 to carry out duties of the Authority, each such detail

1 to be without loss of seniority, pay, or other em-
2 ployee status;

3 “(7) provide for coverage of Authority employ-
4 ees in a suitable retirement and employee benefit
5 system by—

6 “(A) making arrangements or entering
7 into contracts with any participating State gov-
8 ernment or tribal government; or

9 “(B) otherwise providing retirement and
10 other employee benefit coverage;

11 “(8) accept, use, and dispose of gifts or dona-
12 tions of services or real, personal, tangible, or intan-
13 gible property;

14 “(9) enter into and perform such contracts,
15 leases, cooperative agreements, or other transactions
16 as are necessary to carry out Authority duties, in-
17 cluding any contracts, leases, or cooperative agree-
18 ments with—

19 “(A) any department, agency, or instru-
20 mentality of the United States;

21 “(B) any State (including a political sub-
22 division, agency, or instrumentality of the
23 State);

24 “(C) any Indian tribe in the region; or

1 “(D) any person, firm, association, or cor-
2 poration; and

3 “(10) establish and maintain a central office
4 and field offices at such locations as the Authority
5 may select.

6 “(f) FEDERAL AGENCY COOPERATION.—A Federal
7 agency shall—

8 “(1) cooperate with the Authority; and

9 “(2) provide, on request of a cochairperson, ap-
10 propriate assistance in carrying out this chapter, in
11 accordance with applicable Federal laws (including
12 regulations).

13 “(g) ADMINISTRATIVE EXPENSES.—

14 “(1) FEDERAL SHARE.—The Federal share of
15 the administrative expenses of the Authority shall
16 be—

17 “(A) for each of fiscal years 2012 and
18 2013, 100 percent;

19 “(B) for fiscal year 2014, 75 percent; and

20 “(C) for fiscal year 2015 and each fiscal
21 year thereafter, 50 percent.

22 “(2) NON-FEDERAL SHARE.—

23 “(A) IN GENERAL.—The non-Federal
24 share of the administrative expenses of the Au-

1 thority shall be paid by non-Federal sources in
2 the States that participate in the Authority.

3 “(B) SHARE PAID BY EACH STATE.—The
4 share of administrative expenses of the Author-
5 ity to be paid by non-Federal sources in each
6 State shall be determined by the Authority.

7 “(C) NO FEDERAL PARTICIPATION.—The
8 Federal cochairperson shall not participate or
9 vote in any decision under subparagraph (B).

10 “(D) DELINQUENT STATES.—If a State is
11 delinquent in payment of the State’s share of
12 administrative expenses of the Authority under
13 this subsection—

14 “(i) no assistance under this chapter
15 shall be provided to the State (including
16 assistance to a political subdivision or a
17 resident of the State); and

18 “(ii) no member of the Authority from
19 the State shall participate or vote in any
20 action by the Authority.

21 “(h) COMPENSATION.—

22 “(1) FEDERAL AND TRIBAL COCHAIR-
23 PERSONS.—The Federal cochairperson and the tribal
24 cochairperson shall be compensated by the Federal
25 Government at the annual rate of basic pay pre-

1 scribed for level III of the Executive Schedule in
2 subchapter II of chapter 53 of title 5, United States
3 Code.

4 “(2) ALTERNATE FEDERAL AND TRIBAL CO-
5 CHAIRPERSONS.—The alternate Federal cochair-
6 person and the alternate tribal cochairperson—

7 “(A) shall be compensated by the Federal
8 Government at the annual rate of basic pay
9 prescribed for level V of the Executive Schedule
10 described in paragraph (1); and

11 “(B) when not actively serving as an alter-
12 nate, shall perform such functions and duties as
13 are delegated by the Federal cochairperson or
14 the tribal cochairperson, respectively.

15 “(3) STATE MEMBERS AND ALTERNATES.—

16 “(A) IN GENERAL.—A State shall com-
17 pensate each member and alternate rep-
18 resenting the State on the Authority at the rate
19 established by State law.

20 “(B) NO ADDITIONAL COMPENSATION.—
21 No State member or alternate member shall re-
22 ceive any salary, or any contribution to or sup-
23 plementation of salary from any source other
24 than the State for services provided by the
25 member or alternate member to the Authority.

1 “(4) DETAILED EMPLOYEES.—

2 “(A) IN GENERAL.—No person detailed to
3 serve the Authority under subsection (e)(6)
4 shall receive any salary or any contribution to
5 or supplementation of salary for services pro-
6 vided to the Authority from—

7 “(i) any source other than the State,
8 tribal, local, or intergovernmental agency
9 from which the person was detailed; or

10 “(ii) the Authority.

11 “(B) VIOLATION.—Any person that vio-
12 lates this paragraph shall be fined not more
13 than \$5,000, imprisoned not more than 1 year,
14 or both.

15 “(C) APPLICABLE LAW.—The Federal co-
16 chairperson, the alternate Federal cochair-
17 person, and any Federal officer or employee de-
18 tailed to duty on the Authority under sub-
19 section (e)(5) shall not be subject to subpara-
20 graph (A), but shall remain subject to sections
21 202 through 209 of title 18, United States
22 Code.

23 “(5) ADDITIONAL PERSONNEL.—

24 “(A) COMPENSATION.—

1 “(i) IN GENERAL.—The Authority
2 may appoint and fix the compensation of
3 an executive director and such other per-
4 sonnel as are necessary to enable the Au-
5 thority to carry out the duties of the Au-
6 thority.

7 “(ii) EXCEPTION.—Compensation
8 under clause (i) shall not exceed the max-
9 imum rate for the Senior Executive Service
10 under section 5382 of title 5, United
11 States Code, including any applicable local-
12 ity-based comparability payment that may
13 be authorized under section 5304(h)(2)(C)
14 of that title.

15 “(B) EXECUTIVE DIRECTOR.—The execu-
16 tive director shall be responsible for—

17 “(i) the carrying out of the adminis-
18 trative duties of the Authority;

19 “(ii) direction of the Authority staff;
20 and

21 “(iii) such other duties as the Author-
22 ity may assign.

23 “(C) NO FEDERAL EMPLOYEE STATUS.—
24 No member, alternate, officer, or employee of
25 the Authority (except the Federal cochairperson

1 of the Authority, the alternate and staff for the
2 Federal cochairperson, and any Federal em-
3 ployee detailed to the Authority under sub-
4 section (e)(5)) shall be considered to be a Fed-
5 eral employee for any purpose.

6 “(i) CONFLICTS OF INTEREST.—

7 “(1) IN GENERAL.—Except as provided under
8 paragraph (2), no State member, Indian tribe mem-
9 ber, State alternate, officer, or employee of the Au-
10 thority shall participate personally and substantially
11 as a member, alternate, officer, or employee of the
12 Authority, through decision, approval, disapproval,
13 recommendation, the rendering of advice, investiga-
14 tion, or otherwise, in any proceeding, application, re-
15 quest for a ruling or other determination, contract,
16 claim, controversy, or other matter in which, to
17 knowledge of the member, alternate, officer, or em-
18 ployee, there is a financial interest of—

19 “(A) the member, alternate, officer, or em-
20 ployee;

21 “(B) the spouse, minor child, partner, or
22 organization (other than a State or political
23 subdivision of the State or the Indian tribe) of
24 the member, alternate, officer, or employee, in
25 which the member, alternate, officer, or em-

1 ployee is serving as officer, director, trustee,
2 partner, or employee; or

3 “(C) any person or organization with
4 whom the member, alternate, officer, or em-
5 ployee is negotiating or has any arrangement
6 concerning prospective employment.

7 “(2) DISCLOSURE.—Paragraph (1) shall not
8 apply if the State member, Indian tribe member, al-
9 ternate, officer, or employee—

10 “(A) immediately advises the Authority of
11 the nature and circumstances of the proceeding,
12 application, request for a ruling or other deter-
13 mination, contract, claim, controversy, or other
14 particular matter presenting a potential conflict
15 of interest;

16 “(B) makes full disclosure of the financial
17 interest; and

18 “(C) before the proceeding concerning the
19 matter presenting the conflict of interest, re-
20 ceives a written determination by the Authority
21 that the interest is not so substantial as to be
22 likely to affect the integrity of the services that
23 the Authority may expect from the State mem-
24 ber, Indian tribe member, alternate, officer, or
25 employee.

1 “(3) VIOLATION.—Any person that violates this
2 subsection shall be fined not more than \$10,000, im-
3 prisoned not more than 2 years, or both.

4 “(j) VALIDITY OF CONTRACTS, LOANS, AND
5 GRANTS.—The Authority may declare void any contract,
6 loan, or grant of or by the Authority in relation to which
7 the Authority determines that there has been a violation
8 of any provision under subsection (h)(4) or subsection (i)
9 of this chapter, or sections 202 through 209 of title 18,
10 United States Code.

11 **“SEC. 3823. INTERSTATE COOPERATION FOR ECONOMIC**
12 **OPPORTUNITY AND EFFICIENCY.**

13 “(a) IN GENERAL.—The Authority shall provide as-
14 sistance to States in developing regional plans to address
15 multistate economic issues, including plans—

16 “(1) to develop a regional transmission system
17 for movement of renewable energy to markets out-
18 side the region;

19 “(2) to address regional transportation con-
20 cerns, including the establishment of a Northern
21 Great Plains Regional Transportation Working
22 Group;

23 “(3) to encourage and support interstate col-
24 laboration on federally-funded research that is in the
25 national interest; and

1 “(4) to establish a Regional Working Group on
2 Agriculture Development and Transportation.

3 “(b) ECONOMIC ISSUES.—The multistate economic
4 issues referred to in subsection (a) shall include—

5 “(1) renewable energy development and trans-
6 mission;

7 “(2) transportation planning and economic de-
8 velopment;

9 “(3) information technology;

10 “(4) movement of freight and individuals within
11 the region;

12 “(5) federally-funded research at institutions of
13 higher education; and

14 “(6) conservation land management.

15 **“SEC. 3824. ECONOMIC AND COMMUNITY DEVELOPMENT**
16 **GRANTS.**

17 “(a) IN GENERAL.—The Authority may approve
18 grants to States, Indian tribes, local governments, and
19 public and nonprofit organizations for projects, approved
20 in accordance with section 3830—

21 “(1) to assist the region in obtaining the job
22 training, employment-related education, and busi-
23 ness development (with an emphasis on entrepre-
24 neurship) that are needed to build and maintain
25 strong local economies;

1 “(2) to develop the transportation, renewable
2 energy transmission, and telecommunication infra-
3 structure of the region for the purpose of facilitating
4 economic development in the region (except that
5 grants for this purpose may be made only to States,
6 Indian tribes, local governments, and nonprofit orga-
7 nizations);

8 “(3) to provide assistance to severely distressed
9 and underdeveloped areas that lack financial re-
10 sources for improving basic public services;

11 “(4) to provide assistance to severely distressed
12 and underdeveloped areas that lack financial re-
13 sources for equipping industrial parks and related
14 facilities; and

15 “(5) to otherwise achieve the purposes of this
16 chapter.

17 “(b) FUNDING.—

18 “(1) IN GENERAL.—Funds for grants under
19 subsection (a) may be provided—

20 “(A) entirely from appropriations to carry
21 out this section;

22 “(B) in combination with funds available
23 under another Federal grant program; or

24 “(C) from any other source.

1 “(2) PRIORITY OF FUNDING.—To best build the
2 foundations for long-term economic development and
3 to complement other Federal, State, and tribal re-
4 sources in the region, Federal funds available under
5 this chapter shall be focused on the following activi-
6 ties:

7 “(A) Basic public infrastructure in dis-
8 tressed counties and isolated areas of distress.

9 “(B) Transportation and telecommuni-
10 cation infrastructure for the purpose of facili-
11 tating economic development in the region.

12 “(C) Business development, with emphasis
13 on entrepreneurship.

14 “(D) Job training or employment-related
15 education, with emphasis on use of existing
16 public educational institutions located in the re-
17 gion.

18 **“SEC. 3825. SUPPLEMENTS TO FEDERAL GRANT PRO-**
19 **GRAMS.**

20 “(a) FINDING.—Congress finds that certain States
21 and local communities of the region may be unable to take
22 maximum advantage of Federal grant programs for which
23 the States and communities are eligible because—

1 “(1) the States and communities lack the eco-
2 nomic resources to provide the required matching
3 share; or

4 “(2) there are insufficient funds available under
5 the applicable Federal law authorizing the Federal
6 grant program to meet pressing needs of the region.

7 “(b) FEDERAL GRANT PROGRAM FUNDING.—Not-
8 withstanding any provision of law limiting the Federal
9 share, the areas eligible for assistance, or the authoriza-
10 tions of appropriations, under any Federal grant program,
11 and in accordance with subsection (c), the Authority, with
12 the approval of the Federal cochairperson and with respect
13 to a project to be carried out in the region—

14 “(1) may increase the Federal share of the
15 costs of a project under any Federal grant program
16 to not more than 90 percent (except as provided in
17 section 3827(b)); and

18 “(2) shall use amounts made available to carry
19 out this chapter to pay the increased Federal share.

20 “(c) CERTIFICATIONS.—

21 “(1) IN GENERAL.—In the case of any project
22 for which all or any portion of the basic Federal
23 share of the costs of the project is proposed to be
24 paid under this section, no Federal contribution
25 shall be made until the Federal official admin-

1 istering the Federal law that authorizes the Federal
2 grant program certifies that the project—

3 “(A) meets (except as provided in sub-
4 section (b)) the applicable requirements of the
5 applicable Federal grant program; and

6 “(B) could be approved for Federal con-
7 tribution under the Federal grant program if
8 funds were available under the law for the
9 project.

10 “(2) CERTIFICATION BY AUTHORITY.—

11 “(A) IN GENERAL.—The certifications and
12 determinations required to be made by the Au-
13 thority for approval of projects under this Act
14 in accordance with section 3830 shall be—

15 “(i) controlling; and

16 “(ii) accepted by the Federal agencies.

17 “(B) ACCEPTANCE BY FEDERAL COCHAIR-
18 PERSON.—In the case of any project described
19 in paragraph (1), any finding, report, certifi-
20 cation, or documentation required to be sub-
21 mitted with respect to the project to the head
22 of the department, agency, or instrumentality of
23 the Federal Government responsible for the ad-
24 ministration of the Federal grant program

1 under which the project is carried out shall be
2 accepted by the Federal cochairperson.

3 **“SEC. 3826. MULTISTATE AND LOCAL DEVELOPMENT DIS-**
4 **TRICTS AND ORGANIZATIONS AND NORTH-**
5 **ERN GREAT PLAINS INC.**

6 “(a) DEFINITION OF MULTISTATE AND LOCAL DE-
7 VELOPMENT DISTRICT OR ORGANIZATION.—In this sec-
8 tion, the term ‘multistate and local development district
9 or organization’ means an entity—

10 “(1) that—

11 “(A) is a planning district that is recog-
12 nized by the Economic Development Adminis-
13 tration of the Department of Commerce; or

14 “(B) is—

15 “(i) organized and operated in a man-
16 ner that ensures broad-based community
17 participation and an effective opportunity
18 for other nonprofit groups to contribute to
19 the development and implementation of
20 programs in the region;

21 “(ii) a nonprofit incorporated body or-
22 ganized or chartered under the law of the
23 State in which the entity is located;

24 “(iii) a nonprofit agency or instru-
25 mentality of a State or local government;

1 “(iv) a public organization established
2 before the date of enactment of the
3 _____ Act of 2012 under State law
4 for creation of multijurisdictional, area-
5 wide planning organizations;

6 “(v) a nonprofit agency or instrumen-
7 tality of a State that was established for
8 the purpose of assisting with multistate co-
9 operation; or

10 “(vi) a nonprofit association or com-
11 bination of bodies, agencies, and instru-
12 mentalities described in clauses (ii)
13 through (v); and

14 “(2) that has not, as certified by the Authority
15 (in consultation with the Federal cochairperson or
16 Secretary, as appropriate)—

17 “(A) inappropriately used Federal grant
18 funds from any Federal source; or

19 “(B) appointed an officer who, during the
20 period in which another entity inappropriately
21 used Federal grant funds from any Federal
22 source, was an officer of the other entity.

23 “(b) GRANTS TO MULTISTATE, LOCAL, OR REGIONAL
24 DEVELOPMENT DISTRICTS AND ORGANIZATIONS.—

1 “(1) IN GENERAL.—The Authority may make
2 grants for administrative expenses under this section
3 to multistate, local, and regional development dis-
4 tricts and organizations.

5 “(2) CONDITIONS FOR GRANTS.—

6 “(A) MAXIMUM AMOUNT.—The amount of
7 any grant awarded under paragraph (1) shall
8 not exceed 80 percent of the administrative ex-
9 penses of the multistate, local, or regional de-
10 velopment district or organization receiving the
11 grant.

12 “(B) MAXIMUM PERIOD.—No grant de-
13 scribed in paragraph (1) shall be awarded for a
14 period of greater than 3 years.

15 “(3) LOCAL SHARE.—The contributions of a
16 multistate, local, or regional development district or
17 organization for administrative expenses may be in
18 cash or in kind, fairly evaluated, including space,
19 equipment, and services.

20 “(c) DUTIES.—

21 “(1) IN GENERAL.—Except as provided in para-
22 graph (2), a local development district shall operate
23 as a lead organization serving multicounty areas in
24 the region at the local level.

1 “(2) DESIGNATION.—The Federal cochair-
2 person may designate an Indian tribe or multijuris-
3 dictional organization to serve as a lead organization
4 in such cases as the Federal cochairperson or Sec-
5 retary, as appropriate, determines appropriate.

6 “(d) NORTHERN GREAT PLAINS INC.—Northern
7 Great Plains Inc., a nonprofit corporation incorporated in
8 the State of Minnesota to implement the recommendations
9 of the Northern Great Plains Rural Development Commis-
10 sion established by the Northern Great Plains Rural De-
11 velopment Act (7 U.S.C. 2661 note; Public Law 103-
12 318)—

13 “(1) shall serve as an independent, primary re-
14 source for the Authority on issues of concern to the
15 region;

16 “(2) shall advise the Authority on development
17 of international trade;

18 “(3) may provide research, education, training,
19 and other support to the Authority; and

20 “(4) may carry out other activities on its own
21 behalf or on behalf of other entities.

1 **“SEC. 3827. DISTRESSED COUNTIES AND AREAS AND NON-**
2 **DISTRESSED COUNTIES.**

3 “(a) DESIGNATIONS.—Each year, the Authority, in
4 accordance with such criteria as the Authority may estab-
5 lish, shall designate—

6 “(1) as distressed counties, counties in the re-
7 gion that are the most severely and persistently dis-
8 tressed and underdeveloped and have high rates of
9 poverty, unemployment, or outmigration;

10 “(2) as nondistressed counties, counties in the
11 region that are not designated as distressed counties
12 under paragraph (1); and

13 “(3) as isolated areas of distress, areas located
14 in nondistressed counties (as designated under para-
15 graph (2)) that have high rates of poverty, unem-
16 ployment, or outmigration.

17 “(b) DISTRESSED COUNTIES.—

18 “(1) IN GENERAL.—The Authority shall allo-
19 cate at least 50 percent of the appropriations made
20 available under section 3834 for programs and
21 projects designed to serve the needs of distressed
22 counties and isolated areas of distress in the region.

23 “(2) FUNDING LIMITATIONS.—The funding lim-
24 itations under section 3825(b) shall not apply to a
25 project to provide transportation or telecommuni-
26 cation or basic public services to residents of 1 or

1 more distressed counties or isolated areas of distress
2 in the region.

3 “(c) TRANSPORTATION, TELECOMMUNICATION, RE-
4 NEWABLE ENERGY, AND BASIC PUBLIC INFRASTRUC-
5 TURE.—The Authority shall allocate at least 50 percent
6 of any funds made available under section 3834 for trans-
7 portation, telecommunication, renewable energy, and basic
8 public infrastructure projects authorized under para-
9 graphs (1) and (3) of section 3824(a).

10 **“SEC. 3828. DEVELOPMENT PLANNING PROCESS.**

11 “(a) STATE DEVELOPMENT PLAN.—In accordance
12 with policies established by the Authority, each State
13 member shall submit a development plan for the area of
14 the region represented by the State member.

15 “(b) CONTENT OF PLAN.—A State development plan
16 submitted under subsection (a) shall reflect the goals, ob-
17 jectives, and priorities identified in the regional develop-
18 ment plan developed under section 3823(d)(2).

19 “(c) CONSULTATION WITH INTERESTED LOCAL PAR-
20 TIES.—In carrying out the development planning process
21 (including the selection of programs and projects for as-
22 sistance), a State may—

23 “(1) consult with—

24 “(A) multistate, regional, and local devel-
25 opment districts and organizations; and

1 “(B) local units of government; and

2 “(2) take into consideration the goals, objec-
3 tives, priorities, and recommendations of the entities
4 described in paragraph (1).

5 “(d) PUBLIC PARTICIPATION.—

6 “(1) IN GENERAL.—The Authority and applica-
7 ble multistate, regional, and local development dis-
8 tricts and organizations shall encourage and assist,
9 to the maximum extent practicable, public participa-
10 tion in the development, revision, and implementa-
11 tion of all plans and programs under this chapter.

12 “(2) REGULATIONS.—The Authority shall de-
13 velop guidelines for providing public participation
14 described in paragraph (1), including public hear-
15 ings.

16 **“SEC. 3829. PROGRAM DEVELOPMENT CRITERIA.**

17 “(a) IN GENERAL.—In considering programs and
18 projects to be provided assistance under this chapter, and
19 in establishing a priority ranking of the requests for as-
20 sistance provided to the Authority, the Authority shall fol-
21 low procedures that ensure, to the maximum extent prac-
22 ticable, consideration of—

23 “(1) the relationship of the project or class of
24 projects to overall multistate or regional develop-
25 ment;

1 “(2) the per capita income and poverty and un-
2 employment and outmigration rates in an area;

3 “(3) the financial resources available to the ap-
4 plicants for assistance seeking to carry out the
5 project, with emphasis on ensuring that projects are
6 adequately financed to maximize the probability of
7 successful economic development;

8 “(4) the importance of the project or class of
9 projects in relation to other projects or classes of
10 projects that may be in competition for the same
11 funds;

12 “(5) the prospects that the project for which as-
13 sistance is sought will improve, on a continuing rath-
14 er than a temporary basis, the opportunities for em-
15 ployment, the average level of income, or the eco-
16 nomic development of the area to be served by the
17 project; and

18 “(6) the extent to which the project design pro-
19 vides for detailed outcome measurements by which
20 grant expenditures and the results of the expendi-
21 tures may be evaluated.

22 “(b) NO RELOCATION ASSISTANCE.—

23 “(1) IN GENERAL.—Except as provided in para-
24 graph (2), no financial assistance authorized by this

1 chapter shall be used to assist a person or entity in
2 relocating from 1 area to another.

3 “(2) OUTSIDE BUSINESSES.—Financial assist-
4 ance under this chapter may be used as otherwise
5 authorized by this title to attract businesses from
6 outside the region to the region.

7 “(c) MAINTENANCE OF EFFORT.—Funds may be
8 provided for a program or project in a State under this
9 chapter only if the Authority determines that the level of
10 Federal or State financial assistance provided under a law
11 other than this chapter, for the same type of program or
12 project in the same area of the State within the region,
13 will not be reduced as a result of funds made available
14 by this chapter.

15 **“SEC. 3830. APPROVAL OF DEVELOPMENT PLANS AND**
16 **PROJECTS.**

17 “(a) IN GENERAL.—A State or regional development
18 plan or any multistate subregional plan that is proposed
19 for development under this chapter shall be reviewed by
20 the Authority.

21 “(b) EVALUATION BY STATE MEMBER.—An applica-
22 tion for a grant or any other assistance for a project under
23 this chapter shall be made through and evaluated for ap-
24 proval by the State member of the Authority representing
25 the applicant.

1 “(c) CERTIFICATION.—An application for a grant or
2 other assistance for a project shall be approved only on
3 certification by the State member that the application for
4 the project—

5 “(1) describes ways in which the project com-
6 plies with any applicable State development plan;

7 “(2) meets applicable criteria under section
8 3829;

9 “(3) provides adequate assurance that the pro-
10 posed project will be properly administered, oper-
11 ated, and maintained; and

12 “(4) otherwise meets the requirements of this
13 chapter.

14 “(d) VOTES FOR DECISIONS.—On certification by a
15 State member of the Authority of an application for a
16 grant or other assistance for a specific project under this
17 section, an affirmative vote of the Authority under section
18 3822(c) shall be required for approval of the application.

19 **“SEC. 3831. CONSENT OF STATES.**

20 ““Nothing in this chapter requires any State to en-
21 gage in or accept any program under this chapter without
22 the consent of the State.

23 **“SEC. 3832. RECORDS.**

24 “(a) RECORDS OF THE AUTHORITY.—

1 “(1) IN GENERAL.—The Authority shall main-
2 tain accurate and complete records of all trans-
3 actions and activities of the Authority.

4 “(2) AVAILABILITY.—All records of the Author-
5 ity shall be available for audit and examination by
6 the Comptroller General of the United States and
7 the Inspector General of the Department of Agri-
8 culture (including authorized representatives of the
9 Comptroller General and the Inspector General of
10 the Department of Agriculture).

11 “(b) RECORDS OF RECIPIENTS OF FEDERAL ASSIST-
12 ANCE.—

13 “(1) IN GENERAL.—A recipient of Federal
14 funds under this chapter shall, as required by the
15 Authority, maintain accurate and complete records
16 of transactions and activities financed with Federal
17 funds and report to the Authority on the trans-
18 actions and activities to the Authority.

19 “(2) AVAILABILITY.—All records required
20 under paragraph (1) shall be available for audit by
21 the Comptroller General of the United States, the
22 Inspector General of the Department of Agriculture,
23 and the Authority (including authorized representa-
24 tives of the Comptroller General, the Inspector Gen-

1 eral of the Department of Agriculture, and the Au-
2 thority).

3 “(c) ANNUAL AUDIT.—The Inspector General of the
4 Department of Agriculture shall audit the activities, trans-
5 actions, and records of the Authority on an annual basis.

6 **“SEC. 3833. ANNUAL REPORT.**

7 “Not later than 180 days after the end of each fiscal
8 year, the Authority shall submit to the President and to
9 Congress a report describing the activities carried out
10 under this chapter.

11 **“SEC. 3834. AUTHORIZATION OF APPROPRIATIONS.**

12 “(a) IN GENERAL.—There is authorized to be appro-
13 priated to the Authority to carry out this chapter
14 \$30,000,000 for each of fiscal years 2012 through 2017,
15 to remain available until expended.

16 “(b) ADMINISTRATIVE EXPENSES.—Not more than
17 10 percent of the amount appropriated under subsection
18 (a) for a fiscal year shall be used for administrative ex-
19 penses of the Authority.

20 “(c) MINIMUM STATE SHARE OF GRANTS.—Notwith-
21 standing any other provision of this chapter, for any fiscal
22 year, the aggregate amount of grants received by a State
23 and all persons or entities in the State under this chapter
24 shall be not less than $\frac{1}{3}$ of the product obtained by multi-
25 plying—

1 “(1) the aggregate amount of grants under this
2 chapter for the fiscal year; and

3 “(2) the ratio that—

4 “(A) the population of the State (as deter-
5 mined by the Secretary of Commerce based on
6 the most recent decennial census for which data
7 are available); bears to

8 “(B) the population of the region (as so
9 determined).

10 **“SEC. 3835. TERMINATION OF AUTHORITY.**

11 “The authority provided by this chapter terminates
12 effective October 1, 2017.

13 **“Subtitle C—General Provisions**

14 **“SEC. 3901. FULL FAITH AND CREDIT.**

15 “(a) IN GENERAL.—A contract of insurance or guar-
16 antee executed by the Secretary under this title shall be
17 an obligation supported by the full faith and credit of the
18 United States.

19 “(b) CONTESTABILITY.—A contract of insurance or
20 guarantee executed by the Secretary under this title shall
21 be incontestable except for fraud or misrepresentation that
22 the lender or any holder—

23 “(1) has actual knowledge of at the time the
24 contract of insurance or guarantee is executed; or

25 “(2) participates in or condones.

1 **“SEC. 3902. PURCHASE AND SALE OF GUARANTEED POR-**
2 **TIONS OF LOANS.**

3 “(a) IN GENERAL.—Subject to subsections (b) and
4 (c), the Secretary may purchase, on such terms and condi-
5 tions as the Secretary considers appropriate, the guaran-
6 teed portion of a loan guaranteed under this title, if the
7 Secretary determines that an adequate secondary market
8 is not available in the private sector.

9 “(b) MAXIMUM PAYMENT.—The Secretary may not
10 pay for any guaranteed portion of a loan under subsection
11 (a) in excess of an amount equal to the unpaid principal
12 balance and accrued interest on the guaranteed portion
13 of the loan.

14 “(c) SOURCES OF FUNDING.—The Secretary may use
15 for the purchases—

16 “(1) funds from the Rural Development Insur-
17 ance Fund with respect to rural development loans
18 (as defined in section 3704(a)); and

19 “(2) funds from the Agricultural Credit Insur-
20 ance Fund with respect to all other loans under this
21 title.

22 “(d) SALE OF GUARANTEED LOANS.—

23 “(1) SALES.—

24 “(A) REGULATION.—

25 “(i) IN GENERAL.—The guaranteed
26 portion of any loan made under this title

1 may be sold by the lender, and by any sub-
2 sequent holder, in accordance with such
3 regulations governing the sales as the Sec-
4 retary shall establish, subject to clauses (ii)
5 and (iii).

6 “(ii) FEES TO BE PAID IN FULL.—All
7 fees due the Secretary with respect to a
8 guaranteed loan shall be paid in full before
9 any sale.

10 “(iii) LOAN TO BE FULLY DIS-
11 BURSED.—The loan shall be fully dis-
12 bursed to the borrower before the sale.

13 “(B) POST-SALE.—After a loan is sold in
14 the secondary market, the lender shall—

15 “(i) remain obligated under the guar-
16 antee agreement of the lender with the
17 Secretary; and

18 “(ii) continue to service the loan in
19 accordance with the terms and conditions
20 of that agreement.

21 “(C) PROCEDURES.—The Secretary shall
22 develop such procedures as are necessary for—

23 “(i) the facilitation, administration,
24 and promotion of secondary market oper-
25 ations; and

1 “(ii) determining the increase of ac-
2 cess of farmers to capital at reasonable
3 rates and terms as a result of secondary
4 market operations.

5 “(D) RIGHTS TO PREPAY.—This sub-
6 section does not impede or extinguish—

7 “(i) the right of the borrower or the
8 successor in interest to the borrower to
9 prepay (in whole or in part) any loan made
10 under this title; or

11 “(ii) the rights of any party under any
12 provision of this title.

13 “(2) ISSUE POOL CERTIFICATES.—

14 “(A) IN GENERAL.—The Secretary may,
15 directly or through a market maker approved
16 by the Secretary, issue pool certificates rep-
17 resenting ownership of part or all of the guar-
18 anteed portion of any loan guaranteed by the
19 Secretary under this title.

20 “(B) APPROVAL.—Certificates under sub-
21 paragraph (A) shall be based on and backed by
22 a pool established or approved by the Secretary
23 and composed solely of the entire guaranteed
24 portion of the loans.

1 “(C) GUARANTEE OF POOL.—On such
2 terms and conditions as the Secretary considers
3 appropriate, the Secretary may guarantee the
4 timely payment of the principal and interest on
5 pool certificates issued on behalf of the Sec-
6 retary by approved market makers for purposes
7 of this subsection.

8 “(D) LIMITATIONS.—A guarantee under
9 subparagraph (C) shall be limited to the extent
10 of principal and interest on the guaranteed por-
11 tions of loans that compose the pool.

12 “(E) PREPAYMENT.—If a loan in a pool is
13 prepaid, either voluntarily or by reason of de-
14 fault, the guarantee of timely payment of prin-
15 cipal and interest on the pool certificates shall
16 be reduced in proportion to the amount of prin-
17 cipal and interest that the prepaid loan rep-
18 represents in the pool.

19 “(F) INTEREST ACCRUAL.—Interest on
20 prepaid or defaulted loans shall accrue and be
21 guaranteed by the Secretary only through the
22 date of payment on the guarantee.

23 “(G) REDEMPTION.—During the term of
24 the pool certificate, the certificate may be called

1 for redemption due to prepayment or default of
2 all loans constituting the pool.

3 “(H) FULL FAITH AND CREDIT.—The full
4 faith and credit of the United States is pledged
5 to the payment of all amounts that may be re-
6 quired to be paid under any guarantee of the
7 pool certificates issued by approved market
8 makers under this subsection.

9 “(I) FEES.—

10 “(i) IN GENERAL.—The Secretary
11 shall not collect any fee for any guarantee
12 under this subsection.

13 “(ii) SECRETARIAL FUNCTIONS.—
14 Clause (i) does not preclude the Secretary
15 from collecting a fee for the functions de-
16 scribed in paragraph (3).

17 “(J) DEFAULT.—Not later than 30 days
18 after a borrower of a guaranteed loan is in de-
19 fault of any principal or interest payment due
20 for 60 days or more, the Secretary shall—

21 “(i) purchase the pool certificates rep-
22 resenting ownership of the guaranteed por-
23 tion of the loan; and

24 “(ii) pay the registered holder of the
25 certificates an amount equal to the guaran-

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1 “(I) identification of the interest
2 rate paid by the borrower to the lend-
3 er;

4 “(II) the servicing fee of the
5 lender;

6 “(III) disclosure of whether in-
7 terest on the loan is at a fixed or vari-
8 able rate;

9 “(IV) identification of each pur-
10 chaser of a pool certificate;

11 “(V) the interest rate paid on the
12 certificate; and

13 “(VI) such other information as
14 the Secretary considers appropriate.

15 “(ii) before any sale, require the seller
16 (as defined in subparagraph (B) to disclose
17 to each prospective purchaser of the por-
18 tion of a loan guaranteed under this title
19 and to each prospective purchaser of a pool
20 certificate issued under paragraph (2) in-
21 formation on the terms, conditions, and
22 yield of such instrument;

23 “(iii) provide for adequate custody of
24 any pooled guaranteed loans;

1 “(iv) take such actions as are nec-
2 essary, in restructuring pools of the guar-
3 anteed portion of loans, to minimize the es-
4 timated costs of paying claims under guar-
5 antees issued under this subsection;

6 “(v) require each market maker—

7 “(I) to service all pools formed,
8 and participations sold, by the market
9 maker; and

10 “(II) to provide the Secretary
11 with information relating to the collec-
12 tion and disbursement of all periodic
13 payments, prepayments, and default
14 funds from lenders, to or from the re-
15 serve fund that the Secretary shall es-
16 tablish to enable the timely payment
17 guarantee to be self-funding, and
18 from all beneficial holders; and

19 “(vi) regulate market makers in pool
20 certificates sold under this subsection.

21 “(B) DEFINITION OF SELLER.—For pur-
22 poses of subparagraph (A)(ii), if the instrument
23 being sold is a loan, the term ‘seller’ does not
24 include—

25 “(i) the person who made the loan; or

1 “(ii) any person who sells 3 or fewer
2 guaranteed loans per year.

3 “(4) CONTRACT FOR SERVICES.—The Secretary
4 may contract for goods and services to be used for
5 the purposes of this subsection without regard to ti-
6 tles 5, 40, and 41, United States Code (including
7 any regulations issued under those titles).

8 **“SEC. 3903. ADMINISTRATION.**

9 “(a) POWERS OF SECRETARY.—The Secretary
10 may—

11 “(1)(A) administer the powers and duties of the
12 Secretary through such national, area, State, or
13 local offices and employees in the United States as
14 the Secretary determines to be necessary; and

15 “(B) authorize an office to serve an area com-
16 posed of 2 or more States if the Secretary deter-
17 mines that the volume of business in the area is not
18 sufficient to justify separate State offices;

19 “(2)(A) accept and use voluntary and uncom-
20 pensated services; and

21 “(B) with the consent of the agency concerned,
22 use the officers, employees, equipment, and informa-
23 tion of any agency of the Federal Government, or of
24 any State, territory, or political subdivision;

1 “(3) subject to appropriations, make necessary
2 expenditures for the purchase or hire of passenger
3 vehicles, and such other facilities and services as the
4 Secretary may from time to time find necessary for
5 the proper administration of this title;

6 “(4) subject to subsection (b), compromise, ad-
7 just, reduce, or charge-off debts or claims (including
8 debts and claims arising from loan guarantees), and
9 adjust, modify, subordinate, or release the terms of
10 security instruments, leases, contracts, and agree-
11 ments entered into or administered by the Secretary
12 under this title, except for activities conducted under
13 the Housing Act of 1949 (42 U.S.C. 1441 et seq.);

14 “(5)(A) except for activities conducted under
15 the Housing Act of 1949 (42 U.S.C. 1441 et seq.),
16 collect all claims and obligations administered by the
17 Farm Service Agency, the Rural Utilities Service,
18 the Rural Housing Service, or the Rural Business-
19 Cooperative Service, or under any mortgage, lease,
20 contract, or agreement entered into or administered
21 by the Agency or Service; and

22 “(B) if the Secretary determines the action is
23 necessary and advisable, pursue the collection to
24 final collection in any court having jurisdiction;

1 “(6) release mortgage and other contract liens
2 if it appears that the mortgage and liens have no
3 present or prospective value or that the enforcement
4 of the mortgage and liens likely would be ineffectual
5 or uneconomical;

6 “(7) obtain fidelity bonds protecting the Fed-
7 eral Government against fraud and dishonesty of of-
8 ficers and employees of the Farm Service Agency,
9 the Rural Utilities Service, the Rural Housing Serv-
10 ice, or the Rural Business-Cooperative Service in
11 lieu of faithful performance of duties bonds under
12 section 14 of title 6, United States Code, but other-
13 wise in accordance with the section;

14 “(8) consent to—

15 “(A) long-term leases of facilities financed
16 under this title notwithstanding the failure of
17 the lessee to meet any of the requirements of
18 this title if the long-term leases are necessary to
19 ensure the continuation of services for which fi-
20 nancing was extended to the lessor; and

21 “(B) the transfer of property securing any
22 loan or financed by any loan or grant made or
23 guaranteed by the Farm Service Agency, the
24 Rural Utilities Service, the Rural Housing Serv-
25 ice, or the Rural Business-Cooperative Service

1 under this title, or any other law administered
2 by the Secretary, on such terms as the Sec-
3 retary considers necessary to carry out the pur-
4 pose of the loan or grant or to protect the fi-
5 nancial interest of the Federal Government,
6 provided that the Secretary shall document the
7 consent of the Secretary for the transfer of the
8 property of a borrower in the file of the bor-
9 rower; and

10 “(9) notwithstanding that an area ceases, or
11 has ceased, to be rural, in a rural area, or an eligible
12 area, make loans and grants, and approve transfers
13 and assumptions, under this title on the same basis
14 as though the area still was rural in connection with
15 property securing any loan made or guaranteed by
16 the Secretary under this title or in connection with
17 any property held by the Secretary under this title.

18 “(b) LOAN ADJUSTMENTS.—

19 “(1) NO LIQUIDATION OF PROPERTY.—The
20 Secretary may not require liquidation of property se-
21 curing any farmer program loan or acceleration of
22 any payment required under any farmer program
23 loan as a prerequisite to initiating an action author-
24 ized under subsection (a).

25 “(2) RELEASE OF PERSONAL LIABILITY.—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraph (B), the Secretary may release a
3 borrower or other person obligated on a debt
4 (other than debt incurred under the Housing
5 Act of 1949 (42 U.S.C. 1441 et seq.)) from
6 personal liability with or without payment of
7 any consideration at the time of the com-
8 promise, adjustment, reduction, or charge-off of
9 any claim.

10 “(B) EXCEPTION.—No compromise, ad-
11 justment, reduction, or charge-off of any claim
12 may be made or carried out—

13 “(i) in the case of a farmer program
14 loan, on terms more favorable than the
15 terms recommended by the county com-
16 mittee; or

17 “(ii) after the claim has been referred
18 to the Attorney General, unless the Attor-
19 ney General approves.

20 “(3) RURAL ELECTRIFICATION SECURITY IN-
21 STRUMENTS.—In the case of a security instrument
22 entered into under the Rural Electrification Act of
23 1936 (7 U.S.C. 901 et seq.), the Secretary shall no-
24 tify the Attorney General of the intent of the Sec-

1 retary to exercise the authority of the Secretary
2 under paragraph (2).

3 “(c) SIMPLIFIED APPLICATION FORMS FOR LOAN
4 GUARANTEES.—

5 “(1) IN GENERAL.—The Secretary shall provide
6 to lenders a short, simplified application form for
7 guarantees under this title of—

8 “(A) farmer program loans the principal
9 amount of which is \$125,000 or less; and

10 “(B) business and industry guaranteed
11 loans under section 3601(a)(2)(A) the principal
12 amount of which is—

13 “(i) in the case of a loan guarantee
14 made during fiscal year 2002 or 2003,
15 \$400,000 or less; and

16 “(ii) in the case of a loan guarantee
17 made during any subsequent fiscal year—

18 “(I) \$400,000 or less; or

19 “(II) if the Secretary determines
20 that there is not a significant in-
21 creased risk of a default on the loan,
22 \$600,000 or less.

23 “(2) WATER AND WASTE DISPOSAL GRANTS
24 AND LOANS.—The Secretary shall develop an appli-
25 cation process that accelerates, to the maximum ex-

1 tent practicable, the processing of applications for
2 water and waste disposal grants or direct or guaran-
3 teed loans under section 3501(a)(1) the grant award
4 amount or principal loan amount, respectively, of
5 which is \$300,000 or less.

6 “(3) ADMINISTRATION.—In developing an ap-
7 plication under this subsection, the Secretary shall—

8 “(A) consult with commercial and coopera-
9 tive lenders; and

10 “(B) ensure that—

11 “(i) the form can be completed manu-
12 ally or electronically, at the option of the
13 lender;

14 “(ii) the form minimizes the docu-
15 mentation required to accompany the form;

16 “(iii) the cost of completing and proc-
17 essing the form is minimal; and

18 “(iv) the form can be completed and
19 processed in an expeditious manner.

20 “(d) USE OF ATTORNEYS FOR PROSECUTION OR DE-
21 FENSE OF CLAIMS.—The Secretary may use for the pros-
22 ecution or defense of any claim or obligation described in
23 subsection (a)(5) the Attorney General, the General Coun-
24 sel of the Department, or a private attorney who has en-
25 tered into a contract with the Secretary.

1 “(e) PRIVATE COLLECTION AGENCY.—The Secretary
2 may use a private collection agency to collect a claim or
3 obligation described in subsection (a)(5).

4 “(f) SECURITY SERVICING.—

5 “(1) IN GENERAL.—The Secretary may—

6 “(A) make advances, without regard to any
7 loan or total indebtedness limitation, to pre-
8 serve and protect the security for, or the lien or
9 priority of the lien securing any loan or other
10 indebtedness owing to or acquired by the Sec-
11 retary under this title or under any other pro-
12 gram administered by the Farm Service Agen-
13 cy, the Rural Utilities Service, the Rural Hous-
14 ing Service, or the Rural Business-Cooperative
15 Service applicable program, as determined by
16 the Secretary; and

17 “(B)(i) bid for and purchase at any execu-
18 tion, foreclosure, or other sale or otherwise ac-
19 quire property on which the United States has
20 a lien by reason of a judgment or execution
21 arising from, or that is pledged, mortgaged,
22 conveyed, attached, or levied on to secure the
23 payment of, the indebtedness regardless of
24 whether the property is subject to other liens;

1 “(ii) accept title to any property so pur-
2 chased or acquired; and

3 “(iii) sell, manage, or otherwise dispose of
4 the property in accordance with this subsection.

5 “(2) OPERATION OR LEASE OF REALTY.—Ex-
6 cept as provided in subsections (c) and (e), real
7 property administered under this title may be oper-
8 ated or leased by the Secretary for such period as
9 the Secretary may consider necessary to protect the
10 investment of the Federal Government in the prop-
11 erty.

12 “(g) PAYMENTS TO LENDERS.—

13 “(1) REQUIREMENT.—Not later than 90 days
14 after a court of competent jurisdiction confirms a
15 plan of reorganization under chapter 12 of title 11,
16 United States Code, for any borrower to whom a
17 lender has made a loan guaranteed under this title,
18 the Secretary shall pay the lender an amount esti-
19 mated by the Secretary to be equal to the loss in-
20 curred by the lender for purposes of the guarantee.

21 “(2) PAYMENT TOWARD LOAN GUARANTEE.—
22 Any amount paid to a lender under this subsection
23 with respect to a loan guaranteed under this title
24 shall be treated as payment towards satisfaction of
25 the loan guarantee.

1 **“SEC. 3904. LOAN MORATORIUM AND POLICY ON FORE-**
2 **CLOSURES.**

3 “(a) IN GENERAL.—In addition to any other author-
4 ity that the Secretary may have to defer principal and in-
5 terest and forgo foreclosure, the Secretary may permit, at
6 the request of the borrower, the deferral of principal and
7 interest on any outstanding loan made or guaranteed by
8 the Secretary under this title, or under any other law ad-
9 ministered by the Farm Service Agency, the Rural Utili-
10 ties Service, the Rural Housing Service, or the Rural Busi-
11 ness-Cooperative Service, and may forgo foreclosure of the
12 loan, for such period as the Secretary considers necessary
13 on a showing by the borrower that, due to circumstances
14 beyond the control of the borrower, the borrower is tempo-
15 rarily unable to continue making payments of the principal
16 and interest when due without unduly impairing the
17 standard of living of the borrower.

18 “(b) INTEREST.—

19 “(1) IN GENERAL.—Except as provided in para-
20 graph (2), the Secretary may permit any loan de-
21 ferred under this section to bear no interest during
22 or after the deferral period.

23 “(2) EXCEPTION.—If the security instrument
24 securing the loan is foreclosed, such interest as is in-
25 cluded in the purchase price at the foreclosure shall

1 become part of the principal and draw interest from
2 the date of foreclosure at the rate prescribed by law.

3 “(c) MORATORIUM REGARDING CIVIL RIGHTS
4 CLAIMS.—

5 “(1) IN GENERAL.—Except as otherwise pro-
6 vided in this subsection, effective beginning on May
7 22, 2008, there shall be in effect a moratorium, with
8 respect to farmer program loans made under subtitle
9 A, B, or C, on all acceleration and foreclosure pro-
10 ceedings instituted by the Department against any
11 farmer or rancher who—

12 “(A) has pending against the Department
13 a claim of program discrimination that is ac-
14 cepted by the Department as valid; or

15 “(B) files a claim of program discrimina-
16 tion that is accepted by the Department as
17 valid.

18 “(2) WAIVER OF INTEREST AND OFFSETS.—
19 During the period of the moratorium, the Secretary
20 shall waive the accrual of interest and offsets on all
21 farmer program loans made under subtitle A, B, or
22 C for which loan acceleration or foreclosure pro-
23 ceedings have been suspended under paragraph (1).

24 “(3) TERMINATION OF MORATORIUM.—The
25 moratorium shall terminate with respect to a claim

1 of discrimination by a farmer or rancher on the ear-
2 lier of—

3 “(A) the date the Secretary resolves the
4 claim; or

5 “(B) if the farmer or rancher appeals the
6 decision of the Secretary on the claim to a
7 court of competent jurisdiction, the date that
8 the court renders a final decision on the claim.

9 “(4) FAILURE TO PREVAIL.—If a farmer or
10 rancher does not prevail on a claim of discrimination
11 described in paragraph (1), the farmer or rancher
12 shall be liable for any interest and offsets that ac-
13 crued during the period that loan acceleration or
14 foreclosure proceedings have been suspended under
15 paragraph (1).

16 **“SEC. 3905. OIL AND GAS ROYALTY PAYMENTS ON LOANS.**

17 “(a) IN GENERAL.—The Secretary shall permit a
18 borrower of a loan made or guaranteed under this title
19 to make a prospective payment on the loan with proceeds
20 from—

21 “(1) the leasing of oil, gas, or other mineral
22 rights to real property used to secure the loan; or

23 “(2) the sale of oil, gas, or other minerals re-
24 moved from real property used to secure the loan, if

1 the value of the rights to the oil, gas, or other min-
2 erals has not been used to secure the loan.

3 “(b) APPLICABILITY.—Subsection (a) shall not apply
4 to a borrower of a loan made or guaranteed under this
5 title with respect to which a liquidation or foreclosure pro-
6 ceeding was pending on December 23, 1985.

7 **“SEC. 3906. TAXATION.**

8 “(a) IN GENERAL.—Except as provided in subsection
9 (b), all property subject to a lien held by the United States
10 or the title to which is acquired or held by the Secretary
11 under this title (other than property used for administra-
12 tive purposes) shall be subject to taxation by State, terri-
13 tory, district, and local political subdivisions in the same
14 manner and to the same extent as other property is taxed.

15 “(b) EXCEPTIONS.—No tax shall be imposed or col-
16 lected as described in subsection (a) if the tax (whether
17 as a tax on the instrument or in connection with con-
18 veying, transferring, or recording the instrument) is based
19 on—

20 “(1) the value of any notes or mortgages or
21 other lien instruments held by or transferred to the
22 Secretary;

23 “(2) any notes or lien instruments administered
24 under this title that are made, assigned, or held by
25 a person otherwise liable for the tax; or

1 “(3) the value of any property conveyed or
2 transferred to the Secretary.

3 “(c) FAILURE TO PAY OR COLLECT TAX.—The fail-
4 ure to pay or collect a tax under subsection (a) shall not—

5 “(1) be a ground for—

6 “(A) refusal to record or file an instru-
7 ment; or

8 “(B) failure to provide notice; or

9 “(2) prevent the enforcement of the instrument
10 in any Federal or State court.

11 **“SEC. 3907. CONFLICTS OF INTEREST.**

12 “(a) ACCEPTANCE OF CONSIDERATION PROHIB-
13 ITED.—No officer, attorney, or other employee of the De-
14 partment shall, directly or indirectly, be the beneficiary
15 of or receive any fee, commission, gift, or other consider-
16 ation for or in connection with any transaction or business
17 under this title other than such salary, fee, or other com-
18 pensation as the officer, attorney, or employee may receive
19 as the officer, attorney, or employee.

20 “(b) ACQUISITION OF INTEREST IN LAND PROHIB-
21 ITED.—

22 “(1) IN GENERAL.—Except as provided in para-
23 graph (2), no officer or employee of the Department
24 who acts on or reviews an application made by any
25 person under this title for a loan to purchase land

1 may acquire, directly or indirectly, any interest in
2 the land for a period of 3 years after the date on
3 which the action is taken or the review is made.

4 “(2) FORMER COUNTY COMMITTEE MEM-
5 BERS.—Paragraph (1) shall not apply to a former
6 member of a county committee on a determination
7 by the Secretary, prior to the acquisition of the in-
8 terest, that the former member acted in good faith
9 when acting on or reviewing the application.

10 “(c) CERTIFICATIONS ON LOANS TO FAMILY MEM-
11 BERS PROHIBITED.—No member of a county committee
12 shall knowingly make or join in making any certification
13 with respect to—

14 “(1) a loan to purchase any land in which the
15 member, or any person related to the member within
16 the second degree of consanguinity or affinity, has
17 or may acquire any interest; or

18 “(2) any applicant related to the member within
19 the second degree of consanguinity or affinity.

20 “(d) PENALTIES.—Any person violating this section
21 shall, on conviction of the violation, be punished by a fine
22 of not more than \$2,000 or imprisonment for not more
23 than 2 years, or both.

1 **“SEC. 3908. LOAN SUMMARY STATEMENTS.**

2 “(a) DEFINITION OF SUMMARY PERIOD.—In this
3 section, the term ‘summary period’ means the period be-
4 ginning on the date of issuance of the preceding loan sum-
5 mary statement and ending on the date of issuance of the
6 current loan summary statement.

7 “(b) ISSUANCE OF STATEMENTS.—On the request of
8 a borrower of a loan made (but not guaranteed) under
9 this title, the Secretary shall issue to the borrower a loan
10 summary statement that reflects the account activity dur-
11 ing the summary period for each loan made under this
12 title to the borrower, including—

13 “(1) the outstanding amount of principal due
14 on each loan at the beginning of the summary pe-
15 riod;

16 “(2) the interest rate charged on each loan;

17 “(3) the amount of payments made on, and the
18 application of the payments to, each loan during the
19 summary period and an explanation of the basis for
20 the application of the payments;

21 “(4) the amount of principal and interest due
22 on each loan at the end of the summary period;

23 “(5) the total amount of unpaid principal and
24 interest on all loans at the end of the summary pe-
25 riod;

1 “(6) any delinquency in the repayment of any
2 loan;

3 “(7) a schedule of the amount and date of pay-
4 ments due on each loan; and

5 “(8) the procedure the borrower may use to ob-
6 tain more information concerning the status of the
7 loans.

8 **“SEC. 3909. CERTIFIED LENDERS PROGRAM.**

9 “(a) CERTIFIED LENDERS PROGRAM.—

10 “(1) IN GENERAL.—The Secretary shall estab-
11 lish a program under which the Secretary shall
12 guarantee loans under this title that are made by
13 lending institutions certified by the Secretary.

14 “(2) CERTIFICATION REQUIREMENTS.—The
15 Secretary shall certify a lending institution that
16 meets such criteria as the Secretary may prescribe
17 in regulations, including the ability of the institution
18 to properly make, service, and liquidate the loans of
19 the institution.

20 “(3) CONDITION OF CERTIFICATION.—

21 “(A) IN GENERAL.—As a condition of the
22 certification, the Secretary shall require the in-
23 stitution to undertake to service the loans guar-
24 anteed by the Secretary under this section,
25 using standards that are not less stringent than

1 generally accepted banking standards con-
2 cerning loan servicing employed by prudent
3 commercial or cooperative lenders.

4 “(B) MONITORING.—The Secretary shall,
5 at least annually, monitor the performance of
6 each certified lender to ensure that the condi-
7 tions of the certification are being met.

8 “(4) EFFECT OF CERTIFICATION.—Notwith-
9 standing any other provision of law:

10 “(A) AMOUNT OF LOAN GUARANTEE.—In
11 the case of a loan made or guaranteed under
12 subtitle A, the Secretary shall guarantee 80
13 percent of a loan made under this section by a
14 certified lending institution as described in
15 paragraph (1), subject to county committee cer-
16 tification that the borrower of the loan meets
17 the eligibility requirements and such other cri-
18 teria as may be applicable to loans guaranteed
19 by the Secretary under other provisions of this
20 title.

21 “(B) CERTIFICATIONS BY LENDING INSTI-
22 TUTIONS.—In the case of loans to be guaran-
23 teed by the Secretary under this section, the
24 Secretary shall permit certified lending institu-

1 tions to make appropriate certifications (as pro-
2 vided by regulations issued by the Secretary)—

3 “(i) relating to issues such as credit-
4 worthiness, repayment ability, adequacy of
5 collateral, and feasibility of farm operation;
6 and

7 “(ii) that the borrower is in compli-
8 ance with all requirements of law, includ-
9 ing regulations issued by the Secretary.

10 “(C) APPROVAL PROCESS.—

11 “(i) IN GENERAL.—The Secretary
12 shall approve or disapprove a guarantee
13 not later than 14 days after the date that
14 the lending institution applies to the Sec-
15 retary for the guarantee.

16 “(ii) DISAPPROVAL.—If the Secretary
17 disapproves the loan application during the
18 14-day period, the Secretary shall state, in
19 writing, all of the reasons the application
20 was disapproved.

21 “(5) RELATIONSHIP TO OTHER REQUIRE-
22 MENTS.—Nothing in this section affects the respon-
23 sibility of the Secretary to certify eligibility, review
24 financial information, and otherwise assess an appli-
25 cation.

1 “(b) PREFERRED CERTIFIED LENDERS PROGRAM.—

2 “(1) IN GENERAL.—The Secretary shall estab-
3 lish a Preferred Certified Lenders Program for lend-
4 ers under this title who establish—

5 “(A) knowledge of, and experience under,
6 the program established under subsection (a);

7 “(B) knowledge of the regulations con-
8 cerning the guaranteed loan program; and

9 “(C) proficiency related to the certified
10 lender program requirements.

11 “(2) REVOCATION OF DESIGNATION.—

12 “(A) IN GENERAL.—Subject to subpara-
13 graph (B), the designation of a lender as a Pre-
14 ferred Certified Lender shall be revoked at any
15 time—

16 “(i) that the Secretary determines
17 that the lender is not adhering to the rules
18 and regulations applicable to the program;
19 or

20 “(ii) if the loss experiences of a Pre-
21 ferred Certified Lender are excessive as
22 compared to other Preferred Certified
23 Lenders.

1 Secretary under other provisions of this
2 title;

3 “(ii) permit certified lending institu-
4 tions—

5 “(I) to make all decisions, with
6 respect to loans to be guaranteed by
7 the Secretary under this subsection
8 relating to credit worthiness, the clos-
9 ing, monitoring, collection and liquida-
10 tion of loans; and

11 “(II) to accept appropriate cer-
12 tifications, as provided by regulations
13 issued by the Secretary, that the bor-
14 rower is in compliance with all re-
15 quirements of law or regulations pro-
16 mulgated by the Secretary; and

17 “(iii) be considered to have guaran-
18 teed 80 percent of a loan made by a pre-
19 ferred certified lending institution as de-
20 scribed in paragraph (1), if the Secretary
21 fails to approve or reject the application of
22 such institution within 14 calendar days
23 after the date that the lending institution
24 presented the application to the Secretary.

1 “(B) REQUIREMENT.—If the Secretary re-
2 jects an application under subparagraph (A)(iii)
3 during the 14-day period, the Secretary shall
4 state, in writing, the reasons the application
5 was rejected.

6 “(c) ADMINISTRATION OF CERTIFIED LENDERS AND
7 PREFERRED CERTIFIED LENDERS PROGRAMS.—The Sec-
8 retary may administer the loan guarantee programs under
9 subsections (a) and (b) through central offices established
10 in States or in multi-State areas

11 **“SEC. 3910. LOANS TO RESIDENT ALIENS.**

12 “(a) IN GENERAL.—Notwithstanding the provisions
13 of this title limiting the making of a loan to a citizen of
14 the United States, the Secretary may make a loan under
15 this title to an alien lawfully admitted to the United States
16 for permanent residence under the Immigration and Na-
17 tionality Act (8 U.S.C. 1101 et seq.).

18 “(b) REGULATIONS.—

19 “(1) IN GENERAL.—No loan may be made
20 under this title to an alien referred to in subsection
21 (a) until the Secretary issues regulations estab-
22 lishing the terms and conditions under which the
23 alien may receive the loan.

24 “(2) REQUIREMENT.—The Secretary shall sub-
25 mit the regulations to the Committee on Agriculture

1 of the House of Representatives and the Committee
2 on Agriculture, Nutrition, and Forestry of the Sen-
3 ate at least 30 days prior to the date on which the
4 regulations are published in the Federal Register.

5 **“SEC. 3911. EXPEDITED CLEARING OF TITLE TO INVENTORY**
6 **PROPERTY.**

7 “(a) IN GENERAL.—The Secretary may employ local
8 attorneys, on a case-by-case basis, to process all legal pro-
9 cedures necessary to clear the title to foreclosed properties
10 in the inventory of the Department.

11 “(b) COMPENSATION.—Attorneys shall be com-
12 pensated at not more than the usual and customary
13 charges of the attorneys for the work.

14 **“SEC. 3912. PROHIBITION ON USE OF LOANS FOR CERTAIN**
15 **PURPOSES.**

16 “(a) IN GENERAL.—Except as provided in sub-
17 sections (b) and (c), the Secretary may not approve a loan
18 under this title to drain, dredge, fill, level, or otherwise
19 manipulate a wetland (as defined in section 1201(a) of
20 the Food Security Act of 1985 (16 U.S.C. 3801(a))), or
21 to engage in any activity that results in impairing or re-
22 ducing the flow, circulation, or reach of water.

23 “(b) PRIOR ACTIVITY.—Subsection (a) does not
24 apply in the case of—

1 “(1) an activity related to the maintenance of
2 a previously converted wetland; or

3 “(2) in the case of an activity that had already
4 commenced before November 28, 1990.

5 “(c) EXCEPTION.—This section shall not apply to a
6 loan made or guaranteed under this title for a utility line.

7 **“SEC. 3913. REGULATIONS.**

8 “The Secretary may issue such regulations, prescribe
9 such terms and conditions for making or guaranteeing
10 loans, security instruments, and agreements, except as
11 otherwise specified in this title, and make such delegations
12 of authority as the Secretary considers necessary to carry
13 out this title.”.

14 **SEC. 6002. CONFORMING AMENDMENTS.**

15 (a) Section 17(c) of the Rural Electrification Act of
16 1936 (7 U.S.C. 917(c)) is amended by striking paragraph
17 (1) and inserting the following:

18 “(1) Subtitle B of the Consolidated Farm and
19 Rural Development Act.”.

20 (b) Section 305(c)(2)(B)(i)(I) of the Rural Elec-
21 trification Act of 1936 (7 U.S.C. 935(c)(2)(B)(i)(I)) is
22 amended by striking “section 307(a)(3)(A) of the Consoli-
23 dated Farm and Rural Development Act (7 U.S.C.
24 1927(a)(3)(A))” and inserting “section 3701(b)(2) of the
25 Consolidated Farm and Rural Development Act”.

1 (c) Section 306F(a)(1) of the Rural Electrification
2 Act of 1936 (7 U.S.C. 936f(a)(1)) is amended by striking
3 subparagraph (B) and inserting the following:

4 “(B) chapter 1 of subtitle B of the Con-
5 solidated Farm and Rural Development Act.”.

6 (d) Section 2333(d) of the Food, Agriculture, Con-
7 servation, and Trade Act of 1990 (7 U.S.C. 950aaa–2(d))
8 is amended—

9 (1) in paragraph (11), by adding “and” at the
10 end;

11 (2) by striking paragraph (12); and

12 (3) by redesignating paragraph (13) as para-
13 graph (12).

14 (e) Section 601(b) of the Rural Electrification Act
15 of 1936 (7 U.S.C. 950bb(b)) is amended by striking para-
16 graph (3).

17 (f) Section 602(5) of the Emergency Livestock Feed
18 Assistance Act of 1988 (7 U.S.C. 1471(5)) is amended
19 by striking “section 355(e)(1)(D)(ii) of the Consolidated
20 Farm and Rural Development Act (7 U.S.C.
21 1985(e)(1)(D)(ii))” and inserting “section 3409(c)(1)(A)
22 of the Consolidated Farm and Rural Development Act”.

23 (g) Section 508 of the Federal Crop Insurance Act
24 (7 U.S.C. 1508) is amended—

1 (1) in subsection (b)(7)(A), by striking “section
2 371 of the Consolidated Farm and Rural Develop-
3 ment Act (7 U.S.C. 2008f)” and inserting “section
4 3424 of the Consolidated Farm and Rural Develop-
5 ment Act”; and

6 (2) in subsection (n)(2), by striking “subtitle C
7 of the Consolidated Farm and Rural Development
8 Act (7 U.S.C. 1961 et seq.)” and inserting “chapter
9 3 of subtitle A of the Consolidated Farm and Rural
10 Development Act”.

11 (h) Section 231(a) of the Agricultural Risk Protec-
12 tion Act of 2000 (7 U.S.C. 1632a(a)) is amended—

13 (1) in paragraph (1), by striking “section
14 343(a) of the Consolidated Farm and Rural Develop-
15 ment Act (7 U.S.C. 1991(a))” and inserting “sec-
16 tion 3002 of the Consolidated Farm and Rural De-
17 velopment Act”; and

18 (2) in paragraph (4), by striking “section
19 355(e) of the Consolidated Farm and Rural Develop-
20 ment Act (7 U.S.C. 2003(e))” and inserting “sec-
21 tion 3002 of the Consolidated Farm and Rural De-
22 velopment Act”.

23 (i) Section 14204(a) of the Food, Conservation, and
24 Energy Act of 2008 (7 U.S.C. 2008q-1(a)) is amended
25 by striking “an entity described in section 379C(a) of the

1 Consolidated Farm and Rural Development Act (7 U.S.C.
2 2008q(a))” and inserting “an entity determined by the
3 Secretary”.

4 (j) Section 607(e)(6) of the Rural Development Pol-
5 icy Act of 1972 (7 U.S.C. 2204b(e)(6)) is amended in the
6 last sentence—

7 (1) by striking “, and” and inserting “and
8 any”; and

9 (2) by striking “required under section
10 306(a)(12) of the Consolidated Farm and Rural De-
11 velopment Act”.

12 (k) Section 901(b) of the Agricultural Act of 1970
13 (7 U.S.C. 2204b–1(b)) is amended by striking “rural
14 areas as defined in the private business enterprise excep-
15 tion in section 306(a)(7) of the Consolidated Farmers
16 Home Administration Act of 1961, as amended (7 U.S.C.
17 1926)” and inserting “rural areas, as defined in section
18 3002 of the Consolidated Farm and Rural Development
19 Act”.

20 (l) Section 14220 of the Food, Conservation, and En-
21 ergy Act of 2008 (7 U.S.C. 2206b) is amended by striking
22 “section 343(a)(13)(A) of the Consolidated Farm and
23 Rural Development Act)” and inserting “section 3002 of
24 the Consolidated Farm and Rural Development Act)”.

1 (m) Section 2501(c)(2)(D) of the Food, Agriculture,
2 Conservation, and Trade Act of 1990 (7 U.S.C.
3 2279(c)(2)(D)) is amended by striking “sections
4 355(a)(1) and 355(c) of the Consolidated Farm and Rural
5 Development Act (7 U.S.C. 2003(a)(1))” and inserting
6 “paragraphs (1) and (3) of section 3416(a) of the Consoli-
7 dated Farm and Rural Development Act”.

8 (n) Section 2501A(b) of the Food, Agriculture, Con-
9 servation, and Trade Act of 1990 (7 U.S.C. 2279–1(b))
10 is amended by striking “section 355(e) of the Consolidated
11 Farm and Rural Development Act (7 U.S.C. 2003(e))”
12 and inserting “section 3002 of the Consolidated Farm and
13 Rural Development Act”.

14 (o) Section 7405(c)(8)(B) of the Farm Security and
15 Rural Investment Act of 2002 (7 U.S.C. 3319f(c)(8)(B))
16 is amended by striking “section 355(e) of the Consolidated
17 Farm and Rural Development Act (7 U.S.C. 2003(e))”
18 and inserting “section 3002 of the Consolidated Farm and
19 Rural Development Act”.

20 (p) Section 1101(d)(2)(A) of the Food, Conservation,
21 and Energy Act of 2008 (7 U.S.C. 8711(d)(2)(A)) is
22 amended by striking “section 355(e) of the Consolidated
23 Farm and Rural Development Act (7 U.S.C. 2003(e))”
24 and inserting “section 3002 of the Consolidated Farm and
25 Rural Development Act”.

1 (q) Section 1302(d)(2)(A) of the Food, Conservation,
2 and Energy Act of 2008 (7 U.S.C. 8752(d)(2)(A)) is
3 amended by striking “section 355(e) of the Consolidated
4 Farm and Rural Development Act (7 U.S.C. 2003(e))”
5 and inserting “section 3002 of the Consolidated Farm and
6 Rural Development Act”.

7 (r) Section 2375(g) of the Food, Agriculture, Con-
8 servation, and Trade Act of 1990 (7 U.S.C. 6613(g)) is
9 amended by striking “section 304(b), 306(a), or 310B(e)
10 of the Consolidated Farm and Rural Development Act (7
11 U.S.C. 1924(b), 1926(a), and 1932(e))” and inserting
12 “subtitle B of the Consolidated Farm and Rural Develop-
13 ment Act”.

14 (s) Section 226B(a)(1) of the Department of Agri-
15 culture Reorganization Act of 1994 (7 U.S.C. 6934(a)(1))
16 is amended by striking “section 343(a) of the Consolidated
17 Farm and Rural Development Act (7 U.S.C. 1991(a))”
18 and inserting “section 3002 of the Consolidated Farm and
19 Rural Development Act”.

20 (t) Section 196(i)(3)(B) of the Federal Agriculture
21 Improvement and Reform Act of 1996 (7 U.S.C.
22 7333(i)(3)(B)) is amended by striking “subtitle C of the
23 Consolidated Farm and Rural Development Act (7 U.S.C.
24 1961 et seq.)” and inserting “chapter 3 of subtitle A of
25 the Consolidated Farm and Rural Development Act”.

1 (u) Section 9009(a)(1) of the Farm Security and
2 Rural Investment Act of 2002 (7 U.S.C. 8109(a)(1)) is
3 amended by striking “section 343(a)(13)(A) of the Con-
4 solidated Farm and Rural Development Act (7 U.S.C.
5 1991(a)(13)(A))” and inserting “section 3002 of the
6 Consolidated Farm and Rural Development Act”.

7 (v) Section 9011(e)(2)(B)(v) of the Farm Security
8 and Rural Investment Act of 2002 (7 U.S.C.
9 8111(e)(2)(B)(v)) is amended by striking subclause (I) and
10 inserting the following:

11 (I) beginning farmers or ranch-
12 ers (as defined in accordance with sec-
13 tion 3002 of the Consolidated Farm
14 and Rural Development Act); or”.

15 (w) Section 7(b)(2)(B) of the Small Business Act (15
16 U.S.C. 636(b)(2)(B)) is amended by striking “section 321
17 of the Consolidated Farm and Rural Development Act (7
18 U.S.C. 1961)” and inserting “section 3301 of the Consoli-
19 dated Farm and Rural Development Act”.

20 (x) Section 8(b)(5)(B)(iii)(III)(bb) of the Soil Con-
21 servation and Domestic Allotment Act (16 U.S.C.
22 590h(b)(5)(B)(iii)(III)(bb)) is amended by striking “sec-
23 tion 355(e)(1) of the Consolidated Farm and Rural Devel-
24 opment Act (7 U.S.C.A. § 2003(e)(1))” and inserting

1 “section 3002 of the Consolidated Farm and Rural Devel-
2 opment Act)”.

3 (y) Section 10(b)(3) of the Cooperative Forestry As-
4 sistance Act of 1978 (16 U.S.C. 2106(b)(3)) is amended
5 in the last sentence by striking “set out in the first clause
6 of section 306(a)(7) of the Consolidated Farm and Rural
7 Development Act” and inserting “given the term in sec-
8 tion 3002 of the Consolidated Farm and Rural Develop-
9 ment Act”.

10 (z) Section 1201(a)(2) of the Food Security Act of
11 1985 (16 U.S.C. 3801(a)(2)) is amended by striking “sec-
12 tion 343(a)(8) of the Consolidated Farm and Rural Devel-
13 opment Act (7 U.S.C. 1991(a)(8))” and inserting “section
14 3002 of the Consolidated Farm and Rural Development
15 Act”.

16 (aa) Section 1238(2) of the Food Security Act of
17 1985 (16 U.S.C. 3838(2)) is amended by striking “section
18 343(a) of the Consolidated Farm and Rural Development
19 Act (7 U.S.C. 1991(a))” and inserting “section 3002 of
20 the Consolidated Farm and Rural Development Act”.

21 (bb) The first section of Public Law 91–229 (25
22 U.S.C. 488) is amended in subsection (a) by striking
23 “make loans from the Farmers Home Administration Di-
24 rect Loan Account created by section 338(c), and to make
25 and insure loans as provided in sections 308 and 309, of

1 the Consolidated Farmers Home Administration Act of
2 1961, as amended (7 U.S.C. 1988(c), 1928, 1929),” and
3 inserting “make loans under chapter 1 of subtitle A of
4 the Consolidated Farm and Rural Development Act”.

5 (cc) Section 5 of Public Law 91–229 (25 U.S.C. 492)
6 is amended by striking “section 307(a)(3)(B) of the Con-
7 solidated Farmers Home Administration Act of 1961, as
8 amended, and to the provisions of subtitle D of that Act
9 except sections 340, 341, 342, and 343” and inserting
10 “3105(b)(2) of the Consolidated Farm and Rural Develop-
11 ment Act”.

12 (dd) Section 6(c) of Public Law 91–229 (25 U.S.C.
13 493(c)) is amended by striking “section 333B of the Con-
14 solidated Farm and Rural Development Act (7 U.S.C.
15 1983b)” and inserting “subtitle H of the Department of
16 Agriculture Reorganization Act of 1994 (7 U.S.C. 6991
17 et seq.)”.

18 (ee) Section 181(a)(2)(B)(ii) of the Internal Revenue
19 Code of 1986 is amended by striking “section 2009aa–
20 1 of title 7, United States Code” and inserting “section
21 3801 of the Consolidated Farm and Rural Development
22 Act”.

23 (ff) Section 515(b)(3) of the Housing Act of 1949
24 (42 U.S.C. 1485(b)(3)) is amended by striking “all the
25 provisions of section 309 and the second and third sen-

1 tences of section 308 of the Consolidated Farmers Home
2 Administration Act of 1961, including the authority in
3 section 309(f)(1) of that Act” and inserting “section 3401
4 of the Consolidated Farm and Rural Development Act”.

5 (gg) Section 517(b) of the Housing Act of 1949 (42
6 U.S.C. 1487(b)) is amended in the third sentence by strik-
7 ing “(7 U.S.C. 1929)” and inserting “under section 3401
8 of the Consolidated Farm and Rural Development Act”.

9 (hh) Section 3(8) of the Public Works and Economic
10 Development Act of 1965 (42 U.S.C. 3122(8)) is amend-
11 ed—

12 (1) by striking subparagraph (B) and inserting
13 the following:

14 “(B) the Delta Regional Authority estab-
15 lished under chapter 4 of subtitle B of the Con-
16 solidated Farm and Rural Development Act;”;
17 and

18 (2) by striking subparagraph (D) and inserting
19 the following:

20 “(D) the Northern Great Plains Regional
21 Authority established under chapter 5 of sub-
22 title B of the Consolidated Farm and Rural De-
23 velopment Act.”.

24 (ii) Section 310(a) of the Robert T. Stafford Disaster
25 Relief and Emergency Assistance Act (42 U.S.C. 5153(a))

1 is amended by striking paragraph (4) and inserting the
2 following:

3 “(4) Chapter 1 of subtitle B of the Consoli-
4 dated Farm and Rural Development Act.”.

5 (jj) Section 582(d)(1) of the National Flood Insur-
6 ance Reform Act of 1994 (42 U.S.C. 5154a(d)(1)) is
7 amended by striking “section 321(a) of the Consolidated
8 Farm and Rural Development Act (7 U.S.C. 1961(a))”
9 and inserting “section 3301(b) of the Consolidated Farm
10 and Rural Development Act”.

11 (kk) Section 213(e)(1) of the Biomass Energy and
12 Alcohol Fuels Act of 1980 (42 U.S.C. 8813(e)(1)) is
13 amended in the first sentence by striking “section 309 of
14 the Consolidated Farm and Rural Development Act or the
15 Rural Development Insurance Fund in section 309A of
16 such Act” and inserting “under section 3401 of the Con-
17 solidated Farm and Rural Development Act or the Rural
18 Development Insurance Fund under section 3704 of that
19 Act”.

20 (ll) Section 1323(b)(2) of the Food Security Act of
21 1985 (Public Law 99–198; 7 U.S.C. 1932 note) is amend-
22 ed—

23 (1) in subparagraph (A), by inserting “and” at
24 the end;

1 (2) in subparagraph (B), by striking “; and” at
2 the end and inserting a period; and

3 (3) by striking subparagraph (C).

4 **Subtitle B—Rural Electrification**

5 **SEC. 6101. DEFINITION OF RURAL AREA.**

6 Section 13(3) of the Rural Electrification Act of 1936
7 (7 U.S.C. 913(A)) is amended by striking subparagraph
8 (A) and inserting the following:

9 “(A) any area described in section
10 3002(28)(A)(i) of the Consolidated Farm and
11 Rural Development Act; and”.

12 **SEC. 6102. GUARANTEES FOR BONDS AND NOTES ISSUED** 13 **FOR ELECTRIFICATION OR TELEPHONE PUR-** 14 **POSES.**

15 Section 313A(f) of the Rural Electrification Act of
16 1936 (7 U.S.C. 940c–1(f)) is amended by striking “2012”
17 and inserting “2017”.

18 **SEC. 6103. EXPANSION OF 911 ACCESS.**

19 Section 315(d) of the Rural Electrification Act of
20 1936 (7 U.S.C. 940e(d)) is amended by striking “2012”
21 and inserting “2017”.

22 **SEC. 6104. ACCESS TO BROADBAND TELECOMMUNICATIONS** 23 **SERVICES IN RURAL AREAS.**

24 Section 601 of the Rural Electrification Act of 1936
25 (7 U.S.C. 950bb) is amended—

1 (1) in subsection (a), by striking “loans and”
2 and inserting “grants, loans, and”;

3 (2) in subsection (b), by striking paragraph (3);

4 (3) in subsection (c)—

5 (A) in the subsection heading, by striking
6 “LOANS AND” and inserting “GRANTS, LOANS,
7 AND”;

8 (B) in paragraph (1), by inserting “make
9 grants and” after “Secretary shall”;

10 (C) in paragraph (2)—

11 (i) by striking “In making” and in-
12 serting the following:

13 “(1) IN GENERAL.—In making”;

14 (ii) by inserting “making grants and”
15 after “In”; and

16 (iii) by adding at the end the fol-
17 lowing:

18 “(B) PRIORITY.—In making grants under
19 this section, the Secretary shall give priority to
20 projects that serve—

21 “(i) a community with a population of
22 less than 20,000 permanent residents;

23 “(ii) a rural community experiencing
24 outmigration;

1 “(iii) a community with a high per-
2 centage of low-income residents; or

3 “(iv) a rural community isolated from
4 other significant population centers.”;

5 (D) by adding at the end the following:

6 “(3) GRANT AMOUNTS.—

7 “(A) ELIGIBILITY.—To be eligible for a
8 grant under this section, the project that is the
9 subject of the grant shall be carried out in a
10 rural area.

11 “(B) MAXIMUM.—The amount of any
12 grant made under this section shall not exceed
13 50 percent of the development costs of the
14 project for which the grant is provided.

15 “(C) GRANT RATE.—The Secretary shall
16 establish the grant rate for each project in ac-
17 cordance with regulations issued by the Sec-
18 retary that shall provide for a graduated scale
19 of grant rates that establish higher rates for
20 projects in communities that have—

21 “(i) remote locations;

22 “(ii) low community populations;

23 “(iii) low income levels; and

1 “(iv) developed the applications of the
2 communities with the participation of com-
3 binations of stakeholders, including—

4 “(I) State, local, and tribal gov-
5 ernments;

6 “(II) nonprofit institutions;

7 “(III) institutions of higher edu-
8 cation;

9 “(IV) private entities; and

10 “(V) philanthropic organiza-
11 tions.”;

12 (4) in subsection (d)—

13 (A) in paragraph (1)(A)—

14 (i) in the matter preceding clause (i),
15 by striking “loan or” and inserting “grant,
16 loan, or”;

17 (ii) in clause (ii), by striking “a loan
18 application” and inserting “an applica-
19 tion”; and

20 (iii) in clause (iii)—

21 (I) by striking “the loan applica-
22 tion” and inserting “the application”;
23 and

24 (II) by striking “proceeds from
25 the loan made or guaranteed under

1 this section are” and inserting “as-
2 sistance under this section is”;

3 (B) in paragraph (2)(A), in the matter
4 preceding clause (i)—

5 (i) by striking “the proceeds of a loan
6 made or guaranteed” and inserting “as-
7 sistance”; and

8 (ii) by striking “for the loan or loan
9 guarantee” and inserting “of the eligible
10 entity”;

11 (C) by striking “loan or” each place it ap-
12 pears in paragraphs (2)(B), (3)(A), (4), (5),
13 and (6) and inserting “grant, loan, or”;

14 (D) in paragraph (7), by striking “a loan
15 application” and inserting “an application”;
16 and

17 (E) by adding at the end the following:

18 “(8) TRANSPARENCY AND REPORTING.—The
19 Secretary—

20 “(A) shall require any entity receiving as-
21 sistance under this section to submit quarterly,
22 in a format specified by the Secretary, a report
23 that describes—

24 “(i) the use by the entity of the assist-
25 ance; and

1 “(ii) the progress towards fulfilling
2 the objectives for which the assistance was
3 granted;

4 “(B) shall maintain a fully searchable
5 database, accessible on the Internet at no cost
6 to the public, that contains, at a minimum—

7 “(i) a list of each entity that has ap-
8 plied for assistance under this section;

9 “(ii) a description of each application,
10 including the status of each application;

11 “(iii) for each entity receiving assist-
12 ance under this section—

13 “(I) the name of the entity;

14 “(II) the type of assistance being
15 received;

16 “(III) the purpose for which the
17 entity is receiving the assistance; and

18 “(IV) each quarterly report sub-
19 mitted under subparagraph (A); and

20 “(iv) such other information as is suf-
21 ficient to allow the public to understand
22 and monitor assistance provided under this
23 section;

24 “(C) may, in addition to other authority
25 under applicable law, deobligate awards to

1 grantees that demonstrate an insufficient level
2 of performance, or wasteful or fraudulent
3 spending, as defined in advance by the Sec-
4 retary, and award those funds competitively to
5 new or existing applicants consistent with this
6 section; and

7 “(D) may establish additional reporting
8 and information requirements for any recipient
9 of any assistance under this section so as to en-
10 sure compliance with this section.”;

11 (5) in subsection (f), by striking “make a loan
12 or loan guarantee” and inserting “provide assist-
13 ance”;

14 (6) in subsection (j)—

15 (A) in the matter preceding paragraph (1),
16 by striking “loan and loan guarantee”;

17 (B) in paragraph (1), by inserting “grants
18 and” after “number of”;

19 (C) in paragraph (2)—

20 (i) in subparagraph (A), by striking
21 “loan”; and

22 (ii) in subparagraph (B), by striking
23 “loans and” and inserting “grants, loans,
24 and”; and

25 (D) in paragraph (3), by striking “loan”;

1 (7) in subsection (k)(1)—

2 (A) by striking “\$25,000,000” and insert-
3 ing “\$50,000,000”; and

4 (B) by striking “2012” and inserting
5 “2017”; and

6 (8) in subsection (l)—

7 (A) by striking “loan or” and inserting
8 “grant, loan, or”; and

9 (B) by striking “2012” and inserting
10 “2017”.

11 **Subtitle C—Miscellaneous**

12 **SEC. 6201. DISTANCE LEARNING AND TELEMEDICINE.**

13 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
14 2335A of the Food, Agriculture, Conservation, and Trade
15 Act of 1990 (7 U.S.C. 950aaa-5) is amended by striking
16 “2012” and inserting “2017”.

17 (b) CONFORMING AMENDMENT.—Section 1(b) of
18 Public Law 102–551 (7 U.S.C. 950aaa note) is amended
19 by striking “2012” and inserting “2017”.

1 **TITLE VII—RESEARCH, EXTEN-**
2 **SION, AND RELATED MAT-**
3 **TERS**

4 **Subtitle A—National Agricultural**
5 **Research, Extension, and Teach-**
6 **ing Policy Act of 1977**

7 **SEC. 7101. NATIONAL AGRICULTURAL RESEARCH, EXTEN-**
8 **SION, EDUCATION, AND ECONOMICS ADVI-**
9 **SORY BOARD.**

10 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
11 1408(h) of the National Agricultural Research, Extension,
12 and Teaching Policy Act of 1977 (7 U.S.C. 3123(h)) is
13 amended by striking “2012” and inserting “2017”.

14 (b) DUTIES OF NATIONAL AGRICULTURAL RE-
15 SEARCH, EXTENSION, EDUCATION, AND ECONOMICS AD-
16 VISORY BOARD.—Section 1408(c) of the National Agricul-
17 tural Research, Extension, and Teaching Policy Act of
18 1977 (7 U.S.C. 3123(c)) is amended—

19 (1) in paragraph (3), by striking “and” at the
20 end;

21 (2) in paragraph (4)(C), by striking the period
22 at the end and inserting “; and”; and

23 (3) by adding at the end the following:

24 “(5) consult with industry groups on agricul-
25 tural research, extension, education, and economics,

1 and make recommendations to the Secretary based
2 on that consultation.”.

3 **SEC. 7102. SPECIALTY CROP COMMITTEE.**

4 Section 1408A of the National Agricultural Research,
5 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
6 3123a) is amended—

7 (1) in subsection (b)—

8 (A) by striking “Individuals” and inserting
9 the following:

10 “(1) ELIGIBILITY.—Individuals”;

11 (B) by striking “Members” and inserting
12 the following:

13 “(2) SERVICE.—Members”; and

14 (C) by adding at the end the following:

15 “(3) DIVERSITY.—Membership of the specialty
16 crops committee shall reflect diversity in the spe-
17 cialty crops represented.”;

18 (2) in subsection (c), by adding at the end the
19 following:

20 “(6) Analysis of alignment of specialty crop
21 committee recommendations with specialty crop re-
22 search initiative grants awarded under section
23 412(d) of the Agricultural Research, Extension, and
24 Education Reform Act of 1998 (7 U.S.C. 7632).”;

1 Rural Development Act (7 U.S.C.
2 1991(a)); and

3 “(ii) in response to a veterinarian
4 shortage situation;

5 “(B) a State, national, allied, or regional
6 veterinary organization or specialty board rec-
7 ognized by the American Veterinary Medical
8 Association;

9 “(C) a college or school of veterinary medi-
10 cine accredited by the American Veterinary
11 Medical Association;

12 “(D) a university research foundation or
13 veterinary medical foundation;

14 “(E) a department of veterinary science or
15 department of comparative medicine accredited
16 by the Department of Education;

17 “(F) a State agricultural experiment sta-
18 tion; and

19 “(G) a State, local, or tribal government
20 agency.

21 “(2) VETERINARIAN SHORTAGE SITUATION.—
22 The term ‘veterinarian shortage situation’ means a
23 veterinarian shortage situation determined by the
24 Secretary under section 1415A(b).

25 “(b) ESTABLISHMENT OF PROGRAM.—

1 “(1) COMPETITIVE GRANTS.—The Secretary
2 shall carry out a program to make competitive
3 grants to qualified entities that carry out programs
4 or activities described in paragraph (2) for the pur-
5 pose of developing, implementing, and sustaining
6 veterinary services.

7 “(2) ELIGIBILITY REQUIREMENTS.—To be eligi-
8 ble to receive a grant described in paragraph (1), a
9 qualified entity shall carry out programs or activities
10 that the Secretary determines will—

11 “(A) substantially relieve veterinarian
12 shortage situations;

13 “(B) support or facilitate private veteri-
14 nary practices engaged in public health activi-
15 ties; or

16 “(C) support or facilitate the practices of
17 veterinarians who are participating in or have
18 successfully completed a service requirement
19 under section 1415A(a)(2).

20 “(c) AWARD PROCESSES AND PREFERENCES.—

21 “(1) APPLICATION, EVALUATION, AND INPUT
22 PROCESSES.—In administering the grant program
23 under this section, the Secretary shall—

1 “(A) use an appropriate application and
2 evaluation process, as determined by the Sec-
3 retary; and

4 “(B) seek the input of interested persons.

5 “(2) GRANT PREFERENCES.—In selecting re-
6 cipients of grants to be used for any of the purposes
7 described in paragraphs (2) through (6) of sub-
8 section (d), the Secretary shall give a preference to
9 qualified entities that provide documentation of co-
10 ordination with other qualified entities, with respect
11 to any such purpose.

12 “(3) ADDITIONAL PREFERENCES.—In awarding
13 grants under this section, the Secretary may develop
14 additional preferences by taking into account the
15 amount of funds available for grants and the pur-
16 poses for which the grant funds will be used.

17 “(4) APPLICABILITY OF OTHER PROVISIONS.—
18 Sections 1413B, 1462(a), 1469(a)(3), 1469(c), and
19 1470 apply to the administration of the grant pro-
20 gram under this section.

21 “(d) USE OF GRANTS TO RELIEVE VETERINARIAN
22 SHORTAGE SITUATIONS AND SUPPORT VETERINARY
23 SERVICES.—A qualified entity may use funds provided by
24 grants under this section to relieve veterinarian shortage

1 situations and support veterinary services for the following
2 purposes:

3 “(1) To assist veterinarians with establishing or
4 expanding practices for the purpose of—

5 “(A) equipping veterinary offices;

6 “(B) sharing in the reasonable overhead
7 costs of the practices, as determined by the Sec-
8 retary; or

9 “(C) establishing mobile veterinary facili-
10 ties in which a portion of the facilities will ad-
11 dress education or extension needs.

12 “(2) To promote recruitment (including for pro-
13 grams in secondary schools), placement, and reten-
14 tion of veterinarians, veterinary technicians, stu-
15 dents of veterinary medicine, and students of veteri-
16 nary technology.

17 “(3) To allow veterinary students, veterinary in-
18 terns, externs, fellows, and residents, and veterinary
19 technician students to cover expenses (other than
20 the types of expenses described in 1415A(c)(5)) to
21 attend training programs in food safety or food ani-
22 mal medicine.

23 “(4) To establish or expand accredited veteri-
24 nary education programs (including faculty recruit-
25 ment and retention), veterinary residency and fellow-

1 ship programs, or veterinary internship and
2 externship programs carried out in coordination with
3 accredited colleges of veterinary medicine.

4 “(5) To assess veterinarian shortage situations
5 and the preparation of applications submitted to the
6 Secretary for designation as a veterinarian shortage
7 situation under section 1415A(b).

8 “(6) To provide continuing education and ex-
9 tension, including veterinary telemedicine and other
10 distance-based education, for veterinarians, veteri-
11 nary technicians, and other health professionals
12 needed to strengthen veterinary programs and en-
13 hance food safety.

14 “(e) SPECIAL REQUIREMENTS FOR CERTAIN
15 GRANTS.—

16 “(1) TERMS OF SERVICE REQUIREMENTS.—

17 “(A) IN GENERAL.—Grants provided
18 under this section for the purpose specified in
19 subsection (d)(1) shall be subject to an agree-
20 ment between the Secretary and the grant re-
21 cipient that includes a required term of service
22 for the recipient, as established by the Sec-
23 retary.

1 “(B) CONSIDERATIONS.—In establishing a
2 term of service under subparagraph (A), the
3 Secretary shall consider only—

4 “(i) the amount of the grant awarded;
5 and

6 “(ii) the specific purpose of the grant.

7 “(2) BREACH REMEDIES.—

8 “(A) IN GENERAL.—An agreement under
9 paragraph (1) shall provide remedies for any
10 breach of the agreement by the grant recipient,
11 including repayment or partial repayment of the
12 grant funds, with interest.

13 “(B) WAIVER.—The Secretary may grant
14 a waiver of the repayment obligation for breach
15 of contract if the Secretary determines that the
16 grant recipient demonstrates extreme hardship
17 or extreme need.

18 “(C) TREATMENT OF AMOUNTS RECOV-
19 ERED.—Funds recovered under this paragraph
20 shall—

21 “(i) be credited to the account avail-
22 able to carry out this section; and

23 “(ii) remain available until expended.

24 “(f) COST-SHARING REQUIREMENTS.—

1 “(1) RECIPIENT SHARE.—Subject to paragraph
2 (2), to be eligible to receive a grant under this sec-
3 tion, a qualified entity shall provide matching non-
4 Federal funds, either in cash or in-kind support, in
5 an amount equal to not less than 25 percent of the
6 Federal funds provided by the grant.

7 “(2) WAIVER.—The Secretary may establish, by
8 regulation, conditions under which the cost-sharing
9 requirements of paragraph (1) may be reduced or
10 waived.

11 “(g) PROHIBITION ON USE OF GRANT FUNDS FOR
12 CONSTRUCTION.—Funds made available for grants under
13 this section may not be used—

14 “(1) to construct a new building or facility; or

15 “(2) to acquire, expand, remodel, or alter an ex-
16 isting building or facility, including site grading and
17 improvement and architect fees.

18 “(h) REGULATIONS.—Not later than 1 year after the
19 date of enactment of this section, the Secretary shall pro-
20 mulgate regulations to carry out this section.

21 “(i) AUTHORIZATION OF APPROPRIATIONS.—There is
22 authorized to be appropriated to the Secretary to carry
23 out this section \$10,000,000 for fiscal year 2013 and each
24 fiscal year thereafter, to remain available until ex-
25 pended.”.

1 **SEC. 7104. GRANTS AND FELLOWSHIPS FOR FOOD AND AG-**
2 **RICULTURE SCIENCES EDUCATION.**

3 Section 1417(m) of the National Agricultural Re-
4 search, Extension, and Teaching Policy Act of 1977 (7
5 U.S.C. 3152(m)) is amended by striking “section
6 \$60,000,000” and all that follows and inserting the fol-
7 lowing: “section—

8 “(1) \$60,000,000 for each of fiscal years 1990
9 through 2012; and

10 “(2) \$40,000,000 for each of fiscal years 2013
11 through 2017.”.

12 **SEC. 7105. AGRICULTURAL AND FOOD POLICY RESEARCH**
13 **CENTERS.**

14 Section 1419A of the National Agricultural Research,
15 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
16 3155) is amended—

17 (1) in the section heading, by inserting “**AGRI-**
18 **CULTURAL AND FOOD**” before “**POLICY**”;

19 (2) in subsection (a), in the matter preceding
20 paragraph (1)—

21 (A) by striking “Secretary may” and in-
22 serting “Secretary shall, acting through the Of-
23 fice of the Chief Economist,”; and

24 (B) by inserting “with a history of pro-
25 viding unbiased, nonpartisan economic analysis
26 to Congress” after “subsection (b)”;

1 (3) in subsection (b), by striking “other re-
2 search institutions” and all that follows through
3 “shall be eligible” and inserting “other public re-
4 search institutions and organizations shall be eligi-
5 ble”;

6 (4) in subsection (c)—

7 (A) in the matter preceding paragraph (1),
8 by inserting “, with preference given to policy
9 research centers having extensive databases,
10 models, and demonstrated experience in pro-
11 viding Congress with agricultural market pro-
12 jections, rural development analysis, agricul-
13 tural policy analysis, and baseline projections at
14 the farm, multiregional, national, and inter-
15 national levels,” after “with this section”; and

16 (B) in paragraph (2) by inserting “ap-
17 plied” after “theoretical”; and

18 (5) by striking subsection (d) and inserting the
19 following: “

20 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
21 is authorized to be appropriated to carry out this section
22 \$5,000,000 for fiscal year 2012 and each fiscal year there-
23 after.”.

1 **SEC. 7106. NUTRITION EDUCATION PROGRAM.**

2 Section 1425(f) of the National Agricultural Re-
3 search, Extension, and Teaching Policy Act of 1977 (7
4 U.S.C. 3175(f)) is amended by striking “2012” and in-
5 serting “2017”.

6 **SEC. 7107. CONTINUING ANIMAL HEALTH AND DISEASE RE-**
7 **SEARCH PROGRAMS.**

8 Section 1433 of the National Agricultural Research,
9 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
10 3195) is amended by striking the section designation and
11 heading and all that follows through subsection (a) and
12 inserting the following:

13 **“SEC. 1433. APPROPRIATIONS FOR CONTINUING ANIMAL**
14 **HEALTH AND DISEASE RESEARCH PRO-**
15 **GRAMS.**

16 “(a) AUTHORIZATION OF APPROPRIATIONS.—

17 “(1) IN GENERAL.—There are authorized to be
18 appropriated to support continuing animal health
19 and disease research programs at eligible institutions
20 such sums as are necessary, but not to exceed
21 \$25,000,000 for each of fiscal years 1991 through
22 2017.

23 “(2) USE OF FUNDS.—Funds made available
24 under this section shall be used—

25 “(A) to meet the expenses of conducting
26 animal health and disease research, publishing

1 and disseminating the results of such research,
2 and contributing to the retirement of employees
3 subject to the Act of March 4, 1940 (7 U.S.C.
4 331);

5 “(B) for administrative planning and di-
6 rection; and

7 “(C) to purchase equipment and supplies
8 necessary for conducting research described in
9 subparagraph (A).”.

10 **SEC. 7108. GRANTS TO UPGRADE AGRICULTURAL AND**
11 **FOOD SCIENCES FACILITIES AT 1890 LAND-**
12 **GRANT COLLEGES, INCLUDING TUSKEGEE**
13 **UNIVERSITY.**

14 Section 1447(b) of the National Agricultural Re-
15 search, Extension, and Teaching Policy Act of 1977 (7
16 U.S.C. 3222b(b)) is amended by striking “2012” and in-
17 serting “2017”.

18 **SEC. 7109. GRANTS TO UPGRADE AGRICULTURAL AND**
19 **FOOD SCIENCES FACILITIES AND EQUIP-**
20 **MENT AT INSULAR AREA LAND-GRANT INSTI-**
21 **TUTIONS.**

22 Section 1447B(d) of the National Agricultural Re-
23 search, Extension, and Teaching Policy Act of 1977 (7
24 U.S.C. 3222b-2(d)) is amended by striking “2012” and
25 inserting “2017”.

1 **SEC. 7110. HISPANIC-SERVING INSTITUTIONS.**

2 Section 1455(c) of the National Agricultural Re-
3 search, Extension, and Teaching Policy Act of 1977 (7
4 U.S.C. 3241(c)) is amended by striking “2012” and in-
5 serting “2017”.

6 **SEC. 7111. COMPETITIVE GRANTS FOR INTERNATIONAL AG-**
7 **RICULTURAL SCIENCE AND EDUCATION PRO-**
8 **GRAMS.**

9 Section 1459A of the National Agricultural Research,
10 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
11 3292b) is amended by striking subsection (c) and insert-
12 ing the following: “

13 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
14 are authorized to be appropriated to carry out this sec-
15 tion—

16 “(1) such sums as are necessary for each of fis-
17 cal years 1999 through 2012; and

18 “(2) \$5,000,000 for each of fiscal years 2013
19 through 2017.”.

20 **SEC. 7112. UNIVERSITY RESEARCH.**

21 Section 1463 of the National Agricultural Research,
22 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
23 3311) is amended in each of subsections (a) and (b) by
24 striking “2012” each place it appears and inserting
25 “2017”.

1 **SEC. 7113. EXTENSION SERVICE.**

2 Section 1464 of the National Agricultural Research,
3 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
4 3312) is amended by striking “2012” and inserting
5 “2017”.

6 **SEC. 7114. SUPPLEMENTAL AND ALTERNATIVE CROPS.**

7 (a) **AUTHORIZATION OF APPROPRIATIONS AND TER-**
8 **MINATION.**—Section 1473D of the National Agricultural
9 Research, Extension, and Teaching Policy Act of 1977 (7
10 U.S.C. 3319d) is amended—

11 (1) in subsection (a), by striking “2012” and
12 inserting “2017”; and

13 (2) by adding at the end the following:

14 “(e) **AUTHORIZATION OF APPROPRIATIONS.**—There
15 are authorized to be appropriated to carry out this sec-
16 tion—

17 “(1) such sums as are necessary for fiscal year
18 2012; and

19 “(2) \$1,000,000 for each of fiscal years 2013
20 through 2017.”.

21 (b) **COMPETITIVE GRANTS.**—Section 1473D(c)(1) of
22 the National Agricultural Research, Extension, and
23 Teaching Policy Act of 1977 (7 U.S.C. 3319d(c)(1)) is
24 amended by striking “use such research funding, special
25 or competitive grants, or other means, as the Secretary
26 determines,” and inserting “make competitive grants”.

1 **SEC. 7115. CAPACITY BUILDING GRANTS FOR NLGCA INSTI-**
2 **TUTIONS.**

3 Section 1473F(b) of the National Agricultural Re-
4 search, Extension, and Teaching Policy Act of 1977 (7
5 U.S.C. 3319i(b)) is amended by striking “2012” and in-
6 serting “2017”.

7 **SEC. 7116. AQUACULTURE ASSISTANCE PROGRAMS.**

8 (a) **COMPETITIVE GRANTS.**—Section 1475(b) of the
9 National Agricultural Research, Extension, and Teaching
10 Policy Act of 1977 (7 U.S.C. 3322(b)) is amended in the
11 matter preceding paragraph (1) by inserting “competi-
12 tive” before “grants”.

13 (b) **AUTHORIZATION OF APPROPRIATIONS.**—Section
14 1477 of the National Agricultural Research, Extension,
15 and Teaching Policy Act of 1977 (7 U.S.C. 3324) is
16 amended to read as follows: “

17 **“SEC. 1477. AUTHORIZATION OF APPROPRIATIONS.**

18 “(a) **IN GENERAL.**—There are authorized to be ap-
19 propriated to carry out this subtitle—

20 “(1) \$7,500,000 for each of fiscal years 1991
21 through 2012; and

22 “(2) \$5,000,000 for each of fiscal years 2013
23 through 2017.

24 “(b) **PROHIBITION ON USE.**—Funds made available
25 under this section may not be used to acquire or construct
26 a building.”.

1 **SEC. 7117. RANGELAND RESEARCH PROGRAMS.**

2 Section 1483(a) of the National Agricultural Re-
3 search, Extension, and Teaching Policy Act of 1977 (7
4 U.S.C. 3336(a)) is amended by striking “subtitle” and all
5 that follows and inserting the following: “subtitle—

6 “(1) \$10,000,000 for each of fiscal years 1991
7 through 2012; and

8 “(2) \$2,000,000 for each of fiscal years 2013
9 through 2017.”.

10 **SEC. 7118. SPECIAL AUTHORIZATION FOR BIOSECURITY**
11 **PLANNING AND RESPONSE.**

12 Section 1484(a) of the National Agricultural Re-
13 search, Extension, and Teaching Policy Act of 1977 (7
14 U.S.C. 3351(a)) is amended by striking “response such
15 sums as are necessary” and all that follows and inserting
16 the following: “response—

17 “(1) such sums as are necessary for each of fis-
18 cal years 2002 through 2012; and

19 “(2) \$20,000,000 for each of fiscal years 2013
20 through 2017.”.

21 **SEC. 7119. DISTANCE EDUCATION AND RESIDENT INSTRUCC-**
22 **TION GRANTS PROGRAM FOR INSULAR AREA**
23 **INSTITUTIONS OF HIGHER EDUCATION.**

24 (a) DISTANCE EDUCATION GRANTS FOR INSULAR
25 AREAS.—

1 (1) COMPETITIVE GRANTS.—Section 1490(a) of
2 the National Agricultural Research, Extension, and
3 Teaching Policy Act of 1977 (7 U.S.C. 3362(a)) is
4 amended by striking “or noncompetitive”.

5 (2) AUTHORIZATION OF APPROPRIATIONS.—
6 Section 1490(f) of the National Agricultural Re-
7 search, Extension, and Teaching Policy Act of 1977
8 (7 U.S.C. 3362(f)) is amended by striking “section”
9 and all that follows and inserting the following: “sec-
10 tion—

11 “(1) such sums as are necessary for each of fis-
12 cal years 2002 through 2012; and

13 “(2) \$2,000,000 for each of fiscal years 2013
14 through 2017.”.

15 (b) RESIDENT INSTRUCTION GRANTS FOR INSULAR
16 AREAS.—Section 1491(c) of the National Agricultural Re-
17 search, Extension, and Teaching Policy Act of 1977 (7
18 U.S.C. 3363(c)) is amended by striking “such sums as
19 are necessary” and all that follows and inserting the fol-
20 lowing: “to carry out this section—

21 “(1) such sums as are necessary for each of fis-
22 cal years 2002 through 2012; and

23 “(2) \$2,000,000 for each of fiscal years 2013
24 through 2017.”.

1 **Subtitle B—Food, Agriculture, Con-**
2 **servation, and Trade Act of 1990**

3 **SEC. 7201. BEST UTILIZATION OF BIOLOGICAL APPLICA-**
4 **TIONS.**

5 Section 1624 of the Food, Agriculture, Conservation,
6 and Trade Act of 1990 (7 U.S.C. 5814) is amended—

7 (1) by striking “\$40,000,000 for each fiscal
8 year”; and

9 (2) by inserting “\$40,000,000 for each of fiscal
10 years 2012 through 2017” after “chapter”.

11 **SEC. 7202. INTEGRATED MANAGEMENT SYSTEMS.**

12 Section 1627 of the Food, Agriculture, Conservation,
13 and Trade Act of 1990 (7 U.S.C. 5821) is amended by
14 striking subsection (d) and inserting the following:

15 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
16 is authorized to be appropriated to carry out this section
17 through the National Institute of Food and Agriculture
18 \$20,000,000 for each of fiscal years 2012 through 2017.”.

19 **SEC. 7203. SUSTAINABLE AGRICULTURE TECHNOLOGY DE-**
20 **VELOPMENT AND TRANSFER PROGRAM.**

21 Section 1628 of the Food, Agriculture, Conservation,
22 and Trade Act of 1990 (7 U.S.C. 5831) is amended by
23 striking subsection (f) and inserting the following:

24 “(f) AUTHORIZATION OF APPROPRIATIONS.—There
25 are authorized to be appropriated to carry out this section

1 such sums as are necessary for each of fiscal years 2012
2 through 2017.”.

3 **SEC. 7204. NATIONAL TRAINING PROGRAM.**

4 Section 1629 of the Food, Agriculture, Conservation,
5 and Trade Act of 1990 (7 U.S.C. 5832) is amended by
6 striking subsection (i) and inserting the following:

7 “(i) AUTHORIZATION OF APPROPRIATIONS.—There is
8 authorized to be appropriated to carry out the National
9 Training Program \$20,000,000 for each of fiscal years
10 2012 through 2017.”.

11 **SEC. 7205. NATIONAL GENETICS RESOURCES PROGRAM.**

12 Section 1635(b) of the Food, Agriculture, Conserva-
13 tion, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amend-
14 ed—

15 (1) by striking “such funds as may be nec-
16 essary”; and

17 (2) by striking “subtitle” and all that follows
18 and inserting the following: “subtitle—

19 “(1) such sums as are necessary for each of fis-
20 cal years 1991 through 2012; and

21 “(2) \$1,000,000 for each of fiscal years 2013
22 through 2017.”.

1 **SEC. 7206. NATIONAL AGRICULTURAL WEATHER INFORMA-**
2 **TION SYSTEM.**

3 Section 1641(c) of the Food, Agriculture, Conserva-
4 tion, and Trade Act of 1990 (7 U.S.C. 5855(c)) is amend-
5 ed by inserting “and \$1,000,000 for each of fiscal years
6 2013 through 2017” before the period at the end.

7 **SEC. 7207. HIGH-PRIORITY RESEARCH AND EXTENSION INI-**
8 **TIATIVES.**

9 Section 1672 of the Food, Agriculture, Conservation,
10 and Trade Act of 1990 (7 U.S.C. 5925) is amended—

11 (1) in the first sentence of subsection (a), by
12 striking “subsections (e) through (i) of”;

13 (2) in subsection (b)(2)—

14 (A) by striking the first sentence and in-
15 serting the following:

16 “(A) IN GENERAL.—To facilitate the mak-
17 ing of research and extension grants under sub-
18 section (d), the Secretary may appoint a task
19 force to make recommendations to the Sec-
20 retary.”; and

21 (B) in the second sentence, by striking
22 “The Secretary may not incur costs in excess of
23 \$1,000 for any fiscal year in connection with
24 each” and inserting the following:

1 “(B) COSTS.—The Secretary may not
2 incur costs in excess of \$1,000 for any fiscal
3 year in connection with a”;

4 (3) in subsection (e)—

5 (A) by striking paragraphs (1) through
6 (5), (7), (8), (11) through (39), (41) through
7 (43), (45) through (49), (51), and (52); and

8 (B) by redesignating paragraphs (6), (9),
9 (10), (40), (44), and (50) as paragraphs (1),
10 (2), (3), (4), (5), and (6), respectively;

11 (4) by striking subsections (f), (g), and (i);

12 (5) by inserting after subsection (e) the fol-
13 lowing:

14 “(f) PULSE HEALTH INITIATIVE.—

15 “(1) DEFINITIONS.—In this subsection;

16 “(A) INITIATIVE.—The term ‘Initiative’
17 means the pulse health initiative established by
18 paragraph (2).

19 “(B) PULSE.—The term ‘pulse’ means dry
20 beans, dry peas, lentils, and chickpeas or
21 garbanzo beans.

22 “(2) ESTABLISHMENT.—Notwithstanding any
23 other provision of law, during the period beginning
24 on the date of enactment of the _____ Act of
25 2012 and ending on September 30, 2017, the Sec-

1 retary shall carry out a pulse crop health and exten-
2 sion initiative to address the critical needs of the
3 pulse crop industry by developing and disseminating
4 science-based tools and information, including—

5 “(A) research in health and nutrition, such
6 as—

7 “(i) identifying global dietary patterns
8 of pulse crops in relation to population
9 health;

10 “(ii) researching pulse crop diets and
11 the ability of the diets to reduce obesity
12 and associated chronic disease (including
13 cardiovascular disease, type 2 diabetes,
14 and cancer); and

15 “(iii) identifying the underlying mech-
16 anisms of the health benefits of pulse crop
17 consumption (including disease biomarkers,
18 bioactive components, and relevant plant
19 genetic components to enhance the health
20 promoting value of pulse crops);

21 “(B) research in functionality, such as—

22 “(i) improving the functional prop-
23 erties of pulse crops and pulse fractions;

1 “(ii) developing new and innovative
2 technologies to improve pulse crops as an
3 ingredient in food products; and

4 “(iii) developing nutrient-dense food
5 product solutions to ameliorate chronic dis-
6 ease and enhance food security worldwide;

7 “(C) research in sustainability to enhance
8 global food security, such as—

9 “(i) plant breeding, genetics and
10 genomics to improve productivity, nutrient
11 density, and phytonutrient content for a
12 growing world population;

13 “(ii) pest and disease management,
14 including resistance to pests and diseases
15 resulting in reduced application manage-
16 ment strategies; and

17 “(iii) improving nitrogen fixation to
18 reduce the carbon and energy footprint of
19 agriculture;

20 “(D) optimizing pulse cropping systems to
21 reduce water usage; and

22 “(E) education and technical service, such
23 as—

24 “(i) providing technical expertise to
25 help food companies include nutrient-dense

1 pulse crops in innovative and healthy
2 foods; and

3 “(ii) establishing an educational pro-
4 gram to encourage the consumption and
5 production of pulse crops in the United
6 States and other countries.

7 “(3) ELIGIBLE ENTITIES.—The Secretary may
8 carry out the Initiative through—

9 “(A) Federal agencies, including the Agri-
10 cultural Research Service and the National In-
11 stitute of Food and Agriculture;

12 “(B) National Laboratories;

13 “(C) institutions of higher education;

14 “(D) research institutions or organizations;

15 “(E) private organizations or corporations;

16 “(F) State agricultural experiment sta-
17 tions;

18 “(G) individuals; or

19 “(H) groups consisting of 2 or more enti-
20 ties or individuals described in subparagraphs
21 (A) through (G).

22 “(4) RESEARCH PROJECT GRANTS.—

23 “(A) IN GENERAL.—In carrying out this
24 subsection, the Secretary shall award grants on
25 a competitive basis.

1 “(B) IN GENERAL.—The Secretary shall—

2 “(i) seek and accept proposals for
3 grants;

4 “(ii) determine the relevance and
5 merit of proposals through a system of
6 peer review, in consultation with the pulse
7 crop industry; and

8 “(iii) award grants on the basis of
9 merit, quality, and relevance.

10 “(C) PRIORITIES.—In making grants
11 under this subsection, the Secretary shall pro-
12 vide a higher priority to projects that—

13 “(i) are multistate, multiinstitutional,
14 and multidisciplinary; and

15 “(ii) include explicit mechanisms to
16 communicate results to the pulse crop in-
17 dustry and the public.

18 “(5) AUTHORIZATION OF APPROPRIATIONS.—
19 There is authorized to be appropriated to carry out
20 this subsection \$25,000,000 for each of fiscal years
21 2013 through 2017.

22 “(g) TRAINING COORDINATION FOR FOOD AND AGRI-
23 CULTURE PROTECTION.—

24 “(1) IN GENERAL.—The Secretary shall make
25 grants and enter into contracts or cooperative agree-

1 ments with eligible entities described in paragraph
2 (2) for the purposes of establishing a Comprehensive
3 Food Safety Training Network.

4 “(2) ELIGIBILITY.—

5 “(A) IN GENERAL.—For purposes of this
6 subsection, an eligible entity is a multiinstitu-
7 tional consortium that includes—

8 “(i) a nonprofit institution that pro-
9 vides administering food protection train-
10 ing; and

11 “(ii) 1 or more training centers in in-
12 stitutions of higher education that have
13 demonstrated expertise in developing and
14 delivering community-based training in
15 food and agricultural safety and defense.

16 “(B) REQUIREMENTS.—To ensure that co-
17 ordination and administration is provided
18 across all the disciplines and provide com-
19 prehensive food protection training, the Sec-
20 retary may only consider an entire consortium
21 collectively rather than on an institution-by-in-
22 stitution basis.

23 “(C) MEMBERSHIP.—An eligible entity
24 may alter the consortium membership to meet
25 specific training expertise needs.

1 “(3) DUTIES OF ELIGIBLE ENTITY.—As a con-
2 dition of the receipt of assistance under this sub-
3 section, an eligible entity, in cooperation with the
4 Secretary, shall establish and maintain the network
5 for an internationally integrated training system to
6 enhance protection of the United States food supply,
7 including, at a minimum—

8 “(A) developing curricula and a training
9 network to provide basic, technical, manage-
10 ment, and leadership training to regulatory and
11 public health officials, producers, processors,
12 and other agrifood businesses;

13 “(B) serving as the hub for the adminis-
14 tration of an open training network;

15 “(C) implementing standards to ensure the
16 delivery of quality training through a national
17 curricula;

18 “(D) building and overseeing a nationally
19 recognized instructor cadre to ensure the avail-
20 ability of highly qualified instructors;

21 “(E) reviewing training proposed through
22 the National Institute of Food and Agriculture
23 and other relevant Federal agencies that report
24 to the Secretary on the quality and content of
25 proposed and existing courses;

1 “(F) assisting Federal agencies in the im-
2 plementation of food protection training re-
3 quirements including requirements contained in
4 the _____ Act of 2012, the FDA Food
5 Safety Modernization Act (Public Law 111–
6 353; 124 Stat. 3885), and amendments made
7 by those Acts; and

8 “(G) performing evaluation and outcome-
9 based studies to provide to the Secretary feed-
10 back on the effectiveness and impact of training
11 and metrics on jurisdictions and sectors within
12 the food safety system.

13 “(4) AUTHORIZATION OF APPROPRIATIONS.—
14 There is authorized to be appropriated to carry out
15 this section \$20,000,000 for each of fiscal years
16 2013 through 2017, to remain available until ex-
17 pended.”;

18 (6) in subsection (h), by striking “2012” each
19 place it appears and inserting “2017”;

20 (7) by redesignating subsection (j) as sub-
21 section (i); and

22 (8) in subsection (i) (as so redesignated), by
23 striking “2012” and inserting “2017”.

1 **SEC. 7208. ORGANIC AGRICULTURE RESEARCH AND EXTEN-**
2 **SION INITIATIVE.**

3 Section 1672B of the Food, Agriculture, Conserva-
4 tion, and Trade Act of 1990 (7 U.S.C. 5925b) is amend-
5 ed—

6 (1) in subsection (a)—

7 (A) in the matter preceding paragraph (1),
8 by inserting “, education,” after “support re-
9 search”;

10 (B) in paragraph (1), by inserting “and
11 improvement” after “development”;

12 (C) in paragraph (2), by striking “to pro-
13 ducers and processors who use organic meth-
14 ods” and inserting “of organic agricultural pro-
15 duction and methods to producers, processors,
16 and rural communities”;

17 (D) in paragraph (5), by inserting “and
18 researching solutions to” after “identifying”;
19 and

20 (E) in paragraph (6), by striking “and
21 marketing” and inserting “, marketing, and
22 food safety”;

23 (2) by striking subsection (e);

24 (3) by redesignating subsection (f) as sub-
25 section (e); and

26 (4) in subsection (e) (as so redesignated)—

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- 1 (A) in paragraph (1)—
- 2 (i) in subparagraph (A), by striking
- 3 “and” at the end;
- 4 (ii) in subparagraph (B), by striking
- 5 the period at the end and inserting “;
- 6 and”; and
- 7 (iii) by adding at the end the fol-
- 8 lowing:
- 9 “(C) \$16,000,000 for each of fiscal years
- 10 2013 through 2017.”; and
- 11 (B) in paragraph (2), by striking “2012”
- 12 and inserting “2017”.

13 **SEC. 7209. FARM BUSINESS MANAGEMENT.**

14 Section 1672D(d) of the Food, Agriculture, Con-

15 servation, and Trade Act of 1990 (7 U.S.C. 5925f(d)) is

16 amended by striking “such sums as are necessary to carry

17 out this section.” and inserting the following: “to carry

18 out this section—

19 “(1) such sums as are necessary for fiscal year

20 2012; and

21 “(2) \$5,000,000 for each of fiscal years 2013

22 through 2017.”.

1 **SEC. 7210. REGIONAL CENTERS OF EXCELLENCE.**

2 Subtitle H of the Food, Agriculture, Conservation,
3 and Trade Act of 1990 is amended by inserting after sec-
4 tion 1672D (7 U.S.C. 5925) the following:

5 **“SEC. 1673. REGIONAL CENTERS OF EXCELLENCE.**

6 “(a) ESTABLISHMENT.—The Secretary may
7 prioritize regional centers of excellence established for spe-
8 cific agricultural commodities for the receipt of funding.

9 “(b) COMPOSITION.—A regional center of excellence
10 shall be composed of 1 or more colleges and universities
11 (including land-grant institutions, schools of forestry,
12 schools of veterinary medicine, or NLGCA Institutions (as
13 defined in section 1404 of the National Agricultural Re-
14 search, Extension, and Teaching Policy Act of 1977 (7
15 U.S.C. 3103))) that provide financial support to the re-
16 gional center of excellence.

17 “(c) CRITERIA FOR REGIONAL CENTERS OF EXCEL-
18 LENCE.—The criteria for consideration to be a regional
19 center of excellence shall include efforts—

20 “(1) to ensure coordination and cost-effective-
21 ness by reducing unnecessarily duplicative efforts re-
22 garding research, teaching, and extension;

23 “(2) to leverage available resources by using
24 public/private partnerships among agricultural in-
25 dustry groups, institutions of higher education, and
26 the Federal Government;

1 “(3) to implement teaching initiatives to in-
2 crease awareness and effectively disseminate solu-
3 tions to target audiences through extension activi-
4 ties;

5 “(4) to increase the economic returns to rural
6 communities by identifying, attracting, and directing
7 funds to high-priority agricultural issues; and

8 “(5) to improve teaching capacity and infra-
9 structure at colleges and universities (including land-
10 grant institutions, schools of forestry, and schools of
11 veterinary medicine, and NLGCA Institutions).”.

12 **SEC. 7211. ASSISTIVE TECHNOLOGY PROGRAM FOR FARM-**
13 **ERS WITH DISABILITIES.**

14 Section 1680(c)(1) of the Food, Agriculture, Con-
15 servation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1))
16 is amended—

17 (1) by striking “is” and inserting “are”; and

18 (2) by striking “section” and all that follows
19 and inserting the following: “section—

20 “(A) \$6,000,000 for each of fiscal years
21 1999 through 2012; and

22 “(B) \$5,000,000 for each of fiscal years
23 2013 through 2017.”.

1 **SEC. 7212. NATIONAL RURAL INFORMATION CENTER**
2 **CLEARINGHOUSE.**

3 Section 2381(e) of the Food, Agriculture, Conserva-
4 tion, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is
5 amended by striking “2012” and inserting “2017”.

6 **Subtitle C—Agricultural Research,**
7 **Extension, and Education Re-**
8 **form Act of 1998**

9 **SEC. 7301. RELEVANCE AND MERIT OF AGRICULTURAL RE-**
10 **SEARCH, EXTENSION, AND EDUCATION FUND-**
11 **ED BY THE DEPARTMENT.**

12 Section 103(a)(2) of the Agricultural Research, Ex-
13 tension, and Education Reform Act of 1998 (7 U.S.C.
14 7613(a)(2)) is amended—

15 (1) by striking the paragraph designation and
16 heading and inserting the following:

17 “(2) RELEVANCE AND MERIT REVIEW OF RE-
18 SEARCH, EXTENSION, AND EDUCATION GRANTS.—”;

19 (2) in subparagraph (A)—

20 (A) by inserting “relevance and” before
21 “merit”; and

22 (B) by striking “extension or education”
23 and inserting, “research, extension, or edu-
24 cation”; and

25 (3) in subparagraph (B) by inserting “on a con-
26 tinuous basis” after “procedures”.

1 **SEC. 7302. INTEGRATED RESEARCH, EDUCATION, AND EX-**
2 **TENSION COMPETITIVE GRANTS PROGRAM.**

3 Section 406(f) of the Agricultural Research, Exten-
4 sion, and Education Reform Act of 1998 (7 U.S.C.
5 7626(f)) is amended by striking “2012” and inserting
6 “2017”.

7 **SEC. 7303. GRANTS FOR YOUTH ORGANIZATIONS.**

8 Section 410(d) of the Agricultural Research, Exten-
9 sion, and Education Reform Act of 1998 (7 U.S.C.
10 7630(d)) is amended by striking “section such sums as
11 are necessary” and all that follows and inserting the fol-
12 lowing: “section—

13 “(1) such sums as are necessary for each of fis-
14 cal years 2008 through 2012; and

15 “(2) \$3,000,000 for each of fiscal years 2013
16 through 2017.”.

17 **SEC. 7304. SPECIALTY CROP RESEARCH INITIATIVE.**

18 Section 412 of the Agricultural Research, Extension,
19 and Education Reform Act of 1998 (7 U.S.C. 7632) is
20 amended—

21 (1) in subsection (b)(3), by inserting “handling
22 and processing,” after “production efficiency,”;

23 (2) in subsection (e)—

24 (A) in paragraph (1)—

25 (i) in subparagraph (B), by striking
26 “and” at the end;

1 (ii) in subparagraph (C), by striking
2 the period at the end and inserting “;
3 and”; and

4 (iii) by inserting after subparagraph
5 (C) the following:

6 “(D) consult with the specialty crops com-
7 mittee authorized under section 1408A of the
8 National Agricultural Research, Extension, and
9 Teaching Policy Act of 1977 (7 U.S.C. 3123a)
10 before issuing awards.”; and

11 (B) in paragraph (3), by striking “non-
12 Federal” and all that follows through the end
13 of the paragraph and inserting “other sources
14 in an amount that is at least equal to the
15 amount provided by a grant received under this
16 section.”; and

17 (3) in subsection (h)—

18 (A) in paragraph (1)—

19 (i) by striking “(1) IN GENERAL.—Of
20 the funds” and inserting the following:

21 “(1) MANDATORY FUNDING.—

22 “(A) IN GENERAL.—Of the funds”; and

23 (ii) by adding at the end the fol-
24 lowing:

1 “(B) SUBSEQUENT FUNDING.—Of the
2 funds of the Commodity Credit Corporation, the
3 Secretary shall make available to carry out this
4 section—

5 “(i) \$25,000,000 for fiscal year 2013;

6 “(ii) \$30,000,000 for each of fiscal
7 years 2014 and 2015;

8 “(iii) \$65,000,000 for fiscal year
9 2016; and

10 “(iv) \$50,000,000 for fiscal year 2017
11 and each fiscal year thereafter.”; and

12 (B) in paragraph (2), by striking “2012”
13 and inserting “2017”.

14 **SEC. 7305. FOOD ANIMAL RESIDUE AVOIDANCE DATABASE**
15 **PROGRAM.**

16 Section 604(e) of the Agricultural Research, Exten-
17 sion, and Education Reform Act of 1998 (7 U.S.C.
18 7642(e)) is amended by striking “2012” and inserting
19 “2017”.

20 **SEC. 7306. OFFICE OF PEST MANAGEMENT POLICY.**

21 Section 614(f) of the Agricultural Research, Exten-
22 sion, and Education Reform Act of 1998 (7 U.S.C.
23 7653(f)) is amended—

24 (1) by striking “such sums as are necessary”;

25 and

1 **“SEC. 532. DEFINITION OF 1994 INSTITUTIONS.**

2 “In this part, the term ‘1994 Institutions’ means any
3 1 of the following:

4 “(1) Aaniiih Nakoda College.

5 “(2) Bay Mills Community College.

6 “(3) Blackfeet Community College.

7 “(4) Cankdeska Cikana Community College.

8 “(5) Chief Dull Knife Memorial College.

9 “(6) College of Menominee Nation.

10 “(7) College of the Muscogee Nation.

11 “(8) Comanche Nation College.

12 “(9) D-Q University.

13 “(10) Dine College.

14 “(11) Fond du Lac Tribal and Community Col-
15 lege.

16 “(12) Fort Berthold Community College.

17 “(13) Fort Peck Community College.

18 “(14) Haskell Indian Nations University.

19 “(15) Ilisagvik College.

20 “(16) Institute of American Indian and Alaska
21 Native Culture and Arts Development.

22 “(17) Keweenaw Bay Ojibwa Community Col-
23 lege.

24 “(18) Lac Courte Oreilles Ojibwa Community
25 College.

26 “(19) Leech Lake Tribal College.

- 1 “(20) Little Big Horn College.
- 2 “(21) Little Priest Tribal College.
- 3 “(22) Navajo Technical College.
- 4 “(23) Nebraska Indian Community College.
- 5 “(24) Northwest Indian College.
- 6 “(25) Oglala Lakota College.
- 7 “(26) Saginaw Chippewa Tribal College.
- 8 “(27) Salish Kootenai College.
- 9 “(28) Sinte Gleska University.
- 10 “(29) Sisseton Wahpeton College.
- 11 “(30) Sitting Bull College.
- 12 “(31) Southwestern Indian Polytechnic Insti-
- 13 tute.
- 14 “(32) Stone Child College.
- 15 “(33) Tohono O’odham Community College.
- 16 “(34) Turtle Mountain Community College.
- 17 “(35) United Tribes Technical College.
- 18 “(36) White Earth Tribal and Community Col-
- 19 lege.”.

20 (b) ENDOWMENT FOR 1994 INSTITUTIONS.—

21 (1) IN GENERAL.—Section 533 of the Equity in

22 Educational Land-Grant Status Act of 1994 (7

23 U.S.C. 301 note; Public Law 103–382) is amend-

24 ed—

1 (A) in subsection (a)(2)(A)(ii), by striking
2 “of such Act as added by section 534(b)(1) of
3 this part” and inserting “of that Act (7 U.S.C.
4 343(b)(3)) and for programs for children,
5 youth, and families at risk and for Federally
6 recognized tribes implemented under section
7 3(d) of that Act (7 U.S.C. 343(d))”; and

8 (B) in subsection (b), in the first sentence
9 by striking “2012” and inserting “2017”.

10 (2) CONFORMING AMENDMENT.—Section 3(d)
11 of the Smith-Lever Act (7 U.S.C. 343(d)) is amend-
12 ed in the second sentence by inserting “and, in the
13 case of programs for children, youth, and families at
14 risk and for Federally recognized tribes, the 1994
15 Institutions (as defined in section 532 of the Equity
16 in Educational Land-Grant Status Act of 1994 (7
17 U.S.C. 301 note; Public Law 103–382)),” before
18 “may compete for”.

19 (c) INSTITUTIONAL CAPACITY BUILDING GRANTS.—
20 Section 535 of the Equity in Educational Land-Grant Sta-
21 tus Act of 1994 (7 U.S.C. 301 note; Public Law 103–
22 382) is amended by striking “2012” each place it appears
23 in subsections (b)(1) and (c) and inserting “2017”.

24 (d) RESEARCH GRANTS.—

1 (1) AUTHORIZATION OF APPROPRIATIONS.—
2 Section 536(c) of the Equity in Educational Land-
3 Grant Status Act of 1994 (7 U.S.C. 301 note; Pub-
4 lic Law 103–382) is amended in the first sentence
5 by striking “2012” and inserting “2017”.

6 (2) RESEARCH GRANT REQUIREMENTS.—Sec-
7 tion 536(b) of the Equity in Educational Land-
8 Grant Status Act of 1994 (7 U.S.C. 301 note; Pub-
9 lic Law 103–382) is amended by striking “with at
10 least 1 other land-grant college or university” and
11 all that follows and inserting the following: “with—
12 “

13 “(1) the Agricultural Research Service of the
14 Department of Agriculture; or

15 “(2) at least 1—

16 “(A) other land-grant college or university
17 (exclusive of another 1994 Institution);

18 “(B) non-land-grant college of agriculture
19 (as defined in section 1404 of the National Ag-
20 ricultural Research, Extension, and Teaching
21 Policy Act of 1977 (7 U.S.C. 3103)); or

22 “(C) cooperating forestry school (as de-
23 fined in that section).”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 subsections (a), (b), and (d)(2) take effect on October 1,
3 2012.

4 **SEC. 7403. RESEARCH FACILITIES ACT.**

5 Section 6(a) of the Research Facilities Act (7 U.S.C.
6 390d(a)) is amended by striking “2012” and inserting
7 “2017”.

8 **SEC. 7404. COMPETITIVE, SPECIAL, AND FACILITIES RE-**
9 **SEARCH GRANT ACT.**

10 Section 2 of the Competitive, Special, and Facilities
11 Research Grant Act (7 U.S.C. 450i) is amended—

12 (1) in subsection (b)(11)(A), in the matter pre-
13 ceding clause (i), by striking “2012” and inserting
14 “2017”; and

15 (2) by adding at the end the following:

16 “(1) STREAMLINING GRANT APPLICATION PROC-
17 ESS.—Not later than 1 year after the date of enactment
18 of this subsection, the Secretary shall submit to Congress
19 a report that includes—

20 “(1) an analysis of barriers that exist in the
21 competitive grants process administered by the Na-
22 tional Institute of Food and Agriculture that prevent
23 eligible institutions and organizations with limited
24 institutional capacity from successfully applying and
25 competing for competitive grants; and

1 “(2) specific recommendations for future steps
2 that the Department can take to streamline the
3 competitive grants application process so as to re-
4 move the barriers and increase the success rates of
5 applicants described in paragraph (1).”.

6 **SEC. 7405. ENHANCED USE LEASE AUTHORITY PILOT PRO-**
7 **GRAM UNDER DEPARTMENT OF AGRI-**
8 **CULTURE REORGANIZATION ACT OF 1994.**

9 Section 308(b)(6) of the Department of Agriculture
10 Reorganization Act of 1994 (7 U.S.C. 3125a note; Public
11 Law 103–354) is amended by striking subparagraph (A)
12 and inserting the following:

13 “(A) on September 30, 2017; or”.

14 **SEC. 7406. RENEWABLE RESOURCES EXTENSION ACT OF**
15 **1978.**

16 (a) **AUTHORIZATION OF APPROPRIATIONS.**—Section
17 6 of the Renewable Resources Extension Act of 1978 (16
18 U.S.C. 1675) is amended in the first sentence by striking
19 “2012” and inserting “2017”.

20 (b) **TERMINATION DATE.**—Section 8 of the Renew-
21 able Resources Extension Act of 1978 (16 U.S.C. 1671
22 note; Public Law 95–306) is amended by striking “2012”
23 and inserting “2017”.

1 **SEC. 7407. NATIONAL AQUACULTURE ACT OF 1980.**

2 Section 10 of the National Aquaculture Act of 1980
3 (16 U.S.C. 2809) is amended by striking “2012” each
4 place it appears and inserting “2017”.

5 **SEC. 7408. BEGINNING FARMER AND RANCHER DEVELOP-**
6 **MENT PROGRAM UNDER FARM SECURITY**
7 **AND RURAL INVESTMENT ACT OF 2002.**

8 Section 7405 of the Farm Security and Rural Invest-
9 ment Act of 2002 (7 U.S.C. 3319f) is amended—

10 (1) in subsection (c)(8)—

11 (A) in subparagraph (B), by striking
12 “and” at the end;

13 (B) in subparagraph (C), by striking the
14 period at the end and inserting “; and”; and

15 (C) by adding at the end the following:

16 “(D) beginning farmers and ranchers who
17 are veterans (as defined in section 101 of title
18 38, United States Code).”; and

19 (2) in subsection (h)(1)—

20 (A) in subparagraph (A), by striking
21 “and” at the end;

22 (B) in subparagraph (B), by striking the
23 period at the end and inserting “; and”; and

24 (C) by adding at the end the following:

25 “(C) \$50,000,000 for fiscal year 2013, to
26 remain available until expended.”.

1 **Subtitle E—Food, Conservation,**
2 **and Energy Act of 2008**

3 **PART I—AGRICULTURAL SECURITY**

4 **SEC. 7501. AGRICULTURAL BIOSECURITY COMMUNICATION**
5 **CENTER.**

6 Section 14112 of the Food, Conservation, and En-
7 ergy Act of 2008 (7 U.S.C. 8912) is amended by striking
8 subsection (c) and inserting the following:

9 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
10 are authorized to be appropriated to carry out this sec-
11 tion—

12 “(1) such sums as are necessary for each of fis-
13 cal years 2008 through 2012; and

14 “(2) \$2,000,000 for each of fiscal years 2013
15 through 2017.”.

16 **SEC. 7502. ASSISTANCE TO BUILD LOCAL CAPACITY IN AG-**
17 **RICULTURAL BIOSECURITY PLANNING, PREP-**
18 **ARATION, AND RESPONSE.**

19 Section 14113 of the Food, Conservation, and En-
20 ergy Act of 2008 (7 U.S.C. 8913) is amended—

21 (1) in subsection (a)(2)—

22 (A) by striking “such sums as may be nec-
23 essary”; and

1 (B) by striking “subsection” and all that
2 follows and inserting the following: “sub-
3 section—

4 “(1) such sums as are necessary for each of fis-
5 cal years 2008 through 2012; and

6 “(2) \$15,000,000 for each of fiscal years 2013
7 through 2017.”; and

8 (2) in subsection (b)(2), by striking “is author-
9 ized to be appropriated to carry out this subsection”
10 and all that follows and inserting the following: “are
11 authorized to be appropriated to carry out this sub-
12 section—

13 “(1) \$25,000,000 for each of fiscal years 2008
14 through 2012; and

15 “(2) \$15,000,000 for each of fiscal years 2013
16 through 2017.”.

17 **SEC. 7503. RESEARCH AND DEVELOPMENT OF AGRICUL-**
18 **TURAL COUNTERMEASURES.**

19 Section 14121(b) of the Food, Conservation, and En-
20 ergy Act of 2008 (7 U.S.C. 8921(b)) is amended by strik-
21 ing “is authorized to be appropriated to carry out this sec-
22 tion” and all that follows and inserting the following: “are
23 authorized to be appropriated to carry out this section—

24 “(1) \$50,000,000 for each of fiscal years 2008
25 through 2012; and

1 “(2) \$15,000,000 for each of fiscal years 2013
2 through 2017.”.

3 **SEC. 7504. AGRICULTURAL BIOSECURITY GRANT PROGRAM.**

4 Section 14122(e) of the Food, Conservation, and En-
5 ergy Act of 2008 (7 U.S.C. 8922(e)) is amended—

6 (1) by striking “such sums as are necessary”;
7 and

8 (2) by striking “section” and all that follows
9 and inserting the following: “section—

10 “(1) such sums as are necessary for each of fis-
11 cal years 2008 through 2012, to remain available
12 until expended; and

13 “(2) \$5,000,000 for each of fiscal years 2013
14 through 2017, to remain available until expended.”.

15 **PART II—MISCELLANEOUS**

16 **SEC. 7511. GRAZINGLANDS RESEARCH LABORATORY.**

17 Section 7502 of the Food, Conservation, and Energy
18 Act of 2008 (Public Law 110–246; 112 Stat. 2019) is
19 amended by striking “for the 5-year period beginning on
20 the date of enactment of this Act” and inserting “until
21 September 30, 2017”.

22 **SEC. 7512. BUDGET SUBMISSION AND FUNDING.**

23 Section 7506 of the Food, Conservation, and Energy
24 Act of 2008 (7 U.S.C. 7614e) is amended—

25 (1) in subsection (a)—

1 (A) by striking “(a) DEFINITION OF COM-
2 PETITIVE PROGRAMS.—In this section, the
3 term”; and inserting the following:

4 “(a) DEFINITIONS.—In this section:

5 “(1) COMPETITIVE PROGRAMS.—The term”;
6 and

7 (B) by adding at the end the following:

8 “(2) COVERED PROGRAM.—The term ‘covered
9 program’ means—

10 “(A) each research program carried out by
11 the Agricultural Research Service or the Eco-
12 nomic Research Service for which annual appro-
13 priations are requested in the annual budget
14 submission of the President; and

15 “(B) each competitive program (as defined
16 in section 251(f)(1) of the Department of Agri-
17 culture Reorganization Act of 1994 (7 U.S.C.
18 6971(f)(1))) carried out by the National Insti-
19 tute of Food and Agriculture for which annual
20 appropriations are requested in the annual
21 budget submission of the President.

22 “(3) REQUEST FOR AWARDS.—The term ‘re-
23 quest for awards’ means a funding announcement
24 published by the National Institute of Food and Ag-
25 riculture that provides detailed information on fund-

1 ing opportunities at the Institute, including the pur-
2 pose, eligibility, restriction, focus areas, evaluation
3 criteria, regulatory information, and instructions on
4 how to apply for such opportunities.”; and

5 (2) by adding at the end the following:

6 “(e) ADDITIONAL PRESIDENTIAL BUDGET SUBMIS-
7 SION REQUIREMENT.—

8 “(1) IN GENERAL.—Each year, the President
9 shall submit to Congress, together with the annual
10 budget submission of the President, the information
11 described in paragraph (2) for each funding request
12 for a covered program.

13 “(2) INFORMATION DESCRIBED.—The informa-
14 tion described in this paragraph includes—

15 “(A) baseline information, including with
16 respect to each covered program—

17 “(i) the funding level for the program
18 for the fiscal year preceding the year the
19 annual budget submission of the President
20 is submitted;

21 “(ii) the funding level requested in the
22 annual budget submission of the President,
23 including any increase or decrease in the
24 funding level; and

1 “(iii) an explanation justifying any
2 change from the funding level specified in
3 clause (i) to the level specified in clause
4 (ii);

5 “(B) with respect to each covered program
6 that is carried out by the Economic Research
7 Service or the Agricultural Research Service,
8 the location and staff years of the program;

9 “(C) the proposed funding levels to be allo-
10 cated to, and the expected publication date,
11 scope, and allocation level for, each request for
12 awards to be published under—

13 “(i) each priority area specified in sec-
14 tion 2(b)(2) of the Competitive, Special,
15 and Facilities Research Grant Act (7
16 U.S.C. 450i(b)(2));

17 “(ii) each research and extension
18 project carried out under section 1621(a)
19 of the Food, Agriculture, Conservation,
20 and Trade Act of 1990 (7 U.S.C.
21 5811(a));

22 “(iii) each grant awarded under sec-
23 tion 1672B(a) of the Food, Agriculture,
24 Conservation, and Trade Act of 1990 (7
25 U.S.C. 5925b(a));

1 “(iv) each grant awarded under sec-
2 tion 412(b) of the Agricultural Research,
3 Extension, and Education Reform Act of
4 1998 (7 U.S.C. 7632(b)); and

5 “(v) each grant awarded under
6 7405(c)(1) of the Farm Security and
7 Rural Investment Act of 2002 (7 U.S.C.
8 3319f(c)(1)); or

9 “(D) any other information the Secretary
10 determines will increase congressional oversight
11 with respect to covered programs.

12 “(3) PROHIBITION.—Unless the President sub-
13 mits the information described in paragraph (2)(C)
14 for a fiscal year, the President may not carry out
15 any program during the fiscal year that is author-
16 ized under—

17 “(A) section 2(b) of the Competitive, Spe-
18 cial, and Facilities Research Grant Act (7
19 U.S.C. 450i(b));

20 “(B) section 1621 of the Food, Agri-
21 culture, Conservation, and Trade Act of 1990
22 (7 U.S.C. 5811);

23 “(C) section 1672B of the Food, Agri-
24 culture, Conservation, and Trade Act of 1990
25 (7 U.S.C. 5925b);

1 “(D) section 411 of the Agricultural Re-
2 search, Extension, and Education Reform Act
3 of 1998 (7 U.S.C. 7631); or

4 “(E) section 7405 of the Farm Security
5 and Rural Investment Act of 2002 (7 U.S.C.
6 3319f).

7 “(f) REPORT OF THE SECRETARY OF AGRICULTURE.—Each year on a date that is not later than
8 the date on which the President submits the annual budg-
9 et submission, the Secretary shall submit to Congress a
10 report containing a description of the agricultural re-
11 search, extension, and education activities carried out by
12 the Federal Government during the fiscal year that imme-
13 diately precedes the year for which the report is submitted,
14 including—

15 “(1) a review of the extent to which those ac-
16 tivities—

17 “(A) are duplicative or overlap within the
18 Department of Agriculture; or

19 “(B) are similar to activities carried out
20 by—

21 “(i) other Federal agencies;

22 “(ii) the States (including the District
23 of Columbia, the Commonwealth of Puerto
24

1 Rico and other territories or possessions of
2 the United States);

3 “(iii) institutions of higher education
4 (as defined in section 101 of the Higher
5 Education Act of 1965 (20 U.S.C. 1001));

6 or

7 “(iv) the private sector; and

8 “(2) for each report submitted under this sec-
9 tion on or after January 1, 2013, a 5-year projection
10 of national priorities with respect to agricultural re-
11 search, extension, and education, taking into account
12 both domestic and international needs.”.

13 **SEC. 7513. NATURAL PRODUCTS RESEARCH PROGRAM.**

14 Section 7525 of the Food, Conservation, and Energy
15 Act of 2008 (7 U.S.C. 5937) is amended by striking sub-
16 section (e) and inserting the following:

17 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
18 is authorized to be appropriated to carry out this section
19 \$7,000,000 for each of fiscal years 2013 through 2017.”.

20 **SEC. 7514. SUN GRANT PROGRAM.**

21 (a) IN GENERAL.—Section 7526 of the Food, Con-
22 servation, and Energy Act of 2008 (7 U.S.C. 8114) is
23 amended—

24 (1) in subsection (a)(4)(B), by striking “the
25 Department of Energy” and inserting “other appro-

1 appropriate Federal agencies (as determined by the Sec-
2 retary)”;

3 (2) in subsection (b)(1)—

4 (A) in subparagraph (A), by striking “at
5 South Dakota State University”;

6 (B) in subparagraph (B), by striking “at
7 the University of Tennessee at Knoxville”;

8 (C) in subparagraph (C), by striking “at
9 Oklahoma State University”;

10 (D) in subparagraph (D), by striking “at
11 Oregon State University”;

12 (E) in subparagraph (E), by striking “at
13 Cornell University”; and

14 (F) in subparagraph (F), by striking “at
15 the University of Hawaii”;

16 (3) in subsection (c)(1)—

17 (A) in subparagraph (B), by striking
18 “multistate” and all that follows through “tech-
19 nology implementation” and inserting “inte-
20 grated, multistate research, extension, and edu-
21 cation programs on technology development and
22 technology implementation”;

23 (B) by striking subparagraph (C); and

24 (C) by redesignating subparagraph (D) as
25 subparagraph (C);

1 (4) in subsection (d)—

2 (A) in paragraph (1)—

3 (i) by striking “gasification” and in-
4 sserting “bioproducts”; and

5 (ii) by striking “the Department of
6 Energy” and inserting “other appropriate
7 Federal agencies”;

8 (B) by striking paragraph (2);

9 (C) by redesignating paragraphs (3) and
10 (4) as paragraphs (2) and (3), respectively; and

11 (D) in paragraph (1), by striking “in ac-
12 cordance with paragraph (2)”;

13 (5) in subsection (g), by striking “2012” and
14 inserting “2017”.

15 (b) CONFORMING AMENDMENTS.—Section 7526(f) of
16 the Food, Conservation, and Energy Act of 2008 (7
17 U.S.C. 8114(f)) is amended—

18 (1) in paragraph (1), by striking “subsection
19 (c)(1)(D)(i)” and inserting “subsection (c)(1)(C)(i)”;
20 and

21 (2) in paragraph (2), by striking “subsection
22 (d)(1)” and inserting “subsection (d)”.

1 **Subtitle F—Miscellaneous**

2 **SEC. 7601. FOUNDATION FOR FOOD AND AGRICULTURE RE-**
3 **SEARCH.**

4 (a) **DEFINITIONS.**—In this section:

5 (1) **BOARD.**—The term “Board” means the
6 Board of Directors described in subsection (e).

7 (2) **DEPARTMENT.**—The term “Department”
8 means the Department of Agriculture.

9 (3) **FOUNDATION.**—The term “Foundation”
10 means the Foundation for Food and Agriculture Re-
11 search established under subsection (b).

12 (4) **SECRETARY.**—The term “Secretary” means
13 the Secretary of Agriculture.

14 (b) **ESTABLISHMENT.**—

15 (1) **IN GENERAL.**—The Secretary shall establish
16 a nonprofit corporation to be known as the “Foun-
17 dation for Food and Agriculture Research”.

18 (2) **STATUS.**—

19 (A) **TAX-EXEMPT STATUS.**—The Founda-
20 tion shall be considered to be an entity de-
21 scribed in section 501(c)(3) of the Internal Rev-
22 enue Code of 1986 and exempt from taxation
23 under section 501(a) of such Code.

1 (B) LIMITATION.—The Foundation shall
2 not be an agency or instrumentality of the
3 United States Government.

4 (c) PURPOSES.—The purposes of the Foundation
5 shall be—

6 (1) to advance the research mission of the De-
7 partment by supporting agricultural research activi-
8 ties focused on addressing key problems of national
9 and international significance including—

10 (A) plant health, production, and plant
11 products;

12 (B) animal health, production, and prod-
13 ucts;

14 (C) food safety, nutrition, and health;

15 (D) renewable energy, natural resources,
16 and the environment;

17 (E) agricultural and food security;

18 (F) agriculture systems and technology;

19 and

20 (G) agriculture economics and rural com-
21 munities; and

22 (2) to foster collaboration with agricultural re-
23 searchers from the Federal Government, institutions
24 of higher education, industry, and nonprofit organi-
25 zations.

1 (d) DUTIES.—

2 (1) IN GENERAL.—The Foundation shall—

3 (A) award grants to, or enter into con-
4 tracts, memoranda of understanding, or cooper-
5 ative agreements with, scientists and entities,
6 which may include agricultural research agen-
7 cies in the Department, university consortia,
8 public-private partnerships, institutions of high-
9 er education, nonprofit organizations, and in-
10 dustry, to efficiently and effectively advance the
11 goals and priorities of the Foundation;

12 (B) in consultation with the Secretary—

13 (i) identify existing and proposed Fed-
14 eral intramural and extramural research
15 and development programs relating to the
16 purposes of the Foundation described in
17 subsection (c); and

18 (ii) coordinate Foundation activities
19 with those programs so as to minimize du-
20 plication of existing efforts;

21 (C) identify unmet and emerging agricul-
22 tural research needs after reviewing the Road-
23 map for Agricultural Research, Education and
24 Extension as required by section 7504 of the

1 Food, Conservation, and Energy Act of 2008 (7
2 U.S.C. 7614a);

3 (D) facilitate technology transfer and re-
4 lease of information and data gathered from the
5 activities of the Foundation to the agricultural
6 research community;

7 (E) promote and encourage the develop-
8 ment of the next generation of agricultural re-
9 search scientists; and

10 (F) carry out such other activities as the
11 Board determines to be consistent with the pur-
12 poses of the Foundation.

13 (2) AUTHORITY.—The Foundation shall be the
14 sole entity responsible for carrying out the activities
15 described in this subsection.

16 (3) RELATIONSHIP TO OTHER ACTIVITIES.—
17 The activities described in paragraph (1) shall be
18 supplemental to any other activities at the Depart-
19 ment and shall not preempt any authority or respon-
20 sibility of the Department under another provision
21 of law.

22 (e) BOARD OF DIRECTORS.—

23 (1) ESTABLISHMENT.—The Foundation shall
24 be governed by a Board of Directors.

25 (2) COMPOSITION.—

1 (A) IN GENERAL.—The Board shall be
2 composed of appointed and ex-officio, nonvoting
3 members.

4 (B) EX-OFFICIO MEMBERS.—The ex-officio
5 members of the Board shall be the following in-
6 dividuals or designees:

7 (i) The Secretary.

8 (ii) The Under Secretary of Agri-
9 culture for Research, Education, and Eco-
10 nomics.

11 (iii) The Administrator of the Agricul-
12 tural Research Service.

13 (iv) The Director of the National In-
14 stitute of Food and Agriculture.

15 (v) The Director of the National
16 Science Foundation.

17 (C) APPOINTED MEMBERS.—

18 (i) IN GENERAL.—The ex-officio mem-
19 bers of the Board under subparagraph (B)
20 shall, by majority vote, appoint to the
21 Board 15 individuals, of whom—

22 (I) 8 shall be selected from a list
23 of candidates to be provided by the
24 National Academy of Sciences; and

1 (II) 7 shall be selected from lists
2 of candidates provided by industry.

3 (ii) REQUIREMENTS.—

4 (I) EXPERTISE.—The ex-officio
5 members shall ensure that a majority
6 of the members of the Board have ac-
7 tual experience in agricultural re-
8 search and, to the extent practicable,
9 represent diverse sectors of agri-
10 culture.

11 (II) LIMITATION.—No employee
12 of the Federal Government may serve
13 as an appointed member of the Board
14 under this subparagraph.

15 (III) NOT FEDERAL EMPLOY-
16 MENT.—Appointment to the Board
17 under this subparagraph shall not
18 constitute Federal employment.

19 (iii) AUTHORITY.—All appointed
20 members of the Board shall be voting
21 members.

22 (D) CHAIR.—The Board shall, from among
23 the members of the Board, designate an indi-
24 vidual to serve as Chair of the Board.

1 (3) INITIAL MEETING.—Not later than 60 days
2 after the date of enactment of this Act, the Sec-
3 retary shall convene a meeting of the ex-officio mem-
4 bers of the Board—

5 (A) to incorporate the Foundation; and

6 (B) to appoint the members of the Board
7 in accordance with paragraph (2)(C)(i).

8 (4) DUTIES.—

9 (A) IN GENERAL.—The Board shall—

10 (i) establish bylaws for the Founda-
11 tion that, at a minimum, include—

12 (I) policies for the selection of fu-
13 ture Board members, officers, employ-
14 ees, agents, and contractors of the
15 Foundation;

16 (II) policies, including ethical
17 standards, for—

18 (aa) the acceptance, sollicita-
19 tion, and disposition of donations
20 and grants to the Foundation;
21 and

22 (bb) the disposition of assets
23 of the Foundation, including ap-
24 propriate limits on the ability of
25 donors to designate, by stipula-

1 tion or restriction, the use or re-
2 cipient of donated funds;

3 (III) policies that would subject
4 all employees, fellows, trainees, and
5 other agents of the Foundation (in-
6 cluding members of the Board) to the
7 conflict of interest standards under
8 section 208 of title 18, United States
9 Code;

10 (IV) policies for writing, editing,
11 printing, publishing, and vending of
12 books and other materials;

13 (V) policies for the conduct of
14 the general operations of the Founda-
15 tion, including a cap on administrative
16 expenses for recipients of a grant,
17 contract, or cooperative agreement
18 from the Foundation; and

19 (VI) specific duties for the Exec-
20 utive Director;

21 (ii) prioritize and provide overall di-
22 rection for the activities of the Foundation;

23 (iii) evaluate the performance of the
24 Executive Director; and

1 (iv) carry out any other necessary ac-
2 tivities regarding the Foundation.

3 (B) ESTABLISHMENT OF BYLAWS.—In es-
4 tablishing bylaws under subparagraph (A)(i),
5 the Board shall ensure that the bylaws do
6 not—

7 (i) reflect unfavorably on the ability of
8 the Foundation to carry out the duties of
9 the Foundation in a fair and objective
10 manner; or

11 (ii) compromise, or appear to com-
12 promise, the integrity of any governmental
13 agency or program, or any officer or em-
14 ployee employed by or involved in a govern-
15 mental agency or program.

16 (5) TERMS AND VACANCIES.—

17 (A) TERMS.—

18 (i) IN GENERAL.—The term of each
19 member of the Board appointed under
20 paragraph (2)(C) shall be 5 years.

21 (ii) PARTIAL TERMS.—If a member of
22 the Board does not serve the full term ap-
23 plicable under clause (i), the individual ap-
24 pointed to fill the resulting vacancy shall

1 be appointed for the remainder of the term
2 of the predecessor of the individual.

3 (iii) TRANSITION.—A member of the
4 Board may continue to serve after the ex-
5 piration of the term of the member until a
6 successor is appointed.

7 (B) VACANCIES.—Any vacancy in the
8 membership of the Board shall be filled in the
9 manner in which the original position was made
10 and shall not affect the power of the remaining
11 members to execute the duties of the Board.

12 (6) COMPENSATION.—Members of the Board
13 may not receive compensation for service on the
14 Board but may be reimbursed for travel, subsist-
15 ence, and other necessary expenses incurred in car-
16 rying out the duties of the Board.

17 (7) MEETINGS AND QUORUM.—A majority of
18 the members of the Board shall constitute a quorum
19 for purposes of conducting business of the Board.

20 (f) ADMINISTRATION.—

21 (1) EXECUTIVE DIRECTOR.—

22 (A) IN GENERAL.—The Board shall hire
23 an Executive Director who shall carry out such
24 duties and responsibilities as the Board may
25 prescribe.

1 (B) SERVICE.—The Executive Director
2 shall serve at the pleasure of the Board.

3 (2) ADMINISTRATIVE POWERS.—

4 (A) IN GENERAL.—In carrying out this
5 section, the Board, acting through the Execu-
6 tive Director, may—

7 (i) adopt, alter, and use a corporate
8 seal, which shall be judicially noticed;

9 (ii) hire, promote, compensate, and
10 discharge 1 or more officers, employees,
11 and agents, as may be necessary, and de-
12 fine the duties of the officers, employees,
13 and agents;

14 (iii) solicit and accept any funds,
15 gifts, grants, devises, or bequests of real or
16 personal property made to the Foundation,
17 including such support from private enti-
18 ties;

19 (iv) prescribe the manner in which—

20 (I) real or personal property of
21 the Foundation is acquired, held, and
22 transferred;

23 (II) general operations of the
24 Foundation are to be conducted; and

1 (III) the privileges granted to the
2 Board by law are exercised and en-
3 joyed;

4 (v) with the consent of the applicable
5 executive department or independent agen-
6 cy, use the information, services, and facili-
7 ties of the department or agency in car-
8 rying out this section;

9 (vi) enter into contracts with public
10 and private organizations for the writing,
11 editing, printing, and publishing of books
12 and other material;

13 (vii) hold, administer, invest, and
14 spend any gift, devise, or bequest of real or
15 personal property made to the Foundation;

16 (viii) enter into such contracts, leases,
17 cooperative agreements, and other trans-
18 actions as the Board considers appropriate
19 to conduct the activities of the Foundation;

20 (ix) modify or consent to the modifica-
21 tion of any contract or agreement to which
22 the Foundation is a party or in which the
23 Foundation has an interest;

24 (x) take such action as may be nec-
25 essary to obtain patents and licenses for

1 devices and procedures developed by the
2 Foundation and employees of the Founda-
3 tion;

4 (xi) sue and be sued in the corporate
5 name of the Foundation, and complain and
6 defend in courts of competent jurisdiction;

7 (xii) appoint other groups of advisors
8 as may be determined necessary to carry
9 out the functions of the Foundation; and

10 (xiii) exercise such other incidental
11 powers as are necessary to carry out the
12 duties and functions of the Foundation in
13 accordance with this section

14 (B) LIMITATION.—No appointed member
15 of the Board or officer or employee of the
16 Foundation or of any program established by
17 the Foundation (other than ex-officio members
18 of the Board) shall exercise administrative con-
19 trol over any Federal employee

20 (3) RECORDS.—

21 (A) AUDITS.—The Foundation shall—

22 (i) provide for annual audits of the fi-
23 nancial condition of the Foundation; and

24 (ii) make the audits, and all other
25 records, documents, and other papers of

1 the Foundation, available to the Secretary
2 and the Comptroller General of the United
3 States for examination or audit.

4 (B) REPORTS.—

5 (i) ANNUAL REPORT ON FOUNDATION.—
6

7 (I) IN GENERAL.—Not later than
8 5 months following the end of each
9 fiscal year, the Foundation shall pub-
10 lish a report for the preceding fiscal
11 year that includes—

12 (aa) a description of Foun-
13 dation activities, including ac-
14 complishments; and

15 (bb) a comprehensive state-
16 ment of the operations and finan-
17 cial condition of the Foundation.

18 (II) FINANCIAL CONDITION.—

19 Each report under subclause (I) shall
20 include a description of all gifts or
21 grants to the Foundation of real or
22 personal property or money, which
23 shall include—

24 (aa) the source of the gifts
25 or grants; and

801

1 (bb) any restrictions on the
2 purposes for which the gift or
3 grant may be used.

4 (III) AVAILABILITY.—The Foun-
5 dation shall—

6 (aa) make copies of each re-
7 port submitted under subclause
8 (I) available for public inspection;
9 and

10 (bb) on request, provide a
11 copy of the report to any indi-
12 vidual.

13 (IV) PUBLIC MEETING.—The
14 Board shall hold an annual public
15 meeting to summarize the activities of
16 the Foundation.

17 (ii) GRANT REPORTING.—Any recipi-
18 ent of a grant under subsection (d)(1)(A)
19 shall provide the Foundation with a report
20 at the conclusion of any research or studies
21 conducted that describes the results of the
22 research or studies, including any data
23 generated.

24 (4) INTEGRITY.—

1 (A) IN GENERAL.—To ensure integrity in
2 the operations of the Foundation, the Board
3 shall develop and enforce procedures relating to
4 standards of conduct, financial disclosure state-
5 ments, conflict of interest (including recusal
6 and waiver rules), audits, and any other mat-
7 ters determined appropriate by the Board.

8 (B) FINANCIAL CONFLICTS OF INTER-
9 EST.—Any individual who is an officer, em-
10 ployee, or member of the Board is prohibited
11 from any participation in deliberations by the
12 Foundation of a matter that would directly or
13 predictably affect any financial interest of—

14 (i) the individual;

15 (ii) a relative (as defined in section
16 109 of the Ethics in Government Act of
17 1978 (5 U.S.C. App.)) of that individual;
18 or

19 (iii) a business organization or other
20 entity in which the individual has an inter-
21 est, including an organization or other en-
22 tity with which the individual is negoti-
23 ating employment.

24 (5) INTELLECTUAL PROPERTY.—The Board
25 shall adopt written standards to govern ownership of

1 any intellectual property rights derived from the col-
2 laborative efforts of the Foundation.

3 (6) LIABILITY.—The United States shall not be
4 liable for any debts, defaults, acts, or omissions of
5 the Foundation nor shall the full faith and credit of
6 the United States extend to any obligations of the
7 Foundation.

8 (g) FUNDS.—

9 (1) MANDATORY FUNDING.—

10 (A) IN GENERAL.—On October 1, 2012, of
11 the funds of the Commodity Credit Corporation,
12 the Secretary shall transfer to the Foundation
13 to carry out this section \$100,000,000, to re-
14 main available until expended under the condi-
15 tions described in subparagraph (B).

16 (B) CONDITIONS ON EXPENDITURE.—The
17 Foundation may use the funds made available
18 under subparagraph (A) to carry out the pur-
19 poses of the Foundation only to the extent that
20 the Foundation secures an equal amount of
21 non-Federal matching funds for each expendi-
22 ture.

23 (C) PROHIBITION ON CONSTRUCTION.—
24 None of the funds made available under sub-
25 paragraph (A) may be used for construction.

1 (2) SEPARATION OF FUNDS.—The Executive
2 Director shall ensure that any funds received under
3 paragraph (1) or (2) are held in separate accounts
4 from funds received from nongovernmental entities
5 as described in subsection (f)(2)(A)(iii).

6 **TITLE VIII—FORESTRY**
7 **Subtitle A—Repeal of Certain**
8 **Forestry Programs**

9 **SEC. 8001. FOREST LAND ENHANCEMENT PROGRAM.**

10 (a) REPEAL.—Section 4 of the Cooperative Forestry
11 Assistance Act of 1978 (16 U.S.C. 2103) is repealed.

12 (b) CONFORMING AMENDMENT.—Section 8002 of the
13 Farm Security and Rural Investment Act of 2002 (Public
14 Law 107–171; 16 U.S.C. 2103 note) is amended by strik-
15 ing subsection (a).

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall take effect on October 1, 2012.

18 **SEC. 8002. WATERSHED FORESTRY ASSISTANCE PROGRAM.**

19 (a) REPEAL.—Section 6 of the Cooperative Forestry
20 Assistance Act of 1978 (16 U.S.C. 2103b) is repealed.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall take effect on October 1, 2012.

1 **SEC. 8003. EXPIRED COOPERATIVE NATIONAL FOREST**
2 **PRODUCTS MARKETING PROGRAM.**

3 Section 18 of the Cooperative Forestry Assistance
4 Act of 1978 (16 U.S.C. 2112) is repealed.

5 **SEC. 8004. HISPANIC-SERVING INSTITUTION AGRICUL-**
6 **TURAL LAND NATIONAL RESOURCES LEAD-**
7 **ERSHIP PROGRAM.**

8 (a) REPEAL.—Section 8402 of the Food, Conserva-
9 tion, and Energy Act of 2008 (16 U.S.C. 1649a) is re-
10 pealed.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall take effect on October 1, 2012.

13 **SEC. 8005. TRIBAL WATERSHED FORESTRY ASSISTANCE**
14 **PROGRAM.**

15 (a) REPEAL.—Section 303 of the Healthy Forests
16 Restoration Act of 2003 (16 U.S.C. 6542) is repealed.

17 (b) EFFECTIVE DATE.—The amendment made by
18 this section shall take effect on October 1, 2012.

19 **Subtitle B—Reauthorization of Co-**
20 **operative Forestry Assistance**
21 **Act of 1978 Programs**

22 **SEC. 8101. FOREST LEGACY PROGRAM.**

23 Section 7 of the Cooperative Forestry Assistance Act
24 of 1978 (16 U.S.C. 2103e) is amended by striking sub-
25 section (m) and inserting the following:

1 “(m) AUTHORIZATION OF APPROPRIATIONS.—To
2 carry out this section, there are authorized to be appro-
3 priated—

4 “(1) such sums as are necessary for fiscal year
5 2012; and

6 “(2) \$55,000,000 for each of fiscal years 2013
7 through 2017.”.

8 **SEC. 8102. COMMUNITY FOREST AND OPEN SPACE CON-**
9 **SERVATION PROGRAM.**

10 Section 7A of the Cooperative Forestry Assistance
11 Act of 1978 (16 U.S.C. 2103d) is amended by striking
12 subsection (g) and inserting the following:

13 “(g) AUTHORIZATION OF APPROPRIATIONS.—To
14 carry out this section, there are authorized to be appro-
15 priated—

16 “(1) such sums as are necessary for fiscal year
17 2012; and

18 “(2) \$1,500,000 for each of fiscal years 2013
19 through 2017.”.

20 **Subtitle C—Reauthorization of**
21 **Other Forestry-related Laws**

22 **SEC. 8201. RURAL REVITALIZATION TECHNOLOGIES.**

23 Section 2371(d)(2) of the Food, Agriculture, Con-
24 servation, and Trade Act of 1990 (7 U.S.C. 6601(d)(2))
25 is amended by striking “2012” and inserting “2017”.

1 **SEC. 8202. OFFICE OF INTERNATIONAL FORESTRY.**

2 Section 2405 of the Global Climate Change Preven-
3 tion Act of 1990 (7 U.S.C. 6704) is amended by striking
4 subsection (d) and inserting the following:

5 “(d) AUTHORIZATION OF APPROPRIATIONS.—To
6 carry out this section, there are authorized to be appro-
7 priated—

8 “(1) such sums as are necessary for each of fis-
9 cal years 1996 through 2012; and

10 “(2) \$6,000,000 for each of fiscal years 2013
11 through 2017.”.

12 **SEC. 8203. INSECT INFESTATIONS AND RELATED DISEASES.**

13 Section 406 of the Healthy Forests Restoration Act
14 of 2003 (16 U.S.C. 6556) is amended by striking “2008”
15 and inserting “2017”.

16 **SEC. 8204. CHANGE IN FUNDING SOURCE FOR HEALTHY
17 FORESTS RESERVE PROGRAM.**

18 Section 508 of the Healthy Forests Restoration Act
19 of 2003 (16 U.S.C. 6578) is amended—

20 (1) in subsection (a), by striking “IN GEN-
21 ERAL” and inserting “FISCAL YEARS 2009
22 THROUGH 2012”;

23 (2) by redesignating subsection (b) as sub-
24 section (d); and

25 (3) by inserting after subsection (a) the fol-
26 lowing:

1 “(b) FISCAL YEARS 2013 THROUGH 2017.—There is
2 authorized to be appropriated to the Secretary of Agri-
3 culture to carry out this section \$9,750,000 for each of
4 fiscal years 2013 through 2017.

5 “(c) ADDITIONAL SOURCE OF FUNDS.—In addition
6 to funds appropriated pursuant to the authorization of ap-
7 propriations in subsection (b) for a fiscal year, the Sec-
8 retary may use such amount of the funds appropriated
9 for that fiscal year to carry out the Soil Conservation and
10 Domestic Allotment Act (16 U.S.C. 590a et seq.) as the
11 Secretary determines necessary to cover the cost of tech-
12 nical assistance, management, and enforcement respon-
13 sibilities for land enrolled in the healthy forests reserve
14 program pursuant to subsections (a) and (b) of section
15 504.”.

16 **SEC. 8205. STEWARDSHIP END RESULT CONTRACTING**
17 **PROJECTS.**

18 (a) IN GENERAL.—Title VI of the Healthy Forests
19 Restoration Act of 2003 (16 U.S.C. 6591) is amended by
20 adding at the end the following:

21 **“SEC. 602. STEWARDSHIP END RESULT CONTRACTING**
22 **PROJECTS.**

23 “(a) DEFINITIONS.—In this section:

24 “(1) CHIEF.—The term ‘Chief’ means the Chief
25 of the Forest Service.

1 “(2) DIRECTOR.—The term ‘Director’ means
2 the Director of the Bureau of Land Management.

3 “(b) PROJECTS.—The Chief and the Director, via
4 agreement or contract as appropriate, may enter into
5 stewardship contracting projects with private persons or
6 other public or private entities to perform services to
7 achieve land management goals for the national forests
8 and the public lands that meet local and rural community
9 needs.

10 “(c) LAND MANAGEMENT GOALS.—The land man-
11 agement goals of a project under subsection (b) may in-
12 clude—

13 “(1) road and trail maintenance or obliteration
14 to restore or maintain water quality;

15 “(2) soil productivity, habitat for wildlife and
16 fisheries, or other resource values;

17 “(3) setting of prescribed fires to improve the
18 composition, structure, condition, and health of
19 stands or to improve wildlife habitat;

20 “(4) removing vegetation or other activities to
21 promote healthy forest stands, reduce fire hazards,
22 or achieve other land management objectives;

23 “(5) watershed restoration and maintenance;

24 “(6) restoration and maintenance of wildlife
25 and fish; or

1 “(7) control of noxious and exotic weeds and re-
2 establishing.

3 “(d) AGREEMENTS OR CONTRACTS.—

4 “(1) PROCUREMENT PROCEDURE.—A source
5 for performance of an agreement or contract under
6 subsection (b) shall be selected on a best-value basis,
7 including consideration of source under other public
8 and private agreements or contracts.

9 “(2) CONTRACT FOR SALE OF PROPERTY.—A
10 contract entered into under this section may, at the
11 discretion of the Secretary of Agriculture, be consid-
12 ered a contract for the sale of property under such
13 terms as the Secretary may prescribe without regard
14 to any other provision of law.

15 “(3) TERM.—

16 “(A) IN GENERAL.—Except as provided in
17 subparagraph (B), the Chief and the Director
18 may enter into a contract under subsection (b)
19 in accordance with section 3903 of title 41,
20 United States Code.

21 “(B) MAXIMUM.—The period of the con-
22 tract under subsection (b) may exceed 5 years
23 but may not exceed 10 years.

24 “(4) OFFSETS.—

1 “(A) IN GENERAL.—The Chief and the Di-
2 rector may apply the value of timber or other
3 forest products removed as an offset against the
4 cost of services received under the agreement or
5 contract described in subsection (b).

6 “(B) METHODS OF APPRAISAL.—The value
7 of timber or other forest products used as an
8 offset under subparagraph (A)—

9 “(i) shall be determined using appro-
10 priate methods of appraisal commensurate
11 with the quantity of products to be re-
12 moved; and

13 “(ii) may—

14 “(I) be determined using a unit
15 of measure appropriate to the con-
16 tracts; and

17 “(II) may include valuing prod-
18 ucts on a per-acre basis.

19 “(5) RELATION TO OTHER LAWS.—Notwith-
20 standing subsections (d) and (g) of section 14 of the
21 National Forest Management Act of 1976 (16
22 U.S.C. 472a), the Chief may enter into an agree-
23 ment or contract under subsection (b).

24 “(6) CONTRACTING OFFICER.—Notwithstanding
25 any other provision of law, the Secretary or the Sec-

1 retary of the Interior may determine the appropriate
2 contracting officer to enter into and administer an
3 agreement or contract under subsection (b).

4 “(e) RECEIPTS.—

5 “(1) IN GENERAL.—The Chief and the Director
6 may collect monies from an agreement or contract
7 under subsection (b) if the collection is a secondary
8 objective of negotiating the contract that will best
9 achieve the purposes of this section.

10 “(2) USE.—Monies from an agreement or con-
11 tract under subsection (b)—

12 “(A) may be retained by the Chief and the
13 Director; and

14 “(B) shall be available for expenditure
15 without further appropriation at the project site
16 from which the monies are collected or at an-
17 other project site.

18 “(3) RELATION TO OTHER LAWS.—

19 “(A) IN GENERAL.—Notwithstanding any
20 other provision of law, the value of services re-
21 ceived by the Chief or the Director under a
22 stewardship contract project conducted under
23 this section, and any payments made or re-
24 sources provided by the contractor, Chief, or
25 Director shall not be considered monies received

1 from the National Forest System or the public
2 lands.

3 “(B) KNUTSON-VANDERBERG ACT.—The
4 Act of June 9, 1930 (commonly known as the
5 ‘Knutson-Vanderberg Act’) (16 U.S.C. 576 et
6 seq.) shall not apply to any agreement or con-
7 tract under subsection (b).

8 “(f) COSTS OF REMOVAL.—Notwithstanding the fact
9 that a contractor did not harvest the timber, the Chief
10 may collect deposits from a contractor covering the costs
11 of removal of timber or other forest products under—

12 “(1) the Act of August 11, 1916 (16 U.S.C.
13 490); and

14 “(2) and the Act of June 30, 1914 (16 U.S.C.
15 498).

16 “(g) PERFORMANCE AND PAYMENT GUARANTEES.—

17 “(1) IN GENERAL.—The Chief and the Director
18 may require performance and payment bonds under
19 sections 28.103–2 and 28.103–3 of the Federal Ac-
20 quisition Regulation, in an amount that the con-
21 tracting officer considers sufficient to protect the in-
22 vestment in receipts by the Federal Government
23 generated by the contractor from the estimated
24 value of the forest products to be removed under a
25 contract under subsection (b).

1 “(2) EXCESS OFFSET VALUE.—If the offset
2 value of the forest products exceeds the value of the
3 resource improvement treatments, the Chief and the
4 Director may—

5 “(A) collect any residual receipts under the
6 Act of June 9, 1930 (commonly known as the
7 ‘Knutson-Vanderberg Act’) (16 U.S.C. 576 et
8 seq.); and

9 “(B) apply the excess to other authorized
10 stewardship projects.

11 “(h) MONITORING AND EVALUATION.—

12 “(1) IN GENERAL.—The Chief and the Director
13 shall establish a multiparty monitoring and evalua-
14 tion process that accesses the stewardship con-
15 tracting projects conducted under this section.

16 “(2) PARTICIPANTS.—Other than the Chief and
17 Director, participants in the process described in
18 paragraph (1) may include—

19 “(A) any cooperating governmental agen-
20 cies, including tribal governments; and

21 “(B) any other interested groups or indi-
22 viduals.

23 “(i) REPORTING.—Not later than 1 year after the
24 date of enactment of this section, and annually thereafter,
25 the Chief and the Director shall report to the Committee

1 on Agriculture, Nutrition, and Forestry of the Senate and
2 the Committee on Agriculture of the House of Representa-
3 tives on—

4 “(1) the status of development, execution, and
5 administration of agreements or contracts under
6 subsection (b);

7 “(2) the specific accomplishments that have re-
8 sulted; and

9 “(3) the role of local communities in the devel-
10 opment of agreements or contract plans.”.

11 (b) CONFORMING AMENDMENT.—Section 347 of the
12 Department of the Interior and Related Agencies Appro-
13 priations Act, 1999 (16 U.S.C. 2104 note; Public Law
14 105–277) is repealed.

15 **Subtitle D—Miscellaneous**

16 **Provisions**

17 **SEC. 8301. MCINTIRE-STENNIS COOPERATIVE FORESTRY**

18 **ACT.**

19 (a) 1890 WAIVERS.—Section 4 of Public Law 87–
20 788 (commonly known as the “McIntire-Stennis Coopera-
21 tive Forestry Act”) (16 U.S.C. 582a–3) is amended by
22 inserting “The matching funds requirement shall not be
23 applicable to eligible 1890 Institutions (as defined in sec-
24 tion 2 of the Agricultural Research, Extension, and Edu-
25 cation Reform Act of 1998 (7 U.S.C. 7601)) if the alloca-

1 tion is below \$200,000.” before “The Secretary is author-
2 ized” in the second sentence.

3 (b) PARTICIPATION.—Section 8 of Public Law 87–
4 788 (commonly known as the “McIntire-Stennis Cooper-
5 ative Forestry Act”) (16 U.S.C. 582a–7) is amended by
6 inserting ‘the Federated States of Micronesia, American
7 Samoa, the Northern Mariana Islands,’ before ‘and
8 Guam’ ”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section take effect on October 1, 2012.

11 **SEC. 8302. REVISION OF STRATEGIC PLAN FOR FOREST IN-**
12 **VENTORY AND ANALYSIS.**

13 (a) REVISION REQUIRED.—Not later than 180 days
14 after the date of enactment of this Act, the Secretary of
15 Agriculture shall revise the strategic plan for forest inven-
16 tory and analysis initially prepared pursuant to section
17 3(e) of the Forest and Rangeland Renewable Resources
18 Research Act of 1978 (16 U.S.C. 1642(e)) to address the
19 requirements imposed by subsection (b).

20 (b) ELEMENTS OF REVISED STRATEGIC PLAN.—In
21 revising the strategic plan, the Secretary of Agriculture
22 shall describe in detail the organization, procedures, and
23 funding needed to achieve each of the following:

1 (1) Complete the transition to a fully
2 annualized forest inventory program and include in-
3 ventory and analysis of interior Alaska.

4 (2) Implement an annualized inventory of trees
5 in urban settings, including the status and trends of
6 trees and forests, and assessments of their eco-
7 system services, values, health, and risk to pests and
8 diseases.

9 (3) Report information on renewable biomass
10 supplies and carbon stocks at the local, State, re-
11 gional, and national level, including by ownership
12 type.

13 (4) Engage State foresters and other users of
14 information from the forest inventory and analysis
15 in reevaluating the list of core data variables col-
16 lected on forest inventory and analysis plots with an
17 emphasis on demonstrated need.

18 (5) Improve the timeliness of the timber prod-
19 uct output program and accessibility of the
20 annualized information on that database.

21 (6) Foster greater cooperation among the forest
22 inventory and analysis program, research station
23 leaders, and State foresters and other users of infor-
24 mation from the forest inventory and analysis.

1 (7) Availability of and access to non-Federal re-
2 sources to improve information analysis and infor-
3 mation management.

4 (8) Collaborate with the Natural Resources
5 Conservation Service, National Aeronautics and
6 Space Administration, National Oceanic and Atmos-
7 pheric Administration, and United States Geological
8 Survey to integrate remote sensing, spatial analysis
9 techniques, and other new technologies in the forest
10 inventory and analysis program.

11 (9) Understand and report on changes in land
12 cover and use.

13 (10) Expand existing programs to promote sus-
14 tainable forest stewardship through increased under-
15 standing, in partnership with other Federal agencies,
16 of the over 10 million family forest owners, their de-
17 mographics, and the barriers to forest stewardship.

18 (11) Implement procedures to improve the sta-
19 tistical precision of estimates at the sub-State level.

20 (c) SUBMISSION OF REVISED STRATEGIC PLAN.—

21 The Secretary of Agriculture shall submit the revised stra-
22 tegic plan to the Committee on Agriculture of the House
23 of Representatives and the Committee on Agriculture, Nu-
24 trition, and Forestry of the Senate.

1 **TITLE IX—ENERGY**

2 **SEC. 9001. DEFINITION OF RENEWABLE CHEMICAL.**

3 Section 9001 of the Farm Security and Rural Invest-
4 ment Act of 2002 (7 U.S.C. 8101) is amended—

5 (1) by redesignating paragraphs (13) and (14)
6 as paragraphs (14) and (15) respectively; and

7 (2) by inserting after paragraph (12) the fol-
8 lowing:

9 “(13) RENEWABLE CHEMICAL.—The term ‘re-
10 newable chemical’ means a monomer, polymer, plas-
11 tic, formulated product, or chemical substance pro-
12 duced from renewable biomass.”.

13 **SEC. 9002. BIOBASED MARKETS PROGRAM.**

14 (a) IN GENERAL.—Section 9002 of the Farm Secu-
15 rity and Rural Investment Act of 2002 (7 U.S.C. 8102)
16 is amended—

17 (1) in subsection (a)—

18 (A) in paragraph (2)(A)(i)—

19 (i) in subclause (I), by striking “and”
20 at the end;

21 (ii) in subclause (II)(bb), by striking
22 the period at the end and inserting “;
23 and”; and

24 (iii) by adding at the end the fol-
25 lowing:

1 “(III) establish a targeted
2 biobased-only procurement require-
3 ment under which the procuring agen-
4 cy shall issue a certain number of
5 biobased-only contracts when the pro-
6 curing agency is purchasing products,
7 or purchasing services that include the
8 use of products, that are included in
9 a biobased product category des-
10 ignated by the Secretary.”; and

11 (B) in paragraph (3)—

12 (i) in subparagraph (B)—

13 (I) in clause (v), by inserting “as
14 determined to be necessary by the
15 Secretary based on the availability of
16 data,” before “provide information”;

17 (II) by redesignating clauses (v)
18 and (vi) as clauses (vii) and (viii), re-
19 spectively; and

20 (III) by inserting after clause (iv)
21 the following:

22 “(v) require reporting of quantities
23 and types of biobased products purchased
24 by procuring agencies;

1 “(vi) focus on products that apply an
2 innovative approach to growing, har-
3 vesting, procuring, processing, or manufac-
4 turing biobased products;” and

5 (ii) by adding at the end the fol-
6 lowing:

7 “(F) REQUIRED DESIGNATIONS.—Not
8 later than 1 year after the date of enactment of
9 this subparagraph, the Secretary shall begin to
10 designate intermediate ingredients or feedstocks
11 and assembled and finished biobased products
12 in the guidelines issued under this paragraph.”;

13 (2) in subsection (b)—

14 (A) in paragraph (3)—

15 (i) by striking “The Secretary” and
16 inserting the following:

17 “(A) IN GENERAL.—The Secretary”; and

18 (ii) by adding at the end the fol-
19 lowing:

20 “(B) AUDITING AND COMPLIANCE.—The
21 Secretary may carry out such auditing and
22 compliance activities as the Secretary deter-
23 mines to be necessary to ensure compliance
24 with subparagraph (A).”; and

25 (B) by adding at the end the following:

1 “(C) partner with industry and nonprofit
2 groups to produce educational and outreach
3 materials and conduct educational and outreach
4 events;

5 “(D) sponsor special conferences and
6 events to bring together buyers and sellers of
7 biobased products; and

8 “(E) support pilot and demonstration
9 projects.”;

10 (5) in subsection (h) (as redesignated by para-
11 graph (3))—

12 (A) in paragraph (2)—

13 (i) in the matter preceding subpara-
14 graph (A) by striking “The report” and in-
15 sserting “Each report under paragraph
16 (1)”;

17 (ii) in subparagraph (A), by striking
18 “and” at the end;

19 (iii) in subparagraph (B)(ii), by strik-
20 ing the period at the end and inserting a
21 semicolon; and

22 (iv) by adding at the end the fol-
23 lowing:

24 “(C) the progress made by other Federal
25 agencies in compliance with the biobased pro-

1 curement requirements, including the quantity
2 of purchases made; and

3 “(D) the status of outreach, educational,
4 and promotional activities carried out by the
5 Secretary under subsection (d), including the
6 attainment of specific milestones and overall re-
7 sults.”; and

8 (B) by adding at the end the following:

9 “(3) ECONOMIC IMPACT STUDY AND REPORT.—

10 “(A) IN GENERAL.—The Secretary shall
11 conduct a study to assess the economic impact
12 of the biobased products industry, including—

13 “(i) the quantity of biobased products
14 sold;

15 “(ii) the value of the biobased prod-
16 ucts;

17 “(iii) the quantity of jobs created;

18 “(iv) the quantity of petroleum dis-
19 placed;

20 “(v) other environmental benefits; and

21 “(vi) areas in which the use or manu-
22 facturing of biobased products could be
23 more effectively used, including identifying
24 any technical and economic obstacles and

1 recommending how those obstacles can be
2 overcome.

3 “(B) REPORT.—Not later than 180 days
4 after the date of enactment of this subpara-
5 graph, the Secretary shall submit to Congress a
6 report describing the results of the study con-
7 ducted under subparagraph (A).”.

8 (6) by inserting after subsection (g) (as redesign-
9 nated by paragraph (3)) the following:

10 “(h) FOREST PRODUCTS LABORATORY COORDINA-
11 TION.—In determining whether products are eligible for
12 the ‘USDA Certified Biobased Product’ label, the Sec-
13 retary (acting through the Forest Products Laboratory)
14 shall—

15 “(1) review and approve forest-related products
16 for which an application is submitted for the pro-
17 gram;

18 “(2) expedite the approval of innovative prod-
19 ucts resulting from technology developed by the For-
20 est Products Laboratory or partners of the Labora-
21 tory; and

22 “(3) provide appropriate technical assistance to
23 applicants, as determined by the Secretary.”; and

24 (7) in subsection (j) (as redesignated by para-
25 graph (3))—

1 (A) in the heading of paragraph (1), by in-
2 serting “FOR FISCAL YEARS 2008 THROUGH
3 2012” after “FUNDING”;

4 (B) in the heading of paragraph (2), by in-
5 serting “FOR FISCAL YEARS 2009 THROUGH
6 2012” after “FUNDING”; and

7 (C) by adding at the end the following:

8 “(3) FISCAL YEARS 2013 THROUGH 2017.—
9 There is authorized to be appropriated to carry out
10 this section \$2,000,000 for each of fiscal years 2013
11 through 2017.”.

12 (b) CONFORMING AMENDMENT.—Section
13 944(c)(2)(A) of the Energy Policy Act of 2005 (42 U.S.C.
14 16253(c)(2)(A)) is amended by striking “section
15 9002(h)(1)” and inserting “section 9002(b)”.

16 **SEC. 9003. BIOREFINERY, RENEWABLE CHEMICAL, AND**
17 **BIOBASED PRODUCT MANUFACTURING AS-**
18 **SISTANCE.**

19 (a) PROGRAM ADJUSTMENTS.—

20 (1) IN GENERAL.—Section 9003 of the Farm
21 Security and Rural Investment Act of 2002 (7
22 U.S.C. 8103) is amended—

23 (A) in the section heading, by inserting “,
24 **RENEWABLE CHEMICAL, AND BIOBASED**

1 **PRODUCT MANUFACTURING**” after “**BIO-**
2 **REFINERY**”;

3 (B) in subsection (a), in the matter pre-
4 ceding paragraph (1), by inserting “renewable
5 chemicals, and biobased product manufac-
6 turing” after “advanced biofuels,”; and

7 (C) in subsection (c)—

8 (i) in paragraph (1), by striking
9 “and” at the end;

10 (ii) in paragraph (2), by striking the
11 period at the end and inserting “; and”;
12 and

13 (iii) by adding at the end the fol-
14 lowing:

15 “(3) grants and loan guarantees to fund the de-
16 velopment and construction of renewable chemical
17 and biobased product manufacturing facilities.”.

18 (2) **EFFECTIVE DATE.**—The amendments made
19 by paragraph (1) shall take effect on October 1,
20 2012.

21 (b) **FUNDING.**—Section 9003(h) of the Farm Secu-
22 rity and Rural Investment Act of 2002 (7 U.S.C. 8103(h))
23 is amended—

1 (1) in the heading of paragraph (1), by insert-
2 ing “FOR FISCAL YEARS 2009 AND 2010” after
3 “FUNDING”;

4 (2) in the heading of paragraph (2), by insert-
5 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
6 “FUNDING”; and

7 (3) by adding at the end the following:

8 “(3) FISCAL YEARS 2013 THROUGH 2017.—
9 There is authorized to be appropriated to carry out
10 this section \$150,000,000 for each of fiscal years
11 2013 through 2017.”.

12 **SEC. 9004. REPEAL OF REPOWERING ASSISTANCE PRO-**
13 **GRAM AND TRANSFER OF REMAINING FUNDS.**

14 (a) REPEAL.—Subject to subsection (b), section 9004
15 of the Farm Security and Rural Investment Act of 2002
16 (7 U.S.C. 8104) is repealed.

17 (b) USE OF REMAINING FUNDING FOR RURAL EN-
18 ERGY FOR AMERICA PROGRAM.—Funds made available
19 pursuant to subsection (d) of section 9004 of the Farm
20 Security and Rural Investment Act of 2002 (7 U.S.C.
21 8104) that are unobligated on the day before the date of
22 enactment of this section shall—

23 (1) remain available until expended;

24 (2) be used by the Secretary of Agriculture to
25 carry out financial assistance for energy efficiency

1 improvements and renewable energy systems under
2 section 9007(a)(2) of the Farm Security and Rural
3 Investment Act of 2002 (7 U.S.C. 8107(a)(2)); and
4 (3) be in addition to any other funds made
5 available to carry out that program.

6 **SEC. 9005. BIOENERGY PROGRAM FOR ADVANCED**
7 **BIOFUELS.**

8 Section 9005(g) of the Farm Security and Rural In-
9 vestment Act of 2002 (7 U.S.C. 8105(c)) is amended—

10 (1) in the heading of paragraph (1), by insert-
11 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
12 “FUNDING”;

13 (2) in the heading of paragraph (2), by insert-
14 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
15 “FUNDING”;

16 (3) by redesignating paragraph (3) as para-
17 graph (4); and

18 (4) by inserting after paragraph (2) the fol-
19 lowing:

20 “(3) FISCAL YEARS 2013 THROUGH 2017.—
21 There is authorized to be appropriated to carry out
22 this section \$20,000,000 for each of fiscal years
23 2013 through 2017.”.

1 **SEC. 9006. BIODIESEL FUEL EDUCATION PROGRAM.**

2 Section 9006(d) of the Farm Security and Rural In-
3 vestment Act of 2002 (7 U.S.C. 8106(d)) is amended—

4 (1) by striking “(d) FUNDING.—Of the funds”
5 and inserting “(d) FUNDING.—

6 “(1) FISCAL YEARS 2008 THROUGH 2012.—Of
7 the funds”; and

8 (2) by adding at the end the following:

9 “(2) FISCAL YEARS 2013 THROUGH 2017.—

10 There is authorized to be appropriated to carry out
11 this section \$1,000,000 for each of fiscal years 2013
12 through 2017.”.

13 **SEC. 9007. RURAL ENERGY FOR AMERICA PROGRAM.**

14 (a) PROGRAM ADJUSTMENTS.—

15 (1) IN GENERAL.—Section 9007 of the Farm
16 Security and Rural Investment Act of 2002 (7
17 U.S.C. 8107) is amended—

18 (A) in subsection (b)(2)—

19 (i) in subparagraph (C), by striking
20 “and” at the end;

21 (ii) by redesignating subparagraph
22 (D) as subparagraph (E); and

23 (iii) by inserting after subparagraph
24 (C) the following:

1 “(D) a council (as defined in section 1528
2 of the Agriculture and Food Act of 1981 (16
3 U.S.C. 3451)); and”;

4 (B) in subsection (c)—

5 (i) by striking paragraph (3);

6 (ii) by redesignating paragraph (4) as
7 paragraph (3);

8 (iii) in paragraph (3) (as so redesign-
9 nated), by striking subparagraph (A) and
10 inserting the following:

11 “(A) GRANTS.—The amount of a grant
12 under this subsection shall not exceed the lesser
13 of—

14 “(i) \$500,000; and

15 “(ii) 25 percent of the cost of the ac-
16 tivity carried out using funds from the
17 grant.”; and

18 (iv) by adding at the end the fol-
19 lowing:

20 “(4) TIERED APPLICATION PROCESS.—

21 “(A) IN GENERAL.—In providing loan
22 guarantees and grants under this subsection,
23 the Secretary shall use a 3-tiered application
24 process that reflects the size of proposed
25 projects in accordance with this paragraph.

1 “(B) TIER 1.—The Secretary shall estab-
2 lish a separate application process for projects
3 for which the cost of the activity funded under
4 this subsection is not more than \$80,000.

5 “(C) TIER 2.—The Secretary shall estab-
6 lish a separate application process for projects
7 for which the cost of the activity funded under
8 this subsection is greater than \$80,000 but less
9 than \$200,000.

10 “(D) TIER 3.—The Secretary shall estab-
11 lish a separate application process for projects
12 for which the cost of the activity funded under
13 this subsection is equal to or greater than
14 \$200,000.

15 “(E) APPLICATION PROCESS.—The Sec-
16 retary shall establish an application, evaluation,
17 and oversight process that is the most sim-
18 plified for tier I projects and more comprehen-
19 sive for each subsequent tier.”.

20 (2) EFFECTIVE DATE.—The amendments made
21 by paragraph (1) shall take effect on October 1,
22 2012.

23 (b) FUNDING.—Section 9007(g) of the Farm Secu-
24 rity and Rural Investment Act of 2002 (7 U.S.C. 8107(g))
25 is amended—

1 (1) in the heading of paragraph (1), by insert-
2 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
3 “FUNDING”;

4 (2) in the heading of paragraph (2), by insert-
5 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
6 “FUNDING”;

7 (3) in the heading of paragraph (3), by insert-
8 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
9 “FUNDING”; and

10 (4) by adding at the end the following:

11 “(4) FISCAL YEARS 2013 THROUGH 2017.—
12 There is authorized to be appropriated to carry out
13 this section \$20,000,000 for each of fiscal years
14 2013 through 2017.”.

15 **SEC. 9008. BIOMASS RESEARCH AND DEVELOPMENT.**

16 Section 9008(h) of the Farm Security and Rural In-
17 vestment Act of 2002 (7 U.S.C. 8108(h)) is amended—

18 (1) in the heading of paragraph (1), by insert-
19 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
20 “FUNDING”;

21 (2) in the heading of paragraph (2), by insert-
22 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
23 “FUNDING”; and

24 (3) by adding at the end the following:

1 “(3) FISCAL YEARS 2013 THROUGH 2017.—
2 There is authorized to be appropriated to carry out
3 this section \$30,000,000 for each of fiscal years
4 2013 through 2017.”.

5 **SEC. 9009. FEEDSTOCK FLEXIBILITY PROGRAM FOR BIO-**
6 **ENERGY PRODUCERS.**

7 Section 9010(b) of the Farm Security and Rural In-
8 vestment Act of 2002 (7 U.S.C. 8110(b)) is amended—
9 (1) in paragraph (1)(A), by striking “2012”
10 and inserting “2017”; and
11 (2) in paragraph (2)(A), by striking “2012”
12 and inserting “2017”.

13 **SEC. 9010. BIOMASS CROP ASSISTANCE PROGRAM.**

14 Section 9011 of the Farm Security and Rural Invest-
15 ment Act of 2002 (7 U.S.C. 8111) is amended—
16 (1) in subsection (a)—
17 (A) in paragraphs (4)(B)(i) and (6)(B)(i),
18 by striking “or an amendment made by that
19 title” each place it appears and inserting “, title
20 I of the _____ Act of 2012, or an amend-
21 ment made by those titles”;
22 (B) in paragraph (5)(B)—
23 (i) in clause (iii), by striking the semi-
24 colon at the end and inserting “(other than
25 land under a contract expiring in the same

1 year as that land is offered for enrollment
2 in BCAP); or” before the semicolon at the
3 end; and

4 (ii) by striking clauses (iv) and (v)
5 and inserting the following:

6 “(iv) land enrolled in the agricultural
7 conservation easement program under sub-
8 title H of title XII of the Food Security
9 Act of 1985.”; and

10 (C) in paragraph (6)(B)—

11 (i) in clause (iii), by striking “or” at
12 the end;

13 (ii) in clause (iv), by striking the pe-
14 riod at the end and inserting “; or”; and

15 (iii) by adding at the end the fol-
16 lowing:

17 “(v) any woody material collected or
18 harvested outside of a BCAP project
19 area.”;

20 (2) in subsection (b)—

21 (A) by striking “Program to—” and all
22 that follows through “support the” in para-
23 graph (1) and inserting “Program to support
24 the”; and

1 (B) by striking “areas; and” and all that
2 follows through the end of paragraph (2) and
3 inserting “areas.”;

4 (3) in subsection (c)(5)—

5 (A) in subparagraph (C)(ii)—

6 (i) by striking subclause (III); and

7 (ii) by redesignating subclauses (IV)
8 and (V) as subclauses (III) and (IV), re-
9 spectively; and

10 (B) by adding at the end the following:

11 “(D) EXCLUSION.—The Secretary shall
12 not make any BCAP payments on land for
13 which payments are received under the con-
14 servation reserve program established under
15 subchapter B of chapter 1 of subtitle D of title
16 XII of the Food Security Act of 1985 (16
17 U.S.C. 3831 et seq.).”;

18 (4) by striking subsection (d);

19 (5) by redesignating subsections (e) and (f) as
20 subsections (d) and (e), respectively; and

21 (6) in subsection (e) (as so redesignated)—

22 (A) by striking “FUNDING.—Of the funds”
23 and inserting “FUNDING.—

24 “(1) FISCAL YEARS 2008 THROUGH 2012.—Of
25 the funds”; and

1 (B) adding at the end the following:

2 “(2) FISCAL YEARS 2013 THROUGH 2017.—

3 “(A) IN GENERAL.—Subject to subpara-
4 graph (B), there is authorized to be appro-
5 priated to carry out this section \$20,000,000
6 for each of fiscal years 2013 through 2017.

7 “(B) MULTIYEAR CONTRACTS.—

8 “(i) IN GENERAL.—For each
9 multiyear contract entered into by the Sec-
10 retary during a fiscal year under this sec-
11 tion, the Secretary shall ensure that suffi-
12 cient funds are reserved from the appro-
13 priation for that fiscal year to fully cover
14 all payments required by the contract for
15 all years of the contract.

16 “(ii) AVAILABILITY.—Funds shall be
17 available until expended under the terms of
18 the contract.”.

19 **SEC. 9011. REPEAL OF FOREST BIOMASS FOR ENERGY.**

20 Section 9012 of the Farm Security and Rural Invest-
21 ment Act of 2002 (7 U.S.C. 8112) is repealed.

22 **SEC. 9012. COMMUNITY WOOD ENERGY PROGRAM.**

23 Section 9013(e) of the Farm Security and Rural In-
24 vestment Act of 2002 (7 U.S.C. 8113(e)) is amended by

1 inserting before the period at the end “and \$2,000,000
2 for each of fiscal years 2013 through 2017”.

3 **SEC. 9013. REPEAL OF RENEWABLE FERTILIZER STUDY.**

4 Section 9003 of the Food, Conservation, and Energy
5 Act of 2008 (Public Law 110–246; 122 Stat. 2096) is re-
6 pealed.

7 **TITLE X—HORTICULTURE**

8 **SEC. 10001. SPECIALTY CROPS MARKET NEWS ALLOCATION.**

9 Section 10107(b) of the Food, Conservation, and En-
10 ergy Act of 2008 (7 U.S.C. 1622b(b)) is amended by strik-
11 ing “2012” and inserting “2017”.

12 **SEC. 10002. REPEAL OF GRANT PROGRAM TO IMPROVE**
13 **MOVEMENT OF SPECIALTY CROPS.**

14 Section 10403 of the Food, Conservation, and En-
15 ergy Act of 2008 (7 U.S.C. 1622c) is repealed.

16 **SEC. 10003. FARMERS MARKET AND LOCAL FOOD PRO-**
17 **MOTION PROGRAM.**

18 Section 6 of the Farmer-to-Consumer Direct Mar-
19 keting Act of 1976 (7 U.S.C. 3005) is amended—

20 (1) in the section heading, by adding “AND
21 LOCAL FOOD” after “MARKET”;

22 (2) in subsection (a)—

23 (A) by inserting “and Local Food” after
24 “Market”;

1 (B) by striking “farmers’ markets and to
2 promote”; and

3 (C) by inserting “and local food capacity
4 development” before the period at the end;

5 (3) in subsection (b), by striking paragraph (1)
6 and inserting the following:

7 “(1) IN GENERAL.—The purposes of the Pro-
8 gram are to increase domestic consumption of and
9 access to locally and regionally produced agricultural
10 products by developing, improving, expanding, and
11 providing outreach, training, and technical assist-
12 ance to, or assisting in the development, improve-
13 ment and expansion of—

14 “(A) domestic farmers’ markets, roadside
15 stands, community-supported agriculture pro-
16 grams, agritourism activities, and other direct
17 producer-to-consumer market opportunities; and

18 “(B) local and regional food enterprises
19 that are not direct producer-to-consumer mar-
20 kets but process, distribute, aggregate, store,
21 and market locally or regionally produced food
22 products.”;

23 (4) in subsection (c)(1)—

24 (A) by inserting “or other business entity”
25 after “cooperative”; and

1 (B) by inserting “, including a community
2 supported agriculture network or association”
3 after “association”;

4 (5) by redesignating subsection (e) as sub-
5 section (f);

6 (6) by inserting after subsection (d) the fol-
7 lowing:

8 “(e) PRIORITIES.—In providing grants under the
9 Program, priority shall be given to applications that in-
10 clude projects that—

11 “(1) benefit underserved communities;

12 “(2) develop market opportunities for small and
13 mid-sized farm and ranch operations; and

14 “(3) include a strategic plan to maximize the
15 use of funds to build capacity for local and regional
16 food systems in a community.”;

17 (7) in subsection (f) (as redesignated by para-
18 graph (5))—

19 (A) in paragraph (1)—

20 (i) in subparagraph (B), by striking
21 “and” after the semicolon at the end;

22 (ii) in subparagraph (C), by striking
23 the period at the end and inserting “;
24 and”; and

1 (iii) by adding at the end the fol-
2 lowing:

3 “(D) \$20,000,000 for each of fiscal years
4 2013 through 2017.”;

5 (B) by striking paragraphs (2) and (4);

6 (C) by redesignating paragraph (3) as
7 paragraph (4);

8 (D) by inserting after paragraph (1) the
9 following:

10 “(2) AUTHORIZATION OF APPROPRIATIONS.—In
11 addition to funds made available under paragraph
12 (1), there is authorized to be appropriated to carry
13 out this section \$20,000,000 for each of fiscal years
14 2013 through 2017.

15 “(3) USE OF FUNDS.—

16 “(A) IN GENERAL.—Of the funds made
17 available to carry out the Program for each fis-
18 cal year, 50 percent shall be used for the pur-
19 poses described in subsection (b)(1)(A) and 50
20 percent shall be used for the purposes described
21 in subsection (b)(1)(B).

22 “(B) COST SHARE.—To be eligible to re-
23 ceive a grant for a project described in sub-
24 section (b)(1)(B), a recipient shall provide a
25 match in the form of cash or in-kind contribu-

1 tions in an amount equal to 25 percent of the
2 total cost of the project.”; and

3 (E) by adding at the end the following:

4 “(5) ADMINISTRATIVE EXPENSES.—Not more
5 than 10 percent of the total amount made available
6 to carry out this section for a fiscal year may be
7 used for administrative expenses.

8 “(6) LIMITATIONS.—An eligible entity may not
9 use a grant or other assistance provided under the
10 Program for the purchase, construction, or rehabili-
11 tation of a building or structure.”.

12 **SEC. 10004. STUDY ON LOCAL FOOD PRODUCTION AND PRO-**
13 **GRAM EVALUATION.**

14 (a) IN GENERAL.—The Secretary shall—

15 (1) collect data on the production and mar-
16 keting of locally or regionally produced agricultural
17 food products;

18 (2) facilitate interagency collaboration and data
19 sharing on programs related to local and regional
20 food systems; and

21 (3) monitor the effectiveness of programs de-
22 signed to expand or facilitate local food systems

23 (b) REQUIREMENTS.—In carrying out this section,
24 the Secretary shall, at a minimum—

1 (1) collect and distribute comprehensive report-
2 ing of prices of locally or regionally produced agri-
3 cultural food products;

4 (2) conduct surveys and analysis and publish
5 reports relating to the production, handling, dis-
6 tribution, retail sales, and trend studies (including
7 consumer purchasing patterns) of or on locally or re-
8 gionally produced agricultural food products;

9 (3) evaluate the effectiveness of existing pro-
10 grams in growing local and regional food systems,
11 including—

12 (A) the impact of local food systems on job
13 creation and economic development;

14 (B) the level of participation in the Farm-
15 ers' Market and Local Food Promotion Pro-
16 gram established under section 6 of the Farm-
17 er-to-Consumer Direct Marketing Act of 1976
18 (7 U.S.C. 3005), including the percentage of
19 projects funded in comparison to applicants and
20 the types of eligible entities receiving funds;

21 (C) the ability for participants to leverage
22 private capital and a synopsis of the places
23 from which non-Federal funds are derived; and

1 (D) any additional resources required to
2 aid in the development or expansion of local
3 and regional food systems;

4 (4) expand the Agricultural Resource Manage-
5 ment Survey to include questions on locally or re-
6 gionally produced agricultural food products; and

7 (6) seek to establish or expand private-public
8 partnerships to facilitate, to the maximum extent
9 practicable, the collection of data on locally or re-
10 gionally produced agricultural food products, includ-
11 ing the development of a nationally coordinated and
12 regionally balanced evaluation of the redevelopment
13 of locally or regionally produced food systems.

14 (c) REPORT.—Not later than 1 year after the date
15 of enactment of this Act and annually thereafter, the Sec-
16 retary shall submit to the Committee on Agriculture of
17 the House of Representatives and the Committee on Agri-
18 culture, Nutrition, and Forestry of the Senate a report
19 describing the progress that has been made in imple-
20 menting this section and identifying any additional needs
21 related to developing local and regional food systems.

22 **SEC. 10005. ORGANIC AGRICULTURE.**

23 (a) ORGANIC PRODUCTION AND MARKET DATA INI-
24 TIATIVES.—Section 7407 of the Farm Security and Rural
25 Investment Act of 2002 (7 U.S.C. 5925c) is amended—

1 (1) in subsection (c)—

2 (A) in the matter preceding paragraph (1),
3 by inserting “and annually thereafter” after
4 “this subsection”;

5 (B) in paragraph (1), by striking “and” at
6 the end;

7 (C) by redesignating paragraph (2) as
8 paragraph (3); and

9 (D) by inserting after paragraph (1) the
10 following:

11 “(2) describes how data collection agencies
12 (such as the Agricultural Marketing Service and the
13 National Agricultural Statistics Service) are coordi-
14 nating with data user agencies (such as the Risk
15 Management Agency) to ensure that data collected
16 under this section can be used by data user agencies,
17 including by the Risk Management Agency to offer
18 price elections for all organic crops; and”;

19 (2) in subsection (d)—

20 (A) by redesignating paragraph (2) as
21 paragraph (3);

22 (B) by inserting after paragraph (1) the
23 following:

24 “(2) MANDATORY FUNDING.—In addition to
25 any funds available under paragraph (1), of the

1 funds of the Commodity Credit Corporation, the
2 Secretary shall use to carry out this section
3 \$5,000,000, to remain available until expended.”;
4 and

5 (C) in paragraph (3) (as redesignated by
6 subparagraph (A))—

7 (i) by striking “paragraph (1)” and
8 inserting “paragraphs (1) and (2)”; and

9 (ii) by striking “2012” and inserting
10 “2017”.

11 (b) MODERNIZATION AND TECHNOLOGY UPGRADE
12 FOR NATIONAL ORGANIC PROGRAM.—Section 2123 of the
13 Organic Foods Production Act of 1990 (7 U.S.C. 6522)
14 is amended—

15 (1) in subsection (b)—

16 (A) in paragraph (5), by striking “and” at
17 the end;

18 (B) by redesignating paragraph (6) as
19 paragraph (7); and

20 (C) by inserting after paragraph (5) the
21 following:

22 “(6) \$15,000,000 for each of fiscal years 2013
23 through 2017; and”; and

24 (2) by adding at the end the following:

1 “(c) MODERNIZATION AND TECHNOLOGY UPGRADE
2 FOR NATIONAL ORGANIC PROGRAM.—

3 “(1) IN GENERAL.—The Secretary shall mod-
4 ernize database and technology systems of the na-
5 tional organic program.

6 “(2) FUNDING.—Of the funds of the Com-
7 modity Credit Corporation and in addition to any
8 other funds made available for that purpose, the
9 Secretary shall make available to carry out this sub-
10 section \$5,000,000 in fiscal year 2013, to remain
11 available until expended.”.

12 **SEC. 10006. FOOD SAFETY EDUCATION INITIATIVES.**

13 Section 10105(e) of the Food, Conservation, and En-
14 ergy Act of 2008 (7 U.S.C. 7655a(e)) is amended by strik-
15 ing “2012” and inserting “2017”.

16 **SEC. 10007. CONSOLIDATION OF PLANT PEST AND DISEASE**
17 **MANAGEMENT AND DISASTER PREVENTION**
18 **PROGRAMS.**

19 (a) RELOCATION OF LEGISLATIVE LANGUAGE RE-
20 LATING TO NATIONAL CLEAN PLANT NETWORK.—Section
21 420 of the Plant Protection Act (7 U.S.C. 7721) is amend-
22 ed—

23 (1) by redesignating subsection (e) as sub-
24 section (f); and

1 (2) by inserting after subsection (d) the fol-
2 lowing:

3 “(e) NATIONAL CLEAN PLANT NETWORK.—

4 “(1) IN GENERAL.—The Secretary shall estab-
5 lish a program to be known as the ‘National Clean
6 Plant Network’ (referred to in this subsection as the
7 ‘Program’).

8 “(2) REQUIREMENTS.—Under the Program, the
9 Secretary shall establish a network of clean plant
10 centers for diagnostic and pathogen elimination serv-
11 ices—

12 “(A) to produce clean propagative plant
13 material; and

14 “(B) to maintain blocks of pathogen-tested
15 plant material in sites located throughout the
16 United States.

17 “(3) AVAILABILITY OF CLEAN PLANT SOURCE
18 MATERIAL.—Clean plant source material produced
19 or maintained under the Program may be made
20 available to—

21 “(A) a State for a certified plant program
22 of the State; and

23 “(B) private nurseries and producers.

24 “(4) CONSULTATION AND COLLABORATION.—In
25 carrying out the Program, the Secretary shall—

1 “(A) consult with—

2 “(i) State departments of agriculture;

3 and

4 “(ii) land-grant colleges and univer-

5 sities and NLGCA Institutions (as those

6 terms are defined in section 1404 of the

7 National Agricultural Research, Extension,

8 and Teaching Policy Act of 1977 (7 U.S.C.

9 3103)); and

10 “(B) to the extent practicable and with

11 input from the appropriate State officials and

12 industry representatives, use existing Federal or

13 State facilities to serve as clean plant centers.”.

14 (b) FUNDING.—Subsection (f) of section 420 of the

15 Plant Protection Act (7 U.S.C. 7721) (as redesignated by

16 subsection (a)(1)) is amended—

17 (1) in paragraph (3), by striking “and” at the

18 end;

19 (2) in paragraph (4), by striking “and each fis-

20 cal year thereafter.” and inserting a semicolon; and

21 (3) by adding at the end the following:

22 “(5) \$60,000,000 for each of fiscal years 2013

23 through 2016; and

24 “(6) \$65,000,000 for fiscal year 2017 and each

25 fiscal year thereafter.”.

1 (c) REPEAL OF EXISTING PROVISION.—Section
2 10202 of the Food, Conservation, and Energy Act of 2008
3 (7 U.S.C. 7761) is repealed.

4 (d) CLARIFICATION OF USE OF FUNDS FOR TECH-
5 NICAL ASSISTANCE.—Section 420 of the Plant Protection
6 Act (7 U.S.C. 7721) (as amended by subsection (a)) is
7 amended by adding at the end the following:

8 “(g) RELATIONSHIP TO OTHER LAW.—The use of
9 Commodity Credit Corporation funds under this section
10 to provide technical assistance shall not be considered an
11 allotment or fund transfer from the Commodity Credit
12 Corporation for purposes of the limit on expenditures for
13 technical assistance imposed by section 11 of the Com-
14 modity Credit Corporation Charter Act (15 U.S.C.
15 714i).”.

16 **SEC. 10008. SPECIALTY CROP BLOCK GRANTS.**

17 Section 101 of the Specialty Crops Competitiveness
18 Act of 2004 (7 U.S.C. 1621 note; Public Law 108–465)
19 is amended—

20 (1) in subsection (a)—

21 (A) by striking “subsection (j)” and insert-
22 ing “subsection (l)”; and

23 (B) by striking “2012” and inserting
24 “2017”;

1 (2) by striking subsection (b) and inserting the
2 following:

3 “(b) GRANTS BASED ON VALUE AND ACREAGE.—
4 Subject to subsection (c), in the case of each State with
5 an application for a grant for a fiscal year that is accepted
6 by the Secretary of Agriculture under subsection (f), the
7 amount of a grant for a fiscal year to a State under this
8 section shall bear the same ratio to the total amount made
9 available under subsection (l) for that fiscal year as—

10 “(1) the average of the most recent available
11 value of specialty crop production in the State and
12 the acreage of specialty crop production in the State,
13 as demonstrated in the most recent Census of Agri-
14 culture data; bears to

15 “(2) the average of the most recent available
16 value of specialty crop production in all States and
17 the acreage of specialty crop production in all
18 States, as demonstrated in the most recent Census
19 of Agriculture data.”;

20 (3) by redesignating subsection (j) as sub-
21 section (l);

22 (4) by inserting after subsection (i) the fol-
23 lowing:

24 “(j) MULTISTATE PROJECTS.—

1 “(1) IN GENERAL.—Not later than 180 days
2 after the date of enactment of the _____ Act
3 of 2012, the Secretary of Agriculture shall issue
4 guidance for the purpose of making grants to
5 multistate projects under this section for projects in-
6 volving—

7 “(A) food safety;

8 “(B) plant pests and disease;

9 “(C) crop-specific projects addressing com-
10 mon issues; and

11 “(D) any other area that furthers the pur-
12 poses of this section, as determined by the Sec-
13 retary.

14 “(2) FUNDING.—Of the funds provided under
15 subsection (l), the Secretary of Agriculture may allo-
16 cate for grants under this subsection, to remain
17 available until expended—

18 “(A) \$1,000,000 for fiscal year 2013;

19 “(B) \$2,000,000 for fiscal year 2014;

20 “(C) \$3,000,000 for fiscal year 2015;

21 “(D) \$4,000,000 for fiscal year 2016; and

22 “(E) \$5,000,000 for fiscal year 2017.

23 “(k) ADMINISTRATION.—

24 “(1) DEPARTMENT.—The Secretary of Agri-
25 culture may not use more than 3 percent of the

1 funds made available to carry out this section for a
2 fiscal year for administrative expenses.

3 “(2) STATES.—A State receiving a grant under
4 this section may not use more than 8 percent of the
5 funds received under the grant for a fiscal year for
6 administrative expenses.”; and

7 (5) in subsection (1) (as redesignated by para-
8 graph (3))—

9 (A) in paragraph (2), by striking “and” at
10 the end;

11 (B) in paragraph (3), by striking the pe-
12 riod at the end and inserting “; and”; and

13 (C) by adding at the end the following:

14 “(4) \$70,000,000 for fiscal year 2013 and each
15 fiscal year thereafter.”.

16 **SEC. 10009. EFFECTIVE DATE.**

17 This title and the amendments made by this title take
18 effect on October 1, 2012.

19 **TITLE XI—CROP INSURANCE**

20 **SEC. 11001. SUPPLEMENTAL COVERAGE OPTION.**

21 (a) AVAILABILITY OF SUPPLEMENTAL COVERAGE
22 OPTION.—Section 508(c) of the Federal Crop Insurance
23 Act (7 U.S.C. 1508(c)) is amended by striking paragraph
24 (3) and inserting the following:

1 “(3) YIELD AND LOSS BASIS OPTIONS.—A pro-
2 ducer shall have the option of purchasing additional
3 coverage based on—

4 “(A)(i) an individual yield and loss basis;
5 or

6 “(ii) an area yield and loss basis; or

7 “(B) an individual yield and loss basis,
8 supplemented with coverage based on an area
9 yield and loss basis to cover all or a part of the
10 deductible under the individual yield and loss
11 policy, as authorized in paragraph (4)(C).”.

12 (b) LEVEL OF COVERAGE.—Section 508(c) of the
13 Federal Crop Insurance Act (7 U.S.C. 1508(c)) is amend-
14 ed by striking paragraph (4) and inserting the following:

15 “(4) LEVEL OF COVERAGE.—

16 “(A) DOLLAR DENOMINATION AND PER-
17 CENTAGE OF YIELD.—Except as provided in
18 subparagraph (C), the level of coverage—

19 “(i) shall be dollar denominated; and

20 “(ii) may be purchased at any level
21 not to exceed 85 percent of the individual
22 yield or 95 percent of the area yield (as de-
23 termined by the Corporation).

24 “(B) INFORMATION.—The Corporation
25 shall provide producers with information on cat-

1 astrophic risk and additional coverage in terms
2 of dollar coverage (within the allowable limits of
3 coverage provided in this paragraph).

4 “(C) SUPPLEMENTAL COVERAGE OP-
5 TION.—

6 “(i) IN GENERAL.—Notwithstanding
7 subparagraph (A), in the case of the sup-
8 plemental coverage option described in
9 paragraph (3)(B), the Corporation shall
10 offer producers the opportunity to pur-
11 chase coverage in combination with a pol-
12 icy or plan of insurance offered under this
13 subtitle that would allow indemnities to be
14 paid to a producer equal to all or part of
15 the deductible under the policy or plan of
16 insurance, if sufficient area data is avail-
17 able (as determined by the Corporation).

18 “(ii) TRIGGER.—Coverage offered
19 under this subparagraph shall be triggered
20 only if the losses in the area exceed 10 per-
21 cent of normal levels (as determined by the
22 Corporation).

23 “(iii) COVERAGE.—Subject to the trig-
24 ger described in clause (ii) and the deduct-
25 ible imposed by clause (iv), coverage of-

1 ferred under this subparagraph shall cover
2 the first loss incurred by the producer, not
3 to exceed the difference between—

4 “(I) 100 percent; and

5 “(II) the coverage level selected
6 by the producer for the underlying
7 policy or plan of insurance.

8 “(iv) DEDUCTIBLE.—Coverage offered
9 under this subparagraph shall be subject to
10 a deductible in an amount equal to, in the
11 case of a producer who participates in the
12 agriculture risk coverage program under
13 section 1105(e) of the _____ Act of
14 2012, 20 percent of the expected value of
15 the crop of the producer covered by the un-
16 derlying policy or plan of insurance, as de-
17 termined by the Corporation.

18 “(v) CALCULATION OF PREMIUM.—
19 Notwithstanding subsection (d), the pre-
20 mium shall—

21 “(I) be sufficient to cover antici-
22 pated losses and a reasonable reserve;
23 and

24 “(II) include an amount for oper-
25 ating and administrative expenses es-

1 tablished in accordance with sub-
2 section (k)(4)(F).”.

3 (c) PAYMENT OF PORTION OF PREMIUM BY COR-
4 PORATION.—Section 508(e)(2) of the Federal Crop Insur-
5 ance Act (7 U.S.C. 1508(e)(2)) is amended by adding at
6 the end the following:

7 “(H) In the case of the supplemental cov-
8 erage option authorized in subsection (c)(4)(C),
9 the amount shall be equal to the sum of—

10 “(i) not less than 70 percent of the
11 additional premium associated with the
12 coverage; and

13 “(ii) the amount determined under
14 subsection (c)(4)(C)(vi)(II) for the cov-
15 erage to cover operating and administra-
16 tive expenses.”.

17 (d) CONFORMING AMENDMENT.—Section
18 508(k)(4)(F) of the Federal Crop Insurance Act (7 U.S.C.
19 1508(k)(4)(F)) is amended by inserting “or authorized
20 under subsection (c)(4)(C)” after “of this subparagraph”.

21 (e) EFFECTIVE DATE.—The Federal Crop Insurance
22 Corporation shall begin to provide additional coverage
23 based on an individual yield and loss basis, supplemented
24 with coverage based on an area yield and loss basis, not
25 later than for the 2013 crop year.

1 **SEC. 11002. PERMANENT ENTERPRISE UNIT.**

2 Section 508(e)(5) of the Federal Crop Insurance Act
3 (7 U.S.C. 1508(e)(5)) is amended by striking subpara-
4 graph (A) and inserting the following:

5 “(A) IN GENERAL.—The Corporation may
6 pay a portion of the premiums for plans or poli-
7 cies of insurance for which the insurable unit is
8 defined on a whole farm or enterprise unit basis
9 that is higher than would otherwise be paid in
10 accordance with paragraph (2).”.

11 **SEC. 11003. ENTERPRISE UNITS FOR IRRIGATED AND NON-**
12 **IRRIGATED CROPS.**

13 Section 508(e)(5) of the Federal Crop Insurance Act
14 (7 U.S.C. 1508(e)(5)) is amended by adding at the end
15 the following:

16 “(D) NONIRRIGATED CROPS.—Beginning
17 with the 2013 crop year, the Corporation shall
18 make available separate enterprise units for ir-
19 rigated and nonirrigated acreages of crops in
20 counties.”.

21 **SEC. 11004. DATA COLLECTION.**

22 Section 508(g)(2) of the Federal Crop Insurance Act
23 (7 U.S.C. 1508(g)(2)) is amended by adding at the end
24 the following:

1 “(E) SOURCES OF YIELD DATA.—To deter-
2 mine yields under this paragraph, the Corpora-
3 tion—

4 “(i) shall use county data collected by
5 the Risk Management Agency or the Na-
6 tional Agricultural Statistics Service, or
7 both; or

8 “(ii) if sufficient county data is not
9 available, may use other data considered
10 appropriate by the Secretary.”.

11 **SEC. 11005. ADJUSTMENT IN ACTUAL PRODUCTION HIS-**
12 **TORY TO ESTABLISH INSURABLE YIELDS.**

13 Section 508(g)(4)(B) of the Federal Crop Insurance
14 Act (7 U.S.C. 1508(g)(4)(B)) is amended—

15 (1) in the matter preceding clause (i), by insert-
16 ing “for the 2012 crop year or any prior crop year,
17 or 70 percent of the applicable transitional yield for
18 the 2013 or any subsequent crop year,” after “tran-
19 sitional yield”; and

20 (2) in clause (ii), by striking “60 percent of the
21 applicable transitional yield” and inserting “the ap-
22 plicable percentage of the transitional yield described
23 in this subparagraph”.

1 **SEC. 11006. SUBMISSION AND REVIEW OF POLICIES.**

2 Section 508(h)(1) of the Federal Crop Insurance Act
3 (7 U.S.C. 1508(h)(1)) is amended—

4 (1) by redesignating subparagraphs (A) and
5 (B) as clauses (i) and (ii), respectively, and indent-
6 ing appropriately;

7 (2) by striking “(1) IN GENERAL.—” and in-
8 serting the following:

9 “(1) SUBMISSION AND REVIEW OF POLICIES.—

10 “(A) SUBMISSIONS.—In addition”; and

11 (3) by adding at the end the following:

12 “(B) REVIEW.—The Corporation shall re-
13 view any policy developed under section 522(c)
14 or any pilot program developed under section
15 523 and submit the policy or program to the
16 Board under this subsection if the Corporation,
17 at the sole discretion of the Corporation, finds
18 that the policy or program—

19 “(i) will likely result in a viable and
20 marketable policy consistent with this sub-
21 section;

22 “(ii) would provide crop insurance
23 coverage in a significantly improved form;
24 and

25 “(iii) adequately protects the interests
26 of producers.”.

1 **SEC. 11007. BOARD REVIEW AND APPROVAL.**

2 (a) REVIEW AND APPROVAL BY THE BOARD.—Sec-
3 tion 508(h) of the Federal Crop Insurance Act (7 U.S.C.
4 1508(h)) is amended by striking paragraph (3) and insert-
5 ing the following:

6 “(3) REVIEW AND APPROVAL BY THE BOARD.—

7 “(A) IN GENERAL.—A policy, plan of in-
8 surance, or other material submitted to the
9 Board under this subsection shall be reviewed
10 by the Board and shall be approved by the
11 Board for reinsurance and for sale by approved
12 insurance providers to producers at actuarially
13 appropriate rates and under appropriate terms
14 and conditions if the Board, at the sole discre-
15 tion of the Board, determines that—

16 “(i) the interests of producers are
17 adequately protected;

18 “(ii) the rates of premium and price
19 election methodology are actuarially appro-
20 priate;

21 “(iii) the terms and conditions for the
22 proposed policy or plan of insurance are
23 appropriate and would not unfairly dis-
24 criminate among producers;

1 “(iv) the proposed policy or plan of in-
2 surance will, at the sole discretion of the
3 Board—

4 “(I) likely result in a viable and
5 marketable policy that can reasonably
6 attain levels of participation similar to
7 other like policies or plans of insur-
8 ance;

9 “(II) provide crop insurance cov-
10 erage in a significantly improved form
11 or in a manner that addresses a rec-
12 ognized flaw or problem in an existing
13 policy; or

14 “(III) provide a new kind of cov-
15 erage for a commodity that previously
16 had no available crop insurance, or
17 has demonstrated a low level of par-
18 ticipation under existing coverage;

19 “(v) the proposed policy or plan of in-
20 surance will, at the sole discretion of the
21 Board, not have a significant adverse im-
22 pact on the crop insurance delivery system;
23 and

1 “(vi) the proposed policy or plan of in-
2 surance meets such other requirements as
3 are determined appropriate by the Board.

4 “(B) PRIORITIES.—

5 “(i) ESTABLISHMENT.—The Board,
6 at the sole discretion of the Board, may—

7 “(I) annually establish priorities
8 under this subsection that specify
9 types of submissions needed to fulfill
10 the portfolio of policies or plans of in-
11 surance to be reviewed and approved
12 under this subsection; and

13 “(II) make the priorities avail-
14 able on the website of the Corpora-
15 tion.

16 “(ii) PROCESS.—

17 “(I) IN GENERAL.—Policies or
18 plans of insurance that satisfy the pri-
19 orities established by the Board under
20 this subsection shall be considered by
21 the Board for approval prior to other
22 submissions.

23 “(II) CONSIDERATIONS.—In ap-
24 proving policies or plans of insurance,
25 the Board shall—

1 “(aa) consider providing the
2 highest priorities for policies or
3 plans of insurance that address
4 underserved commodities, includ-
5 ing commodities for which there
6 is no insurance; and

7 “(bb) consider providing the
8 highest priorities for existing
9 policies for which there is inad-
10 equate coverage or there exists
11 low levels of participation.

12 “(iii) OTHER CRITERIA.—The Board
13 may establish such other criteria as the
14 Board determines to meet the needs of
15 producers and the priorities of this sub-
16 section, consistent with the purposes of
17 this subtitle.”.

18 **SEC. 11008. CONSULTATION.**

19 Section 508(h)(4) of the Federal Crop Insurance Act
20 (7 U.S.C. 1508(h)) is amended by adding at the end the
21 following:

22 “(E) CONSULTATION.—

23 “(i) REQUIREMENT.—As part of the
24 feasibility and research associated with the
25 development of a policy or other material

1 conducted prior to making a submission to
2 the Board under this subsection, the sub-
3 mitter shall consult with groups rep-
4 resenting producers of agricultural com-
5 modities in all major producing areas for
6 the commodities to be served or potentially
7 impacted, either directly or indirectly.

8 “(ii) SUBMISSION TO THE BOARD.—
9 Any submission made to the Board under
10 this subsection shall contain a summary
11 and analysis of the feasibility and research
12 findings from the impacted groups de-
13 scribed in clause (i), including a summary
14 assessment of the support for or against
15 development of the policy and an assess-
16 ment on the impact of the proposed policy
17 to the general marketing and production of
18 the crop from both a regional and national
19 perspective.

20 “(iii) EVALUATION BY THE BOARD.—
21 In evaluating whether the interests of pro-
22 ducers are adequately protected pursuant
23 to paragraph (3) with respect to an sub-
24 mission made under this subsection, the
25 Board shall review the information pro-

1 vided pursuant to clause (ii) to determine
2 if the submission will create adverse mar-
3 ket distortions with respect to the produc-
4 tion of commodities that are the subject of
5 the submission.”.

6 **SEC. 11009. BUDGET LIMITATIONS ON RENEGOTIATION OF**
7 **THE STANDARD REINSURANCE AGREEMENT.**

8 Section 508(k)(8) of the Federal Crop Insurance Act
9 of 1938 (7 U.S.C. 1508(k)(8)) is amended by adding at
10 the end the following:

11 “(F) BUDGET.—

12 “(i) IN GENERAL.—The Board shall
13 ensure that any Standard Reinsurance
14 Agreement negotiated under subparagraph
15 (A)(ii), as compared to the previous Stand-
16 ard Reinsurance Agreement—

17 “(I) to the maximum extent prac-
18 ticable, shall be budget neutral; and

19 “(II) in no event, may signifi-
20 cantly depart from budget neutrality.

21 “(ii) USE OF SAVINGS.—To the extent
22 that any budget savings is realized in the
23 renegotiation of a Standard Reinsurance
24 Agreement under subparagraph (A)(ii),
25 and the savings are determined not to be

1 a significant departure from budget neu-
2 trality under clause (i), the savings shall
3 be used for programs administered or
4 managed by the Risk Management Agen-
5 cy.”.

6 **SEC. 11010. STACKED INCOME PROTECTION PLAN FOR PRO-**
7 **DUCCERS OF UPLAND COTTON.**

8 (a) AVAILABILITY OF STACKED INCOME PROTECTION
9 PLAN.—The Federal Crop Insurance Act is amended by
10 inserting after section 508A (7 U.S.C. 1508a) the fol-
11 lowing:

12 **“SEC. 508B. STACKED INCOME PROTECTION PLAN FOR**
13 **PRODUCERS OF UPLAND COTTON.**

14 “(a) AVAILABILITY.—Beginning not later than the
15 2013 crop of upland cotton, if practicable, the Corporation
16 shall make available to producers of maximum eligible
17 acres of upland cotton an additional policy (to be known
18 as the ‘Stacked Income Protection Plan’), which shall pro-
19 vide coverage consistent with the Group Risk Income Pro-
20 tection Plan (and the associated Harvest Revenue Option
21 Endorsement) offered by the Corporation for the 2011
22 crop year.

23 “(b) REQUIRED TERMS.—The Corporation may mod-
24 ify the Stacked Income Protection Plan on a program-wide

1 basis, except that the Stacked Income Protection Plan
2 shall comply with the following requirements:

3 “(1) Provide coverage for revenue loss of not
4 less than 10 percent and not more than 30 percent
5 of expected county revenue, specified in increments
6 of 5 percent. The deductible is the minimum percent
7 of revenue loss at which indemnities are triggered
8 under the plan, not to be less than 10 percent of the
9 expected county revenue.

10 “(2) Be offered to producers of upland cotton
11 in all counties with upland cotton production—

12 “(A) at a county-wide level to the fullest
13 extent practicable; or

14 “(B) in counties that lack sufficient data,
15 on the basis of such larger geographical area as
16 the Corporation determines to provide sufficient
17 data for purposes of providing the coverage.

18 “(3) Be purchased in addition to any other in-
19 dividual or area coverage in effect on the producer’s
20 acreage or as a stand-alone policy, except that if a
21 producer has an individual or area coverage for the
22 same acreage, the maximum coverage available
23 under the Stacked Income Protection Plan shall not
24 exceed the deductible for the individual or area cov-
25 erage.

1 “(4) Establish coverage based on—

2 “(A) an expected price that is the higher
3 of—

4 “(i) the expected price established
5 under existing Group Risk Income Protec-
6 tion or area wide policy offered by the Cor-
7 poration for the applicable county (or area)
8 and crop year; or

9 “(ii) 65 cents per pound; and

10 “(B) an expected county yield that is the
11 higher of—

12 “(i) the expected county yield estab-
13 lished for the existing area-wide plans of-
14 fered by the Corporation for the applicable
15 county (or area) and crop year (or, in geo-
16 graphic areas where area-wide plans are
17 not offered, an expected yield determined
18 in a manner consistent with those of area-
19 wide plans); or

20 “(ii)(I) the average of the applicable
21 yield data for the county (or area) for the
22 most recent 5 years, excluding the highest
23 and lowest observations, from the Risk
24 Management Agency or the National Agri-
25 cultural Statistics, or both; or

1 “(II) if sufficient county data is not
2 available, such other data considered ap-
3 propriate by the Secretary.

4 “(5) Use a multiplier factor to establish max-
5 imum protection per acre (referred to as a ‘protec-
6 tion factor’) of not less than the higher of the level
7 established on a program wide basis or 120 percent.

8 “(6) Pay an indemnity based on the amount
9 that the expected county revenue exceeds the actual
10 county revenue, as applied to the individual coverage
11 of the producer. Indemnities under the Stacked In-
12 come Protection Plan shall not include or overlap
13 the amount of the deductible selected under para-
14 graph (1).

15 “(7) In all counties for which data are avail-
16 able, establish separate coverage levels for irrigated
17 and nonirrigated practices.

18 “(8) Notwithstanding section 508(d), include a
19 premium that—

20 “(A) is sufficient to cover anticipated
21 losses and a reasonable reserve; and

22 “(B) includes an amount for operating and
23 administrative expenses established in accord-
24 ance with section 508(k)(4)(F).

1 “(c) REINSURANCE.—When the \$.65 reference price
2 is equal to or greater than the expected price established
3 under the existing Group Risk Income Protection or area
4 wide policy offered by the Corporation for the applicable
5 county (or area) and crop year or the yield established
6 under subsection (b)(4)(B) is used to establish the ex-
7 pected county yield, the Corporation shall reinsure at 100
8 percent that portion of the indemnity that is attributable
9 to the difference between—

10 “(1) the \$.65 reference price and the expected
11 price established under the existing Group Risk In-
12 come Protection or area wide policy offered by the
13 Corporation for the applicable county (or area) and
14 crop year; and

15 “(2) the yield established under subsections
16 (b)(4)(A) and (b)(4)(B) shall be 100 percent rein-
17 sured by the Corporation.

18 “(d) RELATION TO OTHER COVERAGES.—

19 “(1) IN GENERAL.—Except as provided in para-
20 graph (2), the Stacked Income Protection Plan is in
21 addition to all other coverages available to producers
22 of upland cotton.

23 “(2) LIMITATION.—A producer of upland cot-
24 ton that participates in the Supplemental Coverage

1 Option shall not be eligible for the Stacked Income
2 Protection Plan.

3 “(e) ELIGIBLE ACRES.—

4 “(1) DEFINITION OF ELIGIBLE ACRES.—In this
5 subsection, the term ‘eligible acres’ means all acres
6 planted or prevented from being planted to upland
7 cotton on a farm in any crop year.

8 “(2) MAXIMUM ELIGIBLE ACRES TO ADDRESS
9 WORLD TRADE ORGANIZATION CONCERNS.—The
10 total quantity of eligible acres on a farm determined
11 under paragraph (1) shall not exceed the average
12 total acres planted or prevented from being planted
13 to upland cotton on the farm for the 2009 through
14 2012 crop years, as determined by the Secretary,
15 plus any adjustment under paragraph (3).

16 “(3) CONSERVATION RESERVE PROGRAM ACRES
17 ADJUSTMENT.—If a conservation reserve contract
18 for a farm in a county entered into under section
19 1231 of the Food Security Act of 1985 (16 U.S.C.
20 3831) expires or is voluntarily terminated or crop-
21 land is released from coverage under a conservation
22 reserve contract, the Secretary shall provide for an
23 adjustment, as appropriate, in the maximum eligible
24 acres for upland cotton for the farm to a total quan-
25 tity that is the higher of—

1 “(A) the total upland cotton base acreage
2 for the farm that was suspended during the
3 conservation reserve contract; or

4 “(B) the product obtained by multi-
5 plying—

6 “(i) the average proportion that—

7 “(I) the total number of acres
8 planted to upland cotton in the county
9 for crop years 2009 through 2012;
10 bears to

11 “(II) the total number of all
12 acres of planted covered commodities,
13 grassland, and upland cotton acres in
14 the county for the same crop years; by

15 “(ii) the total acres on the farm that
16 were under the conservation reserve con-
17 tract.

18 “(f) PAYMENT OF PORTION OF PREMIUM BY COR-
19 PORATION.—Subject to section 508(e)(4), the amount of
20 premium paid by the Corporation for all qualifying cov-
21 erage levels of the Stacked Income Protection Plan shall
22 be—

23 “(1) 80 percent of the amount of the premium
24 established under subsection (b)(8)(A) for the cov-
25 erage level selected; and

1 “(2) the amount determined under subsection
2 (b)(8)(B) to cover administrative and operating ex-
3 penses.”.

4 (b) CONFORMING AMENDMENT.—Section
5 508(k)(4)(F) of the Federal Crop Insurance Act (7 U.S.C.
6 1508(k)(4)(F)) (as amended by section 11001(d)) is
7 amended by inserting “or under section 508B” after “sub-
8 section (c)(4)(C)”.

9 **SEC. 11011. PEANUT REVENUE CROP INSURANCE.**

10 The Federal Crop Insurance Act is amended by in-
11 serting after section 508B (as added by section 11010(a))
12 the following:

13 **“SEC. 508C. PEANUT REVENUE CROP INSURANCE.**

14 “(a) IN GENERAL.—Effective beginning with the
15 2013 crop year, the Risk Management Agency and the
16 Corporation shall make available to producers of peanuts
17 a revenue crop insurance program for peanuts.

18 “(b) EFFECTIVE PRICE.—

19 “(1) IN GENERAL.—Subject to paragraph (2),
20 for purposes of the revenue crop insurance program
21 and the multiperil crop insurance program under
22 this Act, the effective price for peanuts shall be
23 equal to the Rotterdam price index for peanuts, as
24 adjusted to reflect the farmer stock price of peanuts
25 in the United States.

1 “(2) ADJUSTMENTS.—

2 “(A) IN GENERAL.—The effective price for
3 peanuts established under paragraph (1) may
4 be adjusted by the Risk Management Agency
5 and the Corporation to correct distortions.

6 “(B) ADMINISTRATION.—If an adjustment
7 is made under subparagraph (A), the Risk
8 Management Agency and the Corporation
9 shall—

10 “(i) make the adjustment in an open
11 and transparent manner; and

12 “(ii) submit to the Committee on Ag-
13 riculture of the House of Representatives
14 and the Committee on Agriculture, Nutri-
15 tion, and Forestry of the Senate a report
16 that describes the reasons for the adjust-
17 ment.”.

18 **SEC. 11012. AUTHORITY TO CORRECT ERRORS.**

19 Section 515(c) of the Federal Crop Insurance Act (7
20 U.S.C. 1515(c)) is amended—

21 (1) in the first sentence, by striking “The Sec-
22 retary” and inserting the following:

23 “(1) IN GENERAL.—The Secretary”;

24 (2) in the second sentence, by striking “Begin-
25 ning with” and inserting the following:

1 “(2) FREQUENCY.—Beginning with”; and

2 (3) by adding at the end the following:

3 “(3) CORRECTIONS.—

4 “(A) IN GENERAL.—The Corporation shall
5 establish procedures that allow an agent and
6 approved insurance provider within a reasonable
7 amount of time following the applicable sales
8 closing date to correct information regarding
9 the entity name, social security number, tax
10 identification number, or such other eligibility
11 information as determined by the Corporation
12 that is provided by a producer for the purpose
13 of obtaining coverage under any policy or plan
14 of insurance made available under this subtitle
15 to ensure that the eligibility information is con-
16 sistent with the information reported by the
17 producer to the Farm Service Agency.

18 “(B) LIMITATION.—In accordance with the
19 procedures of the Corporation, procedures
20 under subparagraph (A) may include any subse-
21 quent correction to the eligibility information
22 described in that subparagraph made by the
23 Farm Service Agency if the corrections do not
24 allow the producer—

1 “(i) to obtain a disproportionate ben-
2 efit under the crop insurance program or
3 any related program of the Department of
4 Agriculture;

5 “(ii) to avoid ineligibility requirements
6 for insurance; or

7 “(iii) to avoid an obligation or re-
8 quirement under any Federal or State
9 law.”.

10 **SEC. 11013. IMPLEMENTATION.**

11 Section 515 of the Federal Crop Insurance Act (7
12 U.S.C. 1515) is amended—

13 (1) in subsection (j), by striking paragraph (1)
14 and inserting the following:

15 “(1) SYSTEMS MAINTENANCE AND UP-
16 GRADES.—

17 “(A) IN GENERAL.—The Secretary shall
18 maintain and upgrade the information manage-
19 ment systems of the Corporation used in the
20 administration and enforcement of this subtitle.

21 “(B) REQUIREMENT.—

22 “(i) IN GENERAL.—In maintaining
23 and upgrading the systems, the Secretary
24 shall ensure that new hardware and soft-
25 ware are compatible with the hardware and

1 software used by other agencies of the De-
2 partment to maximize data sharing and
3 promote the purposes of this section.

4 “(ii) ACREAGE REPORT STREAM-
5 LINING INITIATIVE PROJECT.—As soon as
6 practicable, the Secretary shall develop and
7 implement an acreage report streamlining
8 initiative project to allow producers to re-
9 port acreage and other information directly
10 to the Department.”; and

11 (2) in subsection (k), by striking paragraph (1)
12 and inserting the following:

13 “(1) INFORMATION TECHNOLOGY.—

14 “(A) IN GENERAL.—For purposes of sub-
15 section (j)(1), the Corporation may use, from
16 amounts made available from the insurance
17 fund established under section 516(c), not more
18 than—

19 “(i)(I) for fiscal year 2013,
20 \$25,000,000; and

21 “(II) for each of fiscal years 2014
22 through 2017, \$10,000,000; or

23 “(ii) if the Acreage Crop Reporting
24 Streamlining Initiative (ACRSI) project is
25 substantially completed by September 30,

1 2013, not more than \$15,000,000 for each
2 of fiscal years 2014 through 2017.

3 “(B) NOTIFICATION.—Not later than July
4 1, 2013, the Secretary shall notify the Com-
5 mittee on Agriculture of the House of Rep-
6 resentatives and the Committee on Agriculture,
7 Nutrition, and Forestry of the Senate on the
8 status of the substantial completion of the
9 Acreage Crop Reporting Streamlining Initiative
10 (ACRSI) project.”.

11 **SEC. 11014. APPROVAL OF COSTS FOR RESEARCH AND DE-**
12 **VELOPMENT.**

13 Section 522(b)(2) of the Federal Crop Insurance Act
14 (7 U.S.C. 1522(b)(2)) is amended by striking subpara-
15 graph (E) and inserting the following:

16 “(E) APPROVAL.—

17 “(i) IN GENERAL.—The Board may
18 approve up to 50 percent of the projected
19 total research and development costs to be
20 paid in advance to an applicant, in accord-
21 ance with the procedures developed by the
22 Board for the making of the payments, if,
23 after consideration of the reviewer reports
24 described in subparagraph (D) and such

1 other information as the Board determines
2 appropriate, the Board determines that—

3 “(I) the concept, in good faith,
4 will likely result in a viable and mar-
5 ketable policy consistent with section
6 508(h);

7 “(II) at the sole discretion of the
8 Board, the concept, if developed into a
9 policy and approved by the Board,
10 would provide crop insurance cov-
11 erage—

12 “(aa) in a significantly im-
13 proved form or that addresses a
14 unique need of agricultural pro-
15 ducers;

16 “(bb) to a crop or region not
17 traditionally served by the Fed-
18 eral crop insurance program; or

19 “(cc) in a form that ad-
20 dresses a recognized flaw or
21 problem in the program;

22 “(III) the applicant agrees to
23 provide such reports as the Corpora-
24 tion determines are necessary to mon-
25 itor the development effort;

1 “(IV) the proposed budget and
2 timetable are reasonable, as deter-
3 mined by the Board; and

4 “(V) the concept proposal meets
5 any other requirements that the
6 Board determines appropriate.

7 “(ii) WAIVER.—The Board may waive
8 the 50-percent limitation and, upon re-
9 quest of the submitter after the submitter
10 has begun research and development activi-
11 ties, the Board may approve an additional
12 25 percent advance payment to the sub-
13 mitter for research and development costs,
14 if, at the sole discretion of the Board, the
15 Board determines that—

16 “(I) the intended policy or plan
17 of insurance developed by the sub-
18 mitter will provide coverage for a re-
19 gion or crop that is underserved by
20 the Federal crop insurance program,
21 including specialty crops;

22 “(II) the submitter is making
23 satisfactory progress towards devel-
24 oping a viable and marketable policy

1 or plan of insurance consistent with
2 section 508(h); and

3 “(III) the submitter does not
4 have sufficient financial resources to
5 complete the development of the sub-
6 mission into a viable and marketable
7 policy or plan of insurance consistent
8 with section 508(h).”.

9 **SEC. 11015. WHOLE FARM RISK MANAGEMENT INSURANCE.**

10 Section 522(c) of the Federal Crop Insurance Act (7
11 U.S.C. 1522(c)) is amended by adding at the end the fol-
12 lowing:

13 “(18) WHOLE FARM DIVERSIFIED RISK MAN-
14 AGEMENT INSURANCE PLAN.—

15 “(A) IN GENERAL.—The Corporation shall
16 conduct activities or enter into contracts to
17 carry out research and development to develop
18 a whole farm risk management insurance plan,
19 with a liability limitation of \$1,500,000, that
20 allows a diversified crop or livestock producer
21 the option to qualify for an indemnity if actual
22 gross farm revenue is below 85 percent of the
23 average gross farm revenue or the expected
24 gross farm revenue that can reasonably be ex-
25 pected of the producer.

1 “(B) ELIGIBLE PRODUCERS.—The Cor-
2 poration shall permit producers (including di-
3 rect-to-consumer marketers, and producers
4 servicing local and regional and farm identity-
5 preserved markets) who produce multiple agri-
6 cultural commodities, including specialty crops,
7 industrial crops, livestock, and aquaculture
8 products, to participate in the plan in lieu of
9 any other plan under this subtitle.

10 “(C) DIVERSIFICATION.—The Corporation
11 may provide diversification-based additional
12 coverage payment rates, premium discounts, or
13 other enhanced benefits in recognition of the
14 risk management benefits of crop and livestock
15 diversification strategies for producers that
16 grow multiple crops or that may have income
17 from the production of livestock that uses a
18 crop grown on the farm.

19 “(D) MARKET READINESS.—The Corpora-
20 tion may include coverage for the value of any
21 packing, packaging, or any other similar on-
22 farm activity the Corporation determines to be
23 the minimum required in order to remove the
24 commodity from the field.

1 “(E) REPORT.—Not later than 2 years
2 after the date of enactment of this paragraph,
3 the Corporation shall submit to the Committee
4 on Agriculture of the House of Representatives
5 and the Committee on Agriculture, Nutrition,
6 and Forestry of the Senate a report that de-
7 scribes the results and feasibility of the re-
8 search and development conducted under this
9 paragraph, including an analysis of potential
10 adverse market distortions.”.

11 **SEC. 11016. RESEARCH AND DEVELOPMENT.**

12 (a) IN GENERAL.—Section 522(c) of the Federal
13 Crop Insurance Act (7 U.S.C. 1522(c)) is amended—

14 (1) in the subsection heading, by striking “Con-
15 tracting”;

16 (2) in paragraph (1), in the matter preceding
17 subparagraph (A), by striking “may enter into con-
18 tracts to carry out research and development to”
19 and inserting “may conduct activities or enter into
20 contracts to carry out research and development to
21 maintain or improve existing policies or develop new
22 policies to”;

23 (3) in paragraph (2)—

1 (A) in subparagraph (A), by inserting
2 “conduct research and development or” after
3 “The Corporation may”; and

4 (B) by striking subparagraph (B) and in-
5 serting the following:

6 “(B) CONSULTATION.—Before conducting
7 research and development or entering into a
8 contract under subparagraph (A), the Corpora-
9 tion shall follow the consultation requirements
10 described in section 508(h)(4)(E).”;

11 (4) in paragraph (5), by inserting “after expert
12 review in accordance with section 505(e) and proce-
13 dures of the Board” after “approved by the Board”;
14 and

15 (5) in paragraph (6), by striking “a pasture,
16 range, and forage program” and inserting “policies
17 that increase participation by producers of under-
18 served agricultural commodities, including sweet sor-
19 ghum, sorghum for biomass, specialty crops, sugar-
20 cane, and dedicated energy crops”.

21 (b) FUNDING.—Section 522(e) of the Federal Crop
22 Insurance Act (7 U.S.C. 1522(e)) is amended—

23 (1) in paragraph (2)—

1 (A) by striking “(A) AUTHORITY.—” and
2 inserting “(A) CONDUCTING AND CONTRACTING
3 FOR RESEARCH AND DEVELOPMENT.—”;

4 (B) in subparagraph (A), by inserting
5 “conduct research and development and” after
6 “the Corporation may use to”; and

7 (C) in subparagraph (B), by inserting
8 “conduct research and development and” after
9 “for the fiscal year to”;

10 (2) in paragraph (3), in the matter preceding
11 subparagraph (A), by striking “to provide either re-
12 imbursement payments or contract payments”; and

13 (3) by striking paragraph (4).

14 **SEC. 11017. PILOT PROGRAMS.**

15 Section 523(a) of the Federal Crop Insurance Act (7
16 U.S.C. 1523(a)) is amended—

17 (1) in paragraph (1), by inserting “, at the sole
18 discretion of the Corporation,” after “may”; and

19 (2) by striking paragraph (5).

1 **SEC. 11018. AGRICULTURAL MANAGEMENT ASSISTANCE,**
2 **RISK MANAGEMENT EDUCATION, AND OR-**
3 **GANIC CERTIFICATION COST SHARE ASSIST-**
4 **ANCE.**

5 Section 524 of the Federal Crop Insurance Act (7
6 U.S.C. 1524) is amended by striking subsection (b) and
7 inserting the following:

8 “(b) AGRICULTURAL MANAGEMENT ASSISTANCE,
9 RISK MANAGEMENT EDUCATION, AND ORGANIC CERTIFI-
10 CATION COST SHARE ASSISTANCE.—

11 “(1) AUTHORITY FOR PROVISION OF ASSIST-
12 ANCE.—The Secretary shall provide assistance under
13 this section as follows:

14 “(A) Provision of organic certification cost
15 share assistance pursuant to section 10606 of
16 the Farm Security and Rural Investment Act of
17 2002 (7 U.S.C. 6523).

18 “(B) Conduct of activities to support risk
19 management education and community out-
20 reach partnerships pursuant to section 522(d),
21 including—

22 “(i) entering into futures or hedging;

23 “(ii) entering into agricultural trade
24 options as a hedging transaction to reduce
25 production, price, or revenue risk; or

1 “(iii) conducting any other activity re-
2 lating to an activity described in clause (i)
3 or (ii), as determined by the Secretary.

4 “(C) Provision of agricultural management
5 assistance grants to producers in States in
6 which there has been traditionally, and con-
7 tinues to be, a low level of Federal crop insur-
8 ance participation and availability, and pro-
9 ducers underserved by the Federal crop insur-
10 ance program, as determined by the Secretary,
11 for the purposes of—

12 “(i) constructing or improving—

13 “(I) watershed management
14 structures; or

15 “(II) irrigation structures;

16 “(ii) planting trees to form
17 windbreaks or to improve water quality;
18 and

19 “(iii) mitigating financial risk through
20 production or marketing diversification or
21 resource conservation practices, includ-
22 ing—

23 “(I) soil erosion control;

24 “(II) integrated pest manage-
25 ment;

1 “(III) organic farming; or

2 “(IV) to develop and implement a
3 plan to create marketing opportunities
4 for the producer, including through
5 value-added processing.

6 “(2) PAYMENT LIMITATION.—The total amount
7 of payments made to a person (as defined in section
8 1001(5) of the Food Security Act (7 U.S.C.
9 1308(5))) (as in existence before the amendment
10 made by section 1603(b) of the Food, Conservation,
11 and Energy Act of 2008 (Public Law 110–246; 122
12 Stat. 1730) under paragraph (1) for any year may
13 not exceed \$50,000.

14 “(3) FUNDING.—

15 “(A) IN GENERAL.—The Secretary shall
16 carry out this subsection through the Com-
17 modity Credit Corporation.

18 “(B) FUNDING.—For each of fiscal years
19 2013 through 2017, the Commodity Credit Cor-
20 poration shall make available to carry out this
21 subsection \$23,000,000.

22 “(C) DISTRIBUTION OF FUNDS.—Of the
23 amount made available to carry out this sub-
24 section for a fiscal year, the Commodity Credit
25 Corporation shall use not less than —

1 “(i) 50 percent to carry out para-
2 graph (1)(A);

3 “(ii) 26 percent to carry out para-
4 graph (1)(B); and

5 “(iii) 24 percent to carry out para-
6 graph (1)(C).”.

7 **SEC. 11019. TECHNICAL AMENDMENTS.**

8 Section 508(b) of the Federal Crop Insurance Act (7
9 U.S.C. 1508(b)) is amended—

10 (1) by striking paragraph (7); and

11 (2) by redesignating paragraphs (8) through
12 (11) as paragraphs (7) through (10), respectively.

13 **TITLE XII—MISCELLANEOUS**
14 **Subtitle A—Socially Disadvantaged**
15 **Producers and Limited Re-**
16 **source Producers**

17 **SEC. 12001. OUTREACH AND ASSISTANCE FOR SOCIALLY**
18 **DISADVANTAGED FARMERS AND RANCHERS.**

19 Section 2501(a) of the Food, Agriculture, Conserva-
20 tion, and Trade Act of 1990 (7 U.S.C. 2279(a)) is amend-
21 ed by striking paragraph (4) and inserting the following:

22 “(4) **AUTHORIZATION OF APPROPRIATIONS.—**
23 There is authorized to be appropriated to carry out
24 this section \$20,000,000 for each of fiscal years
25 2013 through 2017.”.

1 **SEC. 12002. OFFICE OF ADVOCACY AND OUTREACH.**

2 Section 226B(f)(3) of the Department of Agriculture
3 Reorganization Act of 1994 (7 U.S.C. 6934(f)(3)) is
4 amended to read as follows:

5 “(3) AUTHORIZATION OF APPROPRIATIONS.—

6 There are authorized to be appropriated to carry out
7 this subsection—

8 “(A) such sums as are necessary for each
9 of fiscal years 2009 through 2012; and

10 “(B) \$2,000,000 for each of fiscal years
11 2013 through 2017.”.

12 **Subtitle B—Livestock**

13 **SEC. 12101. WILDLIFE RESERVOIR ZONOTIC DISEASE INI-**
14 **TIATIVE.**

15 Title IV of the Agricultural Research, Extension, and
16 Education Reform Act of 1998 (7 U.S.C. 7621 et seq.)
17 is amended by adding at the end the following:

18 **“SEC. 413. WILDLIFE RESERVOIR ZONOTIC DISEASE INI-**
19 **TIATIVE.**

20 “(a) DEFINITION OF COVERED DISEASE.—In this
21 section, the term ‘covered disease’ means a zoonotic dis-
22 ease affecting domestic livestock that is transmitted pri-
23 marily from wildlife.

24 “(b) ESTABLISHMENT.—There is established within
25 the Department a wildlife reservoir zoonotic disease initia-
26 tive to provide assistance through Coordinated Agricul-

1 tural Project grants for research and development of sur-
2 veillance methods, vaccinations, vaccination delivery sys-
3 tems, or diagnostic tests for covered diseases.

4 “(c) COVERED DISEASE.—

5 “(1) IN GENERAL.—To be eligible for a grant
6 under this section, an eligible entity shall conduct
7 research and development of surveillance methods,
8 vaccines, vaccination delivery systems, or diagnostic
9 tests for covered diseases in—

10 “(A) a wildlife reservoir in the United
11 States; or

12 “(B) domestic livestock or wildlife pre-
13 senting a potential concern to public health.

14 “(2) PRIORITY.—In making grants under this
15 section, the Secretary shall give priority to grants
16 that address—

17 “(A) *Brucella abortus* (Bovine Brucellosis);

18 “(B) *Mycobacterium bovis* (Bovine Tuber-
19 culosis); or

20 “(C) other zoonotic disease in livestock
21 that is covered by a high-priority research and
22 extension initiative conducted under section
23 1672 of the Food, Agriculture, Conservation,
24 and Trade Act of 1990 (7 U.S.C. 5925).

1 “(d) ELIGIBLE ENTITIES.—The Secretary shall carry
2 out the initiative established under subsection (b) through
3 public scientific research consortia that may consist of
4 members from—

5 “(1) Federal agencies;

6 “(2) National Laboratories;

7 “(3) institutions of higher education;

8 “(4) research institutions and organizations; or

9 “(5) State agricultural experiment stations.

10 “(e) RESEARCH PROJECTS.—In carrying out this
11 section, the Secretary shall award grants on a competitive
12 basis.

13 “(f) ADMINISTRATION.—

14 “(1) IN GENERAL.—In the case of grants
15 awarded under this section, the Secretary shall—

16 “(A) seek and accept proposals for grants;

17 “(B) determine the relevance and merit of
18 proposals through a system of peer and merit
19 review in accordance with section 103;

20 “(C) award grants on the basis of merit,
21 quality, and relevance; and

22 “(D) manage the initiative established
23 under subsection (b) using a Coordinated Agri-
24 cultural Project format.

1 “(2) TERM.—The term of a grant under this
2 section may not exceed 10 years.

3 “(3) MATCHING FUNDS REQUIRED.—The Sec-
4 retary shall require the recipient of a grant under
5 this section to provide funds or in-kind support from
6 non-Federal sources in an amount that is not less
7 than 25 percent of the amount provided by the Fed-
8 eral Government.

9 “(4) OTHER CONDITIONS.—The Secretary may
10 set such other conditions on the award of a grant
11 under this section as the Secretary determines to be
12 appropriate.

13 “(g) BUILDINGS AND FACILITIES.—Funds made
14 available under this section shall not be used for—

15 “(1) the construction of a new building or facil-
16 ity; or

17 “(2) the acquisition, expansion, remodeling, or
18 alteration of an existing building or facility (includ-
19 ing site grading and improvement and architect
20 fees).

21 “(h) AUTHORIZATION OF APPROPRIATIONS.—

22 “(1) IN GENERAL.—There is authorized to be
23 appropriated to carry out this section \$7,000,000 for
24 each of fiscal years 2012 through 2017.

1 “(2) ALLOCATION.—Of the amount made avail-
2 able for a fiscal year under paragraph (1), the Sec-
3 retary shall use not less than 30 percent of the
4 amount for the fiscal year to carry out activities
5 under each of subparagraphs (A) and (B) of sub-
6 section (c)(2).”.

7 **SEC. 12102. TRICHINAE CERTIFICATION PROGRAM.**

8 Section 10405(d)(1) of the Animal Health Protection
9 Act (7 U.S.C. 8304(d)(1)) is amended in subparagraphs
10 (A) and (B) by striking “2012” each place it appears and
11 inserting “2017”.

12 **SEC. 12103. NATIONAL AQUATIC ANIMAL HEALTH PLAN.**

13 Section 11013(d) of the Food, Conservation, and En-
14 ergy Act of 2008 (7 U.S.C. 8322(d)) is amended by strik-
15 ing “2012” and inserting “2017”.

16 **SEC. 12104. SHEEP PRODUCTION AND MARKETING GRANT**
17 **PROGRAM.**

18 (a) IN GENERAL.—Subtitle A of the Agricultural
19 Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended
20 by adding at the end the following:

21 **“SEC. 209. SHEEP PRODUCTION AND MARKETING GRANT**
22 **PROGRAM.**

23 “(a) ESTABLISHMENT.—The Secretary, acting
24 through the Administrator of the Agricultural Marketing
25 Service (referred to in this section as the ‘Secretary’) shall

1 establish a competitive grant program for the purposes of
2 improving the United States sheep industry.

3 “(b) PURPOSE.—The purpose of the grant program
4 shall be to strengthen and enhance the production and
5 marketing of sheep and sheep products, including im-
6 provement of—

7 “(1) infrastructure;

8 “(2) business;

9 “(3) resource development; and

10 “(4) innovative approaches to solve long-term
11 needs.

12 “(c) ELIGIBILITY.—The Secretary shall make grants
13 under this section to 1 or more national entities the mis-
14 sion of which is consistent with the purpose of the grant
15 program.

16 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
17 is authorized to carry out this section \$3,000,000 for each
18 of fiscal years 2013 through 2017.”.

19 (b) CONFORMING AMENDMENT.—Section 374 of the
20 Consolidated Farm and Rural Development Act (7 U.S.C.
21 2008j) (as in existence on the day before the date of enact-
22 ment of this Act) is—

23 (1) amended in subsection (e)—

24 (A) in paragraph (3)(D), by striking “3
25 percent” and inserting “10 percent”; and

1 (B) by striking paragraph (6); and
2 (2) redesignated as section 210 of the Agricultural Marketing Act of 1946; and
3
4 (3) moved so as to appear at the end of subtitle
5 A of that Act (as amended by subsection (a)).

6 **SEC. 12105. FERAL SWINE ERADICATION PILOT PROGRAM.**

7 (a) IN GENERAL.—To eradicate or control the threat
8 feral swine pose to the domestic swine population, the en-
9 tire livestock industry, and the destruction of crops and
10 natural plant communities and native habitats, the Sec-
11 retary of Agriculture may establish a feral swine eradi-
12 cation pilot program.

13 (b) PILOT.—Subject to the availability of appropria-
14 tions under this section, the Secretary may provide finan-
15 cial assistance for the cost of carrying out a pilot pro-
16 gram—

17 (1) to study and assess the nature and extent
18 of damage to the pilot area caused by feral swine;

19 (2) to develop methods to eradicate or control
20 feral swine in the pilot area; and

21 (3) to develop methods to restore damage
22 caused by feral swine.

23 (c) COORDINATION.—The Secretary shall ensure that
24 the Natural Resource Conservation Service and the Ani-

1 mal and Plant Health Inspection Service coordinate to
2 carry out the pilot program.

3 (d) COST SHARING.—

4 (1) FEDERAL SHARE.—The Federal share of
5 the costs of the pilot program under this section
6 may not exceed 75 percent of the total costs of car-
7 rying out the pilot program.

8 (2) IN-KIND CONTRIBUTIONS.—The non-Fed-
9 eral share of the costs of the pilot program may be
10 provided in the form of in-kind contributions of ma-
11 terials or services.

12 (e) LIMITATION ON ADMINISTRATIVE EXPENSES.—
13 Not more than 10 percent of financial assistance provided
14 by the Secretary under this section may be used for ad-
15 ministrative expenses.

16 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
17 authorized to be appropriated to carry out this section
18 \$2,000,000 for each of fiscal years 2013 through 2017.

1 **Subtitle C—Other Miscellaneous**
2 **Provisions**

3 **SEC. 12201. GRANTS TO IMPROVE SUPPLY, STABILITY,**
4 **SAFETY, AND TRAINING OF AGRICULTURAL**
5 **LABOR FORCE.**

6 Section 14204(d) of the Food, Conservation, and En-
7 ergy Act of 2008 (7 U.S.C. 2008q-1(d)) is amended to
8 read as follows:

9 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
10 are authorized to be appropriated to carry out this sec-
11 tion—

12 “(1) such sums as are necessary for each of fis-
13 cal years 2008 through 2012; and

14 “(2) \$10,000,000 for each of fiscal years 2013
15 through 2017.”.

16 **SEC. 12202. NONINSURED CROP DISASTER ASSISTANCE**
17 **PROGRAM.**

18 Section 196(a)(2) of the Federal Agriculture Im-
19 provement Act of 1996 (7 U.S.C. 7333(a)(2)) is amend-
20 ed—

21 (1) in subparagraph (A), by striking “(except
22 livestock)” and inserting “(except livestock and
23 crops and grasses used for grazing)”; and

24 (2) in subparagraph (B)—

900

1 (A) by inserting “(except ferns)” after
2 “floricultural”;

3 (B) by inserting “(except ferns)” after “or-
4 namental nursery”; and

5 (C) by striking “(including ornamental
6 fish)” and inserting “(including ornamental
7 fish, but excluding tropical fish)”.

8 **SEC. 12203. REGIONAL ECONOMIC AND INFRASTRUCTURE**
9 **DEVELOPMENT.**

10 Section 15751(b) of title 40, United States Code, is
11 amended—

12 (1) by striking “Not more than” and inserting
13 the following:

14 “(1) IN GENERAL.—Except as provided in para-
15 graph (2), not more than”; and

16 (2) by adding at the end the following:

17 “(2) LIMITED FUNDING.—In a case in which
18 less than \$10,000,000 is made available to a Com-
19 mission for a fiscal year under this section, para-
20 graph (1) shall not apply.”.