

# Agriculture Reform, Food and Jobs Act of 2012

Every five years, Congress passes a bundle of legislation, commonly called the "Farm Bill" that sets national agriculture, nutrition, conservation, and forestry policy. The last Farm Bill was passed in 2008, and expires in 2012.

The Agriculture Reform, Food and Jobs Act of 2012 (S. 3240) represents the most significant reforms in agricultural policy in decades. The bill ends direct payments, streamlines and consolidates programs, and reduces the deficit by \$23 billion. It also strengthens top priorities that help farmers, ranchers, and small business owners continue to grow our economy.

## Summary

Agriculture Reform, Food and Jobs Act Summary (<http://www.ag.senate.gov/newsroom/press/release/2012-farm-bill-committee-print>)(Committee Passed)

Agriculture Reform, Food and Jobs Act Section-by-Section (<http://www.ag.senate.gov/newsroom/press/release/2012-farm-bill-committee-print>)(Committee Passed)

## Legislative Text

S. 3240 Agriculture Reform, Food and Jobs Act (<http://www.ag.senate.gov/record/legislation/bills/3240>) (Committee Passed)

## Related Hearings

Business Meeting: Farm Bill Markup ( <a href="http://www.ag.senate.gov/hearings/business-meeting-farm-bill-markup">http://www.ag.senate.gov/hearings/business-meeting-farm-bill-markup</a> )	328A Russell Senate Office Building	04/26/12 10:30AM
Risk Management and Commodities in the 2012 Farm Bill ( <a href="http://www.ag.senate.gov/hearings/risk-management-and-commodities-in-the-2012-farm-bill">http://www.ag.senate.gov/hearings/risk-management-and-commodities-in-the-2012-farm-bill</a> )	216 Hart Senate Office Building	03/15/12 09:00AM
Healthy Food Initiatives, Local Production, and Nutrition ( <a href="http://www.ag.senate.gov/hearings/healthy-food-initiatives-local-production-and-nutrition">http://www.ag.senate.gov/hearings/healthy-food-initiatives-local-production-and-nutrition</a> )	216 Hart Senate Office Building	03/07/12 09:30AM

United States Senate Committee on  
**AGRICULTURE  
NUTRITION  
& FORESTRY**

U.S. Senator Debbie Stabenow, Chairwoman

## **Agriculture Reform, Food and Jobs Act of 2012**

In the United States, some 16 million jobs depend on the strength and continued success of American agriculture. Our farmers grow the safest and most abundant supply of food, fiber and energy in the world. Innovations in agriculture allow families to put healthy, nutritious food on their tables at a lower cost than in most other countries. The Agriculture Reform, Food and Jobs Act reforms, eliminates and streamlines numerous programs, saving taxpayers \$23 billion. It does this while strengthening the tools available to producers to help manage risks and conserve natural resources.

### **Title I: Commodities**

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Farmers face unique risks unlike those in other professions. Weather and market conditions outside a producer's control can have a devastating effect on producers, especially family farms. This bill ends direct payments, strengthens crop insurance, and encourages an innovative risk management approach that only provides assistance to producers when their businesses are threatened by risks outside their control.

#### **Eliminates Direct Payments**

Direct Payments, Counter-Cyclical Payments (CCPs), the Average Crop Revenue Election (ACRE) Program, and the Supplemental Revenue Assistance Payments (SURE) Program are repealed at the end of the 2012 crop year, creating \$15 billion in savings for deficit reduction.

#### **Ends Farm Payments to Millionaires**

Any person or entity with an adjusted gross income (AGI) of more than \$750,000 will be ineligible for payments from Title I Farm Bill programs, which are now capped at \$50,000 per entity. This bill also ensures that payments go to those farmers with an active stake in the farming operation.

#### **Simplified Risk Management**

Farmers will have access to a single, risk-based coverage program called Ag Risk Coverage (ARC) that complements crop insurance to protect against both price and yield losses. Farmers will make a one-time choice between coverage at the individual farm level or at the county-level. Payments to farmers will be available only when actual losses are experienced off of a benchmark revenue calculated using an Olympic average of the previous five crop years. Payment rates depend on whether the farmer has elected the individual farm level coverage or county-level coverage. Farmers can only receive payments for acres that are actually planted,

and only when there is a drop in price or yields. In order to be eligible for ARC, all farmers must agree to comply with conservation and wetlands requirements.

### **Marketing Loans**

The Marketing Loan Program is continued to help provide farmers operating capital for their farms with a loan rate adjustment for upland cotton that is designed to bring the program into better compliance with World Trade Organization (WTO) requirements in response to Brazil's WTO lawsuit. To receive marketing loans, farmers must agree to comply with conservation and wetlands requirements to the same degree as they do for eligibility in ARC.

### **Sugar**

The Sugar Program is continued without changes through 2017.

### **Stronger Dairy Programs**

Recognizing that dairy is a unique commodity, two new programs replace existing dairy programs. The Dairy Production Market Protection Program (DPMPP) is a voluntary program that protects producer margins equal to the difference between the all-milk price and a national feed cost. For small and medium-sized farms, additional margin protection is offered on the first 4 million pounds of milk marketed (the annual production of approximately 200 cows). The Dairy Market Stabilization Program (DMSP) promotes growth while encouraging producers who participate in DPMPP to scale down production when the market is oversupplied. These programs replace the Dairy Product Price Support Program (DPPSP) and the Milk Income Loss Contract Program (MILC). The USDA is given more authority and resources for transparency measures to make sure reported dairy prices are accurate.

### **Livestock & Supplemental Disaster Program**

The bill continues supplemental disaster assistance for producers whose livestock has been affected by high mortality rates caused by severe weather, disease, or other acts of nature. It also continues assistance for natural disasters that destroy grazing land, honey bees, farm fish, orchard trees, and nursery trees.

## **Title II: Conservation**

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Our rapidly growing population demands that America's farmers double their production over the next few decades *and* use fewer acres to do so. Conservation programs ensure we have a safe and abundant food supply, clean water, and thriving wildlife populations. The Agriculture Reform, Food and Jobs Act of 2012 consolidates 23 existing conservation programs into four fundamental program functions, achieving \$6 billion in deficit reduction.

### ***Working Lands***

#### **Environmental Quality Incentives Program (EQIP)**

EQIP will continue to provide cost-share for certain activities on working lands that help farmers avoid and comply with regulation. Many parts of the Wildlife Habitat Incentive Program (WHIP) have been consolidated into EQIP, focusing the program on farmers and ranchers looking to create or improve areas for wildlife habitat on their working lands.

**Conservation Stewardship Program (CSP)**

This program continues to encourage higher levels of conservation and the adoption of new and emerging conservation technologies on farms, ranches, and forests. Some changes are made to ease use and implementation of the program. Additionally, the cap on the number of nonindustrial private forestlands that can be enrolled in the program is removed and greater focus is given to identifying resource concerns at the local level. The program also gains flexibility to accept land coming out of the Conservation Reserve Program.

**Conservation Innovation Grants (CIG)**

Conservation Innovation Grants are provided on a competitive basis to encourage the development of new or improved conservation practices. CIG is geared towards projects that offer new approaches to providing producers environmental and production benefits. A new reporting requirement is added to increase program transparency.

**Voluntary Public Access and Habitat Incentive Program**

Private landowners are able to realize a value-added benefit by creating wildlife habitats and opening their land up to hunting, fishing, and other kinds of public outdoor recreation. This program is continued and the Secretary is required to report to Congress on the program's effectiveness by 2015.

***Conservation Reserve Program*****Refocuses the Conservation Reserve Program**

The Conservation Reserve Program (CRP) removes highly erodible land from production to benefit soil and water quality as well as wildlife habitats. The program currently has an acreage cap of 32 million acres. Over the next two years, the contracts on over 10 million acres will expire. The bill lowers the acreage cap through a multi-year step-down to 25 million acres, allowing for the re-enrollment and prioritization of the most highly erodible, sensitive acres. There is an added focus on grassland conservation. This program also continues the Transition Incentives Program, which allows retiring farmers and ranchers to transfer their land to a beginning farmer or rancher to begin production while still receiving CRP payments in the final two years of their contracts.

***Regional Partnerships*****Regional Conservation Partnership Program**

Four existing programs are consolidated into one that will support projects that improve soil quality, water quality, or wildlife habitat in a specific area or region. Projects are selected through a competitive, merit-based process, and producers are encouraged to leverage partner resources to achieve common goals. Within the program is a Critical Conservation Area component that funds projects in areas with particularly significant water quality and quantity issues facing natural resource regulatory pressures.

## ***Easements***

### **Simplified Easements Program**

All conservation easement programs will be streamlined under one program, the Agricultural Conservation Easement Program, with two parts: Agricultural Land Easements and Wetlands Easements. Agricultural Land Easements protect lands from development and keep them devoted to agricultural use as well as keep land for grazing. Wetland Easements restore, protect, and enhance wetlands, which are important for water quality, quantity and wildlife habitat issues in many areas. The program focuses on long term land protection.

## ***Other***

### **Conservation of Private Grazing Land**

The program is reauthorized to improve private grazing land by offering technical assistance and educational activities to landowners looking to better manage their land.

### **Grassroots Source Water Protection Program**

State rural water associations are encouraged to use technical assistance in order to promote conservation activities that protect the quality of our nation's drinking water through this program.

### **Small Watershed Rehabilitation Program**

Many of the flood control structures (mainly dams) in our country are reaching their maximum life expectancy. This program provides for projects to improve their longevity.

## **Title III: Trade**

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The United States maintains a significant trade surplus in agriculture, which is one of the few sectors where we export more than we import. The Agriculture Reform, Food and Jobs Act of 2012 continues that leadership with a focus on opening new markets and fighting trade barriers. It also recognizes the importance of America's leadership in times of food emergencies and reforms key policies to reduce waste in the system and provide flexibility to respond to changing food aid needs.

## ***Agricultural Trade Promotion***

### **Export Credit Guarantee Program (GSM-102)**

This program provides export credit guarantees to help ensure the availability of credit to finance the exports of U.S. agricultural products to countries where financing might not be available. To address concerns related to the Brazil WTO case, current levels of export credit guarantees are reduced from \$5.5 billion to \$4.5 billion. This works to ensure compliance with the dispute settlement with Brazil, while maintaining United States export competitiveness for agriculture.

### **Market Access Program**

This program provides matching funds to promote U.S. agricultural products in overseas markets.

**Foreign Market Development Program**

This program provides matching funds to nonprofit commodity or trade associations to aid in the long-term expansion of export markets for U.S. agricultural products.

**Emerging Markets and Facility Guarantee Loan Program**

This program provides funding for technical assistance to promote U.S. agricultural products to emerging markets and supports loan guarantees to establish or improve agriculture-related facilities in emerging markets.

**Technical Assistance for Specialty Crops**

This program provides financial assistance to producers and exporters of specialty crops in addressing barriers to trade in their products in overseas markets. The bill revises the “Purpose” section of the program slightly to ensure that technical barriers to trade (e.g., burdensome regulatory requirements) can be addressed under the program.

**Global Crop Diversity Trust**

The Trust provides for storage and maintenance of seed from food crops from all over the world in a facility in the Arctic Circle in northern Norway. The bill authorizes funds through 2017 to fund the Global Crop Diversity Trust. U.S. contributions may not exceed one fourth of the total of funds contributed to the Trust from all sources.

***International Food Aid Programs*****Speeds Emergency Food Aid Response**

The bill increases the amount of Title II funds available to support strategic prepositioning, which brings food aid commodities to at-risk regions before food emergencies strike.

**Food for Peace**

This is the largest food aid program under the Committee’s jurisdiction. It is comprised of four titles. However, Title II, which provides for emergency aid and non-emergency development projects, contains the title’s primary food aid budget authority. Taken as a whole, the program enables the U.S. to donate food overseas to promote food security.

**Farmer to Farmer**

This program, which is within Title II, sends American citizens with valuable agricultural skills to areas in developing countries that need technical assistance. This bill slightly raises the percentage of title funds to be used towards this program.

**McGovern-Dole**

This program facilitates distribution of food commodities through schools in developing countries through partner organizations to improve food security, reduce hunger, and improve literacy. The program has projects in over 40 countries and feeds about 5 million children in need every year.

**Local and Regional Food Aid Procurement**

Expanding on the success of a pilot program from the 2008 Farm Bill, Local and Regional Food Aid Procurement allows organizations to purchase food through local and regional markets. This promotes stability by supporting local producers and economies. By linking local and regional purchasing with the McGovern-Dole International Food for Education and Child Nutrition Program in the application process, this bill also encourages project graduation for schools participating in McGovern-Dole.

**Food Aid Quality**

The bill puts into action the recommendations of a study authorized by the 2008 Farm Bill to research U.S. Food Aid quality. The Administrator is given increased flexibility to improve the nutritional profile of food aid for target populations, such as children under five and mothers.

**Resiliency Pilot in the Horn of Africa**

Since the last Farm Bill, the famine in the Horn of Africa has brought new organizations and governments to the region, all intent on helping reduce hunger and improve food security. This new pilot will help coordinate these efforts on the ground by looking at interactions amongst the many groups doing resiliency work – the work that will help ensure that famine does not occur again.

**Bill Emerson Humanitarian Trust**

The Trust holds extra resources so that the U.S. can respond quickly to food crises when domestic supplies are short.

## **Title IV: Nutrition**

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The Agriculture Reform, Food and Jobs Act of 2012 strengthens the integrity and accountability of federal nutrition programs. The legislation ensures that every dollar be spent responsibly so that those who need help can get it. The bill cracks down on fraud and abuse, while strengthening efforts to get food assistance to those most in need.

### ***Supplemental Nutrition Assistance Program***

**Cracks Down on Trafficking**

The Department of Agriculture will receive additional funds to prevent trafficking of food assistance benefits and to strengthen retailer program integrity.

**Prevents Lottery Winners from Receiving Food Assistance**

Anyone with substantial lottery or gambling winnings will lose benefits immediately after receiving winnings. Winners will be prevented from receiving new benefits if they do not meet the financial requirements of SNAP.

**Prevents College Students from Misusing Benefits**

Limits SNAP eligibility for college students based on Perkins program criteria. This focuses eligibility on those participating technical and vocational education programs, primarily 2 year colleges, trade studies, remedial course work, basic adult literacy, or English as a second language.

**Improves the Quality of Participating Retail Stores**

Requires participating retailers to stock more staple foods like fruits and vegetables and bans stores from participating if their sales of prohibited items like liquor and tobacco is higher than 45 percent of the store's total sales.

**Closes Gap in Standards for Utility Allowance**

Benefits allocations are determined using both income and expenses. The Standard Utility Allowance is used by many states to estimate average utility costs in order to make benefits determinations. This provision will stop states from issuing extremely low LIHEAP benefits to qualify households to receive Standard Utility Allowances for the sole purpose of increasing their SNAP benefits. This provision will not affect any households receiving traditional LIHEAP assistance or any household that can demonstrate a utility cost.

**Preserves SNAP Nutrition Education**

This program supports projects that improve the likelihood that individuals eligible to receive SNAP will choose physically active lifestyles and make healthy food choices within a limited budget, consistent with the current Dietary Guidelines for Americans. The bill adds physical activity as an eligible use of the program, and maintains current funding levels.

**Continues Employment and Training Program**

Continues Employment and Training to provide for employment through work-related education and training activities.

***Additional Nutrition Programs*****Gives Seniors Access to Healthy Fruits and Vegetables**

The bill maintains funding authorizations at current levels for the Commodity Supplemental Food Program (CSFP). Transitions CSFP to a program for senior citizen populations while allowing the small percentage of women and children currently enrolled in CSFP to continue to receive services through the program until they have exceeded the age of eligibility. Women, infants and children will all be served by the Women, Infants, and Children (WIC) program, which is more suited to meet their needs.

**Increases Assistance for Food Banks**

Local food banks are struggling to provide enough food to needy families in their area. The Emergency Food Assistance Program (TEFAP) helps supplement the diets of low-income individuals by providing emergency food and nutrition assistance, largely through food banks.

**Department of Defense Fresh Program**

The bill maintains current funding for the Department of Defense Fresh Program, which distributes fresh fruits and vegetables to schools and service institutions. It also continues to allow the Agriculture Marketing Service to conduct pilots to allow states to source locally.

**Senior Farmers Market Nutrition Program**

Maintains current funding levels for the Senior Farmers Market Nutrition Program, which provides low-income seniors with coupons that can be exchanged for eligible foods (fruits, vegetables, honey, and fresh-cut herbs) at farmers' markets, roadside stands, and community supported agriculture programs.

**Whole Grain Products**

The bill continues the whole grain products program that encourages sampling of a variety of whole grains and whole-grain foods for use in school meal programs. Requires an evaluation to determine whether whole-grain consumption increased and which products were most acceptable to schoolchildren.

**Healthy Food Financing Initiative**

In both urban and rural low-income communities, many people lack reasonable access to nutritious and affordable food. The bill authorizes the Healthy Food Financing Initiative to administer loans and grants to improve access to healthy foods in these “food deserts,” improving the health of families and creating and preserving jobs.

**Technology Modernization**

The bill directs the Food and Nutrition Services to conduct demonstration projects to test new technologies like smart phones and online payments for retailers to improve access through the Supplemental Nutrition Assistance Program.

**Promotes Better Health for School Children**

The bill maintains current funding levels for the Fresh Fruit and Vegetables Program, which provides free fresh fruits and vegetables to elementary school children throughout the school day in school districts with a high proportion of low-income students.

**Community Food Projects**

The bill provides for grants to eligible nonprofit organizations to improve community access to food through the development of innovative projects such as school-to-garden programs and urban greenhouse initiatives.

**Encourages Healthy Food Choices**

The bill provides grants to incentivize the purchase of fruits and vegetables by SNAP participants. Eligible entities conducting programs like “Double Up Food Bucks” will be able to access federal matching funds to expand efforts into additional communities.

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**Title V: Credit**

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The average American farmer is over 60 years old, and a shortage of beginning farmers is threatening the long-term economic success of American agriculture. The Agriculture Reform, Food and Jobs Act of 2012 continues the work of the 2008 Farm Bill to assist beginning farmers and family farms.

**Helps Farmers Get Started with Conservation**

The Conservation Loan and Loan Guarantee Program provides loans to borrowers to build conservation structures or establish conservation practices.

**Support for Beginning Farmers**

The Beginning Farmer and Rancher Individual Development Accounts Pilot Program authorizes matching-funds for savings accounts specifically to be used for farming-related expenses for beginning farmers and ranchers.

**Loan Fund Set-Asides**

The credit title maintains higher loan funds reserved for direct farm ownership loans and also maintains the strengthened down payment loan program. It continues to reserve a portion of the guaranteed farm ownership loan funds and direct operating loan funds for beginning farmers and ranchers.

**Maintains Loan Authorization Levels**

The credit title recognizes the importance and success of Department of Agriculture loan programs. All Farm Service Agency (FSA) loan authorization levels are reauthorized until 2017.

**State-Mediation Program**

This program recognizes the importance of state mediation programs in resolving agriculture and USDA-related disputes. This program has been incorporated in the Farm Bill by extending the 2010 reauthorization of the USDA's State Agricultural Mediation Program until 2017.

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**Title VI: Rural Development**

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Rural communities reflect the indomitable spirit of America and have always been a symbol of our national values. Today, rural communities face serious economic threats and an erosion of a way of life that stretches back many generations. The Agriculture Reform, Food and Jobs Act of 2012 helps rebuild those communities and invest in the future, especially broadband and business development, to help rural communities thrive in the 21st century economy.

***Rural Business Development Programs*****Continues Support for Rural Business Development**

The Rural Business Development Grants program will award competitive grants to public agencies and non-profit community development organizations for business development, planning, technical assistance, or job training in rural areas.

**Supports Rural Cooperative Development**

The Rural Cooperative Development Grants program provides competitive grants to non-profit organizations for the establishment and operation of centers for rural cooperative development.

**Encourages Rural Entrepreneurship**

The Rural Microenterprise Assistance Program awards grants to microenterprise development organizations to provide training, business planning assistance, market development assistance, and other services to rural microenterprises. This program also awards funding for the establishment of rural microloan programs designed to support microentrepreneurs in rural areas.

**Supports Rural Food Processing**

The Value-Added Agricultural Market Development Program Grants program is designed to encourage independent producers of agricultural commodities to process their raw products into marketable goods, thereby increasing farm income. Grants may be used for planning activities, for working capital for marketing value-added agricultural products, and for farm-based renewable energy. The program will prioritize funding for projects benefiting beginning farmers and ranchers.

**Continues Business Loan Support**

The Business and Industry Direct and Guaranteed Loan Program improves, develops, or finances business, industry, and employment in rural communities by bolstering the existing private credit structure through the guarantee of quality loans. The bill reserves funds made available through the program for projects that include the processing, distribution, storage, and marketing of locally produced agricultural food products.

***Infrastructure Improvement Programs*****Access to Broadband Services in Rural Areas**

Through USDA's Broadband Program, the Department provides funds for the construction, improvement, and acquisition of facilities and equipment needed to provide broadband service in rural communities. The bill authorizes USDA to begin providing combinations of grants and loans for the expansion of broadband service. The program will target funds to rural communities isolated from significant population centers.

**Distance Learning and Telemedicine**

This program provides competitive grant and loan funding that supports equipment and infrastructure improvements that enhance telecommunications capabilities at educational and medical facilities.

**Water, Waste Disposal and Wastewater Facility Grants and Loans**

This program provides grants, loans and loan guarantees to public agencies for projects that support the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. Rural communities with populations of less than 5,500 are prioritized for funding.

**Rural Water and Wastewater Circuit Rider Program**

This program provides competitive grants to non-profit organizations that give technical assistance to rural public water systems. This technical assistance helps the water systems to comply with state and federal environmental regulations. The program is authorized to receive \$25 million annually.

**Rural Energy Savings Program**

The bill authorizes a new loan program, administered by the Department of Agriculture, which will issue zero-interest loans to any electric cooperative or coordinated group of electric cooperatives for the purpose of lending the funds to their customers to make energy saving retrofit and structural improvements.

***Community Development Programs*****Strategic Economic and Community Development**

The bill authorizes the Secretary to give priority to applications submitted for funds through Rural Development programs that support regional approaches to community and economic development. These applications should reflect the participation of multiple stakeholders in the service area of the proposal. The applications should also have clear objectives and an explanation of performance measures that will be used to determine progress in meeting those objectives.

**Technical Assistance for Community Facilities Projects**

The bill authorizes the Secretary to make up to 3 percent of funds provided through the Community Facilities Loan and Grant Program available to applicants for technical assistance. Many rural communities do not have full-time staff to assist in the preparation of funding applications. This provision will help smaller communities in the development of their applications to the Community Facilities program, which supports projects related to economic development, public safety, and health care delivery.

**Appropriate Technology Transfer for Rural Areas**

This program awards competitive grant funding to national non-profit organizations that provide agricultural producers information pertaining to the reduction of input costs, conservation of energy resources, and expansion of markets through the use of sustainable farming practices.

**Title VII: Research**

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Decades of research have allowed American producers to consistently outperform producers in other countries by being more efficient, more innovative, and more productive with limited resources. The Agriculture Reform, Food and Jobs Act of 2012 continues that leadership by continuing critical research initiatives and creates a new nonprofit research foundation to bring public and private dollars together to support cutting-edge research.

**Foundation for Food and Agriculture Research**

The bill creates a new non-profit foundation, the Foundation for Food and Agriculture Research, to leverage private funding, matched with federal dollars, to support agricultural research. This innovative approach will foster continued innovation in agricultural research.

**Continues Critical Agricultural Research**

The Agriculture and Food Research Initiative (AFRI) program provides competitive grants for basic and applied research. The bill does not include policy changes to the additional program.

**University Research**

The bill reauthorizes agricultural research activities at 1862, 1890 and 1994 land-grant institutions.

**Extension Service**

The bill reauthorizes funds for extension service activities.

**National Agricultural Research, Extension, Education and Economics (NAREEE)****Advisory Board**

The bill reauthorizes the NAREEE advisory board, which provides consultation to USDA, industry and Congress on agricultural research priorities. The NAREEE advisory board is directed to consult with industry groups on agricultural research, extension, education, and economics, and to make recommendations to the Secretary based on that consultation.

**Policy Research Centers**

This program provides competitive grants for cooperative agreements with policy research centers to conduct research and education programs concerning the effect of policies on the farm and agricultural sectors; the environment; rural families and economies; and consumers, food and nutrition.

**Capacity Building Grants for Non-Land Grant Colleges of Agriculture (NLGCA)****Institutions**

This program provides competitive grants to assist NLGCA institutions in maintaining and expanding the capacity to conduct education, research, and outreach activities related to agriculture, renewable resources, and other similar disciplines.

**Beginning Farmer and Rancher Development Program**

The bill continues the Beginning Farmer program, which develops and offers education, training, outreach and mentoring programs to ensure the success of the next generation of farmers. The bill expands eligibility to include military veterans who wish to begin a career in agriculture.

**Addresses Critical Shortages of Veterinarians**

The bill would help address the shortage of veterinarians in rural agricultural areas by supporting veterinary education and rural recruitment.

**Increased Transparency for Budget Submissions**

In order to increase transparency and reduce duplication across agencies, the bill requires the Department of Agriculture to provide more detailed information regarding expected research expenditures when submitting its annual budget request to Congress.

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**Title VIII: Forestry**

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The health of America's forests is critical to the future of our economy and our way of life. Forests provide clean drinking water, critical wildlife habitats, and recreational opportunities for our families. While the conservation title gives many tools to foresters to manage their land, additional efforts to preserve and improve our nation's forests are included here.

**Improves the Health of America's Forests**

The bill reauthorizes the Healthy Forest Reserve Program (HFRP), a voluntary program that enhances forest ecosystems to promote the recovery of threatened and endangered species, improve biodiversity, and enhance carbon sequestration.

**Forest Legacy Program**

This program protects water quality, provides habitat, recreational opportunities and other public benefits on our working forests making sure that we keep our forests in forests.

**Supports Community Forestry**

The Community Forest and Open Space Conservation Program is reauthorized. This program leverages federal dollars to help communities, including tribes, to protect forests in threat of conversion to non-forest use.

**Forest Stewardship Program**

Private forest landowners benefit from the landscape level information that Forest Stewardship Plans developed through this program provide. This makes sure that landowners have the resources necessary to manage their forests in an economically and environmentally effective manner.

**International Forestry**

The trade of illegal forests products is threatening our domestic markets, where honest dealers are trying to sell their wood products. This program encourages the trade of legally harvested timber. It also supports domestic production by working to prevent invasive species from entering the country.

**Urban and Community Forestry**

This program helps communities develop and maintain urban forestry programs, which protect urban trees and forests.

**Stewardship Contracting**

This is an effective tool for land management that allows the Forest Service to conduct important restoration work to improve the health of our nation's forests.

## **Title IX: Energy**

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With new opportunities in bio-based manufacturing, advanced biofuels, and renewable energy, the Agriculture Reform, Food and Jobs Act of 2012 continues programs that are helping to create jobs while simultaneously reducing our nation's dependence on foreign oil.

**Rural Energy for America Program**

The popular Rural Energy for America (REAP) program has helped nearly 4,000 farmers, ranchers and rural business owners lower their energy bills by installing renewable and energy efficient systems. The bill will provide a streamlined application process for farmers and rural businesses applying for small and medium sized projects.

**Promotes Advanced Bioenergy Production**

The Biomass Crop Assistance Program (BCAP) program provides support for farmers and ranchers who wish to plant energy crops to produce and use biomass crops for conversion to advanced biofuels or bioenergy. Agricultural producers in BCAP project areas may contract with the Department of Agriculture to receive biomass crop establishment payments up to 50 percent of costs, plus annual payments in amounts determined by the Secretary in subsequent years to help to compensate for lost opportunity costs until crops are established.

**Supports the Growing Bio-Based Economy**

The bill will reauthorize and modify USDA's BioPreferred Program and the Federal Government Procurement Preference Program. Many of the modifications are adopted from the "Make it Here, Grow it Here" initiative which includes reporting of biobased purchases by the federal agencies, auditing and enforcement of the biobased and education/outreach activities.

**Biorefinery Assistance Program**

This program provides loan guarantees for renewable energy projects. Eligibility for the program has been expanded to include biobased manufacturing, which uses agricultural products to make value-added products.

**Bioenergy Program for Advanced Biofuels**

This program provides production payments for advanced bioenergy sources such as methane digesters, advanced biofuels and biopower.

**Biodiesel Fuel Education Program**

The Biodiesel Fuel Education Program provides competitive grants to non-profit entities to provide information about the benefits of biodiesel fuel use to government and private organizations.

**Biomass Research and Development Initiative (BRDI)**

The bill would reauthorize funding for research on biomass feedstock development for bioenergy and biobased products.

**Feedstock Flexibility Program for Bioenergy Producers**

The Feedstock Flexibility Program assures that sugar imports do not result in increased forfeitures of U.S. sugar.

**Community Wood Energy Program**

This program provides competitive, cost-share grants for communities to supply public buildings with energy from sustainably-harvested wood from the local area.

## **Title X: Specialty Crops & Horticulture**

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The Agriculture Reform, Food and Jobs Act of 2012 recognizes the diversity of American agriculture and the importance of specialty crops and organics, including fruits, vegetables, nuts, horticulture, and nursery crops. Sales of specialty crops total nearly \$65 billion per year, making them a critical part of the U.S. economy and an important job creator.

### **Supports Farmers Markets and Local Foods**

The Farmers Market and Local Food Promotion Program continues successful efforts from the Farmers Market Promotion Program by providing competitive grants to improve and expand farmers markets, roadside stands, community-supported agriculture programs, and other direct producer-to-consumer market opportunities. The program authority is expanded to also provide assistance in developing local food system infrastructure and central regional food development centers like food hubs and terminal markets that help producers with training, aggregating, distributing and other market activities.

### **Local Food Data and Evaluation**

The bill expands collection of data related to local and regional food systems and directs the Department of Agriculture to evaluate the success of and recommend improvements to current programs designed to strengthen access to local foods.

### **Continues Specialty Crop Research**

Provides mandatory funding over 10 years for the Specialty Crop Research Initiative, ensuring funding will be available for key research projects for fruits, vegetables and other specialty crops. This funding also ensures funding will be available for this program in the next farm bill.

### **Specialty Crop Block Grants**

The bill adjusts the grant allocation formula from solely the value of specialty crop production in a state to the average of both the value of specialty crop production and acres of specialty crops planted in a state. This change ensures that states receive credit for both high value crops as well as the number of acres devoted to specialty crop production in a state. The bill also allows funding for multistate projects related to pest and disease, food safety, and commodity-specific projects.

### **Continues Data Collection on Organics**

The bill improves coordination between the Agriculture Marketing Service and the Risk Management Agency to ensure risk management tools are sufficient.

### **National Organic Program**

The National Organic Program is reauthorized. One time mandatory funding is provided for technology upgrades to improve program performance.

### **Organic Research Initiative**

Funding for the Organic Research and Extension Initiative is provided at \$80 million over 5 years.

**Helps Farmers Achieve Organic Certification**

The bill continues to provide assistance to organic producers seeking certification under the National Organic Program. This program will provide up to 75% of the cost of certification, but no more than \$750.

**Organic Promotion**

The bill directs the Secretary to assess the feasibility of creating an organic promotion program.

**Fights Pests and Diseases**

The bill consolidates the National Clean Plant Network and the Pest and Disease Management and Disaster Prevention Program. These programs focus on early detection and surveillance of invasive pests, interventions to prevent crop damage and supplies clean pathogen free plant material for producers.

## **Title XI: Crop Insurance**

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Responding to the concerns of farmers across America, the Agriculture Reform, Food and Jobs Act of 2012 strengthens and improves coverage for all commodities and underserved crops like fruit and vegetables without making budget cuts to the crop insurance title. The bill also addresses the declining Actual Production History (APH) yield problem by increasing the county transitional yield.

**Creates the Supplemental Coverage Option**

The Supplemental Coverage Option allows producers to purchase additional coverage on an area yield and loss basis. The coverage option establishes a trigger on coverage offered only if losses exceed 21 percent for producers enrolled in ARC and 10 percent for all other producers.

**Expands Crop Insurance for Fruit and Vegetable Producers**

Crop insurance coverage is expanded for underserved crops and regions, including fruit and vegetable producers. The bill provides additional assistance for underserved producers to partner with private developers of crop insurance to create improved insurance products. The bill also allows the Risk Management Agency (RMA) to conduct research and development on new or improved crop insurance products. It also creates a new partnership to expand access of index-based weather insurance products for fruit and vegetable growers who don't have sufficient price or yield data for traditional insurance.

**Provides Revenue Crop Insurance for Cotton and Peanut Producers**

The bill creates a stand-alone revenue protection coverage program for cotton growers. It also creates a separate peanut revenue insurance with an effective price for peanut growers.

**Improves Crop Insurance for Beginning Farmers and Ranchers**

Beginning farmers and ranchers are given a 10 percentage point discount for all crop insurance premiums. The bill also provides beginning farmers and ranchers with an improved production history when they have previous farming experience or when they face natural disasters.

## **Title XII: Miscellaneous**

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The Agriculture Reform, Food and Jobs Act of 2012 covers a broad range of areas. A number of programs, including those that assist socially disadvantaged farmers, those that assist livestock producers, and those that focus on workforce development, do not fit into other titles and are included here.

### **Outreach for Socially Disadvantaged Farmers**

The bill continues grants to organizations that work with minority farmers to help them acquire, own, operate, and retain farms and ranches and equally participate in all USDA programs.

### **Continues Advocacy and Outreach Efforts**

The bill reauthorizes the Office of Advocacy and Outreach, which was created by the 2008 Farm Bill to increase the viability and profitability of small farms and ranches, beginning farmers or ranchers, and socially disadvantaged farmers or ranchers.

### **Wildlife Reservoir Zoonotic Disease Initiative**

To ensure continued research to combat devastating livestock diseases, the Wildlife Reservoir Zoonotic Disease Initiative is created to improve diagnostic testing and vaccines for bovine tuberculosis, brucellosis, and other zoonotic diseases.

### **Ensures Health of American Livestock**

The bill reauthorizes the Trichinae Certification Program and the National Aquatic Health Plan.

### **Sheep Production and Marketing Grant Program**

The bill establishes a competitive grant program to enhance production and marketing of the sheep industry.

### **Pilot Program to Eradicate Feral Swine**

Over half the states have problems with feral swine, which can transmit dangerous diseases to humans and livestock. The bill creates a pilot project that directs the Natural Resources Conservation Service and the Animal and Plant Health Inspection Service to work together on eradication methods that can be used throughout the country.

### **Grants to Improve Agricultural Labor Supply, Stability, Safety, and Training**

The bill reauthorizes the Agricultural Career and Employment Grants Program. Funds may be used to assist agricultural employers and farmworkers to develop skills, the provision of agricultural labor market information, transportation and short-term housing.

# Agriculture Reform, Food and Jobs Act of 2012

<p style="text-align: center;">Title I Commodity Programs Section-by-Section Summary</p>
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<p>Subtitle A: Repeals and Reforms</p>
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## **Section 1101. Repeal of Direct Payments**

- Eliminates Direct Payments effective with 2013 crop.

## **Section 1102. Repeal of Counter-Cyclical Payments**

- Eliminates Counter-Cyclical Payments effective with 2013 crop.

## **Section 1103. Repeal of Average Crop Revenue Election Program**

- Eliminates the Average Crop Revenue Election Program (ACRE) effective with 2013 crop.

## **Section 1104. Definitions**

- Defines various terms used in the bill; most terms are defined as they were in the 2008 farm bill. Added definitions are below:
  - (1) Actual Crop Revenue- with respect to a covered commodity for a crop year means the amount determined by the Secretary under section 1105(c)(4) that establishes whether agriculture risk coverage payments are required to be made for that crop year.
  - (2) Agriculture Risk Coverage Guarantee- with respect to a covered commodity for a crop year means the amount determined by the Secretary under section 1105(c)(4) to determine whether payments are required to be made for that crop year.
  - (3) Agriculture Risk Coverage Payment- means a payment made under section 1105(c).
  - (4) County Coverage- For the purposes of agriculture risk coverage under section 1105, the term "county coverage" means coverage determined using the total quantity of all acreage in a county of the covered commodity that is planted or prevented from being planted by a producer with the yield determined by the average county yield.
  - (5) Covered Commodity- In general, means wheat, corn, grain, sorghum, barley, oats, long grain rice, medium grain rice, pulse crops, soybeans, other oilseeds, and peanuts. Additionally, the Secretary is instructed to study the feasibility of including popcorn as a covered commodity by 2014 and if the Secretary determines it to be feasible, may designate popcorn as a covered commodity.
  - (6) Eligible acres- means all acres planted or prevented from being planted to covered commodities on a farm in any crop year. Eligible acres shall not exceed the average total acres planted or prevented from being planted to covered commodities and upland cotton on the farm for the 2009 through 2012 crop years. The Secretary shall provide for an adjustment to eligible acres to account for cropland coming out of Conservation Reserve Program contracts and to account for resource conserving rotations such as summer fallow.
  - (7) Extra Long Staple Cotton- means cotton that is produced from pure strain varieties of the Barbados species or any hybrid of the species, or other similar types of extra-long staple cotton, designated by the Secretary, having characteristics needed for various end uses for which United States upland cotton is not suitable and grown in irrigated cotton-growing

regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of the varieties to types

- (8) Individual Coverage – for purposes of the Agriculture Risk Coverage program, the term “individual coverage” means the sum of all of a producer’s acreage in a county planted or prevented from being planted to a covered commodity.
- (9) Medium Grain Rice– includes short grain rice.
- (10) Midseason price– means the applicable national average price received by producers for the first 5 months of the applicable marketing year.
- (11) Other Oilseed– means a crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or any oilseed designated by the Secretary.
- (12) Producer– means an owner, operator, landlord, tenant, or sharecropper that shares in the risk of producing a crop and is entitled to share, in the crop available for marketing from the farm, or would have shared the crop been produced.
- (13) Pulse Crop– means dry peas, lentils, small chickpeas, and large chickpeas.
- (14) State – means (a) State, (b) the District of Columbia (c) the Commonwealth of Puerto Rico, (d) any other territory or possession of the United States.
- (15) Transitional Yield– has the meaning given the term in section 502(b) of the Federal Crop Insurance Act.

#### **Section 1105. Agriculture Risk Coverage**

- **Section 1105 (a)** Authorizes agriculture risk coverage payments for the 2013 through 2017 crop years.
- **Section 1105 (b)** Requires the Secretary to provide producers an opportunity to make a one-time election that is binding on the producer (not the acres) to receive either individual or county coverage for all covered commodities and all acres under the control of the producer. Requires the Secretary to ensure that producers are precluded from reconstituting or transferring control of acreage that would only have the effect of altering or reversing the coverage election.
- **Section 1105 (c)** Requires the Secretary to make agriculture risk coverage payments when a producer’s actual crop revenue for a covered commodity is less than the agriculture risk coverage guarantee. Establishes the agriculture risk guarantee as 89 percent of the benchmark revenue which is defined as the product obtained by multiplying the 5-year Olympic yields (individual or county) by the 5 year Olympic national average prices.
- Requires that the payment rate is the difference between the agriculture risk coverage guarantee for the covered commodity and the actual crop revenue for the covered commodity; not to exceed 10 percent of the benchmark revenue for the crop year for the covered commodity.
- Requires that the payment amount for individual coverage as 65 percent of the payment rate for the covered commodity that were planted and 45 percent for those acres that were prevented from being planted; the payment amount for county coverage is 80 percent of the payment rate the covered commodity that were planted and 45 percent for those acres that were prevented from being planted.

- Requires the Secretary, in carrying out the agriculture risk coverage program, to use all information to check for anomalies in making payments; to calculate a separate agriculture risk guarantee for irrigated and non-irrigated commodities; differentiate by type or class the national average price of sunflower seeds, barley (using malting barley values) and wheat; and to assign a yield for producers who do not have a yield history or whose yield is an unrepresentative average yield.

#### **Section 1106. Producer Agreement Required as Condition of Provision of Payments**

- Establishes the requirements that producers must meet to be eligible to receive Agricultural Risk Coverage Payments: comply with applicable conservation and wetland protections and effectively control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices as determined by the Secretary.
- Sets requirements governing transfers of interest.
- Requires acreage and production reports.
- Requires that no penalty with respect to benefits be assessed against producers on the farm for an inaccurate acreage or production report.
- Requires that data reported by the producer meet the requirements under the Federal Crop Insurance Act without additional submission to the Department.
- Provides for adequate safeguards to protect the interests of tenants and sharecroppers.

#### **Section 1107. Period of Effectiveness**

- Programs and provision of this subtitle are applicable through 2017.

### **Subtitle B: Marketing Assistance Loans and Loan Deficiency Payments**

#### **Section 1201. Availability of Nonrecourse Marketing Assistance Loans for Loan Commodities**

- Defines “Loan commodity” same as current law, except replaces “wool” with “graded wool” and “non-graded wool”.
- Continues current law through 2017 authorizing the Secretary to make nonrecourse marketing assistance loans for loan commodities available to producers.
- Revises current law in establishing the requirements that producers must meet to be eligible to receive marketing assistance loans: comply with applicable conservation and wetland protections and effectively control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices as determined by the Secretary; in alignment with conservation compliance requirements for ARC.
- Sets requirements governing transfers of interest.
- Requires acreage and production reports.
- Provides for adequate safeguards to protect the interests of tenants and sharecroppers.
- Incorporates special loan, storage, handling, and marketing rules for peanuts.

#### **Section 1202. Loan Rates for Nonrecourse Marketing Assistance Loans**

- Continues current law establishing loan rates for commodities (except for adjustment to upland cotton) as follows for the 2013- 2017 crop years:
  - (1) Wheat, \$2.94 per bushel (Same as current law)
  - (2) Corn, \$1.95 per bushel (Same as current law)
  - (3) Grain Sorghum, \$1.95 per bushel (Same as current law)
  - (4) Barley, \$1.95 per bushel (Same as current law)

- (5) Oats, \$1.39 per bushel (Same as current law)
- (6) Upland Cotton (changed from 2008 Farm Bill from \$0.52 per pound): for the 2013 and each subsequent crop year, the simple average of the adjusted prevailing world price for the 2 immediately preceding the next domestic plantings, but in no case less than \$0.47 per pound or more than \$0.52 per pound.
- (7) Extra-long staple cotton, \$.7977 per pound (Same as current law)
- (8) Long grain rice, \$6.50 (Same as current law)
- (9) Medium grain rice, \$6.50 (Same as current law)
- (10) Soybeans, \$5.00 per bushel (Same as current law)
- (11) Other oilseeds, \$10.09 per hundredweight (Same as current law)
- (12) Dry Peas, \$5.40 per hundredweight (Same as current law)
- (13) Lentils, \$11.28 per hundredweight (Same as current law)
- (14) Small chickpeas, \$7.43 per hundredweight (Same as current law)
- (15) Large chickpeas, \$11.28 per hundredweight (Same as current law)
- (16) Graded wool, \$1.15 per pound (Same as current law)
- (17) Non-graded wool, \$0.40 per pound (Same as current law)
- (18) Mohair, \$4.20 per pound (Same as current law)
- (19) Honey, \$0.69 per pound ( \$0.03 cents lower than current law)
- (20) Peanuts, \$355 per ton (Same as current law)
- Continues current law establishing single loan rates in each county for each kind of other oilseeds.

#### **Section 1203. Terms of Loans**

- Continues current law regarding the terms of marketing assistance loans as nine months; prohibits extensions.

#### **Section 1204. Repayment of Loans**

- **Section 1204 (a)** Continues current law.
- **Section 1204 (b)** Continues current law.
- **Section 1204 (c)** Continues current law establishing the loan repayment rate for extra-long staple cotton as the loan rate established under section 1202, plus interest.
- **Section 1204 (d)** Continues current law through 2017 requiring the Secretary to issue by regulation a formula to determine the prevailing world market price for upland cotton, long grain rice, and medium grain rice, and a mechanism by which the Secretary shall announce periodically those prevailing world market prices.
- **Section 1204 (e)** Continues current statutory requirement regarding adjustment to the prevailing world market prices for long grain rice, medium grain rice and upland cotton. Requires the Secretary to establish a mechanism for determining and announcing these adjustments in order to avoid undue disruption in the United States market.
- **Section 1204 (f)** Continues current law regarding the repayment rates for confectionery and other kinds of sunflower seeds (other than oil sunflower seed) at a rate that is lesser of the loan

rate established under section 1202, plus interest, or the repayment rate established for oil sunflower seed.

- **Section 1204 (g)** Continues current law regarding payment rates for cotton storage costs.
- **Section 1204 (h)** Continues current law regarding the repayment rate for peanuts
- **Section 1204 (i)** Continues current law through 2017 authorizing the Secretary to temporarily adjust repayment rates in the event of a severe disruption to marketing, transportation, or related infrastructure.

#### **Section 1205. Loan Deficiency Payments**

- **Section 1205 (a) – (d)** Continues current law through 2017 authorizing the Secretary to make loan deficiency payments available to producers who agree to forego marketing loans for the same commodities. Authorizes loan deficiency payments for producers of unshorn pelts and hay and silage, although such producers are not eligible for marketing loans. Establishes the computation for loan deficiency payments as the product of the payment rate for commodity multiplied by the quantity of the commodity produced.
- **Section 1205 (e)** Continues current law establishing the effective date for payment rate determination using the rate in effect as of the date the producers request the payment.

#### **Section 1206. Payments in Lieu of Loan Deficiency Payments for Grazed Acreage**

- Continues current law through 2017 authorizing the Secretary to make payments to producers of wheat, barley, oats, or triticale if the producers agree to use the acreage for grazing livestock and to forgo any other harvesting. Payments are required to be made at the same time as loan deficiency payments, in an amount that is the product of; the loan deficiency product rate; and the payment quantity, as determined by multiplying the quantity of grazed acreage by the payment yield. Separate rules apply for determining the triticale payment amount. Such acreage is not eligible for a crop insurance indemnity or noninsured crop assistance.

#### **Section 1207. Special Marketing Loan Provisions for Upland Cotton.**

- **Section 1207 (a)- (b)** Continues current law through 2017 requiring the President to carry out an import quota program for upland cotton whenever the Secretary determines that, for any consecutive four-week period, the Friday through Thursday average price for the lowest priced U.S. growth delivered C.I.F. Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound. Prohibits the Secretary from adjusting the average price quotation for the value of any certificates during any month for which the Secretary estimates the season-ending U.S. upland cotton stocks-to-use ratio to be below 16 percent. In making such estimates, requires the Secretary to estimate and report the season-ending U.S. Stocks-to-use ratio on a monthly basis.
- **Section 1207 (c)** Continues current law through 2017 requiring the Secretary, beginning August 1, 2012, to provide economic adjustment assistance available to domestic users of upland cotton in the form of payments for all documented use of that upland cotton during the previous monthly period regardless of the origin of the upland cotton. Assistance provided should be 3 cents per pound and made available only to domestic users of upland cotton that

certify that assistance is used to acquire, construct, install, modernize, develop, convert, or expand land, plant, buildings, equipment, facilities, or machinery.

**Section 1208. Special Competitive Provisions for Extra Long Staple Cotton**

- Continues current law through 2017 requiring a program to expand the domestic use of extra-long staple cotton produced in the U.S., increase exports, and ensure that the U.S. remains competitive in world markets.
- Continues current law through 2017 requiring the Secretary to make payments when: for a four week period, the world market price for the lowest priced extra-long staple cotton is below the prevailing price for a competing growth of extra-long staple cotton is less than 134 percent of the loan rate for extra-long staple cotton.

**Section 1209. Availability of Recourse Loans For High Moisture Feed Grains and Seed Cotton**

- Continues current law through 2017 authorizing the Secretary to make recourse loans available to producers of corn and grain sorghum who normally harvest all or a portion of their crop in a high moisture state that: present certified scale tickets or field or other physical measurements of the standing or stored crop in regions without certified commercial scales; certify that they were the owners of the feed grain; and comply with established deadlines.
- Continues current law defining “high moisture state” as corn or grain sorghum having moisture content in excess of Commodity Credit Corporation standards for marketing assistance loans.
- Continues current law through 2017 authorizing the Secretary to make available recourse seed cotton loans on any production.

**Section 1210. Adjustments of Loans.**

- Provides that the programs and provisions of this subtitle are applicable through 2017, and authorizes the Secretary to make adjustments in the loan rates for any commodity based on differences in grade, type, quality, location, and other factors.

<b>Subtitle C: Sugar</b>
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**Section 1301. Sugar**

- **Section 156(a)-(b)** Continues current law through 2017 requiring the Secretary to make loans available to sugarcane processors at 18 cents per pound for raw cane sugar, and loans available to sugar beet processors at 22.9 cents per pound for refined beet sugar.
- **Section 156 (c)** Continues current law through 2017 authorizing the Secretary to reduce the loan rates if negotiated reductions in domestic and export subsidies of other major sugar producing countries in the aggregate exceed the commitments made a part of the Agreement on Agriculture.
- **Section 156(i)** Continues current law through 2017 authorizing the Secretary to provide refined sugars, whether from beets or cane, are substitutable for purposes of the refined sugar and sugar containing products re-export programs.

- **Section 359(b)(a)(1)** Continues current law through 2017 requiring the Secretary to annually estimate: quantity of sugar subject to human consumption in the United States; the quantity of sugar that would provide to provide reasonable carryover stocks; the quantity available from carry-in stocks for human consumption; the quantity of sugar available from domestic processing of sugarcane, sugar beets, and in-process beet sugar; and the quantity of sugars, syrups, and molasses that will be imported for human consumption.
- **Section 359I(a)** Continues current law through 2017 establishing the effective period for the program.

#### **Subtitle D: Dairy**

#### **Part I: Dairy Production Margin Protection Program and Dairy Market Stabilization Programs**

##### **Sec. 1401. Definitions**

- Defines the terms used in the Dairy Production Margin Protection Program and Dairy Market Stabilization Program.
- Milk price is the “all-milk price,” or average price received by dairy operations across the United States. Average feed cost is calculated based on national corn, soybean meal, and alfalfa prices.
- Margin is the difference between the “all-milk price” and “average feed cost.”

##### **Sec. 1402. Calculation of Average Feed Cost and Actual Dairy Producer Margins**

- Establishes that the national average feed cost shall be calculated by the Secretary, based on US prices for corn, soybean meal, and alfalfa each month.
- For the margin protection program, actual dairy operation margin is calculated by the Secretary by subtracting the average feed cost from the all-milk price for each consecutive 2-month period.
- For the stabilization program, actual dairy operation margin is calculated by the Secretary by subtracting the average feed cost from the all-milk price for the preceding month.

#### **Subpart A: Dairy Production Margin Protection Program**

##### **Sec. 1411. Establishment of Dairy Production Margin Protection Program**

- Establishes the DPMP program, a safety net that guarantees a certain margin of milk price over feed costs.
- Basic margin protection is available to all operations at a certain catastrophic level. Government will provide basic coverage of a \$4 margin on 80% of production based on annual production history.
- Supplemental margin protection is available for purchase with subsidized premiums. An operation will have the opportunity to purchase supplemental coverage up to an \$8 margin on up to 90% of production.

##### **Sec. 1412. Participation of Dairy Operations in Production Margin Protection Program**

- All operations are eligible for payments pursuant to the margin protection program, provided they sign up for basic or supplemental protection.
- Operations may opt for coverage through the previous safety net program, MILC, until June 2013 at modified support levels.

- Operations may participate in either MILC or DPMP program, but not both, until June 2013.
- Operations may participate in either LGM-dairy or DPMP, but not both.
- Establishes administration fee for the margin protection program; fees will be used to cover costs to administer DPMP and DMSP for USDA-administered dairy market transparency measures.
- Administration fee is waived in the case of limited resource farmers.

**Sec. 1413. Production History of Participating Dairy Operations**

- Establishes methods for calculating production histories for the basic and supplemental margin protection programs.
- Allows for herd growth by annually updating production history for supplemental margin protection.

**Sec. 1414. Basic Margin Protection**

- Basic protection is available to all participating operations to receive a basic margin protection payment whenever actual dairy margin for a consecutive 2-month period is less than \$4.00/cwt of milk.
- Operations will receive payments equal to the difference between \$4.00 and actual margin (when actual margin is less than \$4.00) on 80% of base production.

**Sec. 1415. Supplemental Margin Protection**

- A dairy operation participating in the basic margin protection program may annually purchase supplemental protection to cover higher margins in increments of \$0.50 for margins between \$4.50 and \$8.00 on 25%-90% of milk.
- Operations must pay an annual premium for supplemental protection based on actual production.
- A discounted premium is offered on the first 4 million pounds of milk (approximately 200-250 cows' annual production).
- A participating operation will receive payment whenever the average actual margin for a defined consecutive two-month period is less than the selected coverage threshold. Payment is based on the difference between actual margin and guaranteed margin, multiplied by the selected coverage percentage and the lesser of the annual production history divided by 6 or the actual amount of milk marketed during the previous 2-month period.

**Sec. 1416. Effect of Failure to Pay Premiums**

- Operations who sign up for the program are legally obligated to pay required fees and premiums.

<b>Subpart B: Dairy Market Stabilization Program</b>
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**Sec. 1431. Establishment of Dairy Market Stabilization Program**

- Creates a Dairy Market Stabilization Program to assist in balancing the supply of milk with demand when producers are experiencing low or negative operating margins.
- When margin goes below a certain level, operations get a portion of their milk check reduced in order to encourage them to scale back milk production.
- Dairy Market Stabilization is voluntary, but any operation enrolled in Dairy Margin Protection Program is required to enroll in the Dairy Market Stabilization Program.

- To encourage growth, operations may update their production history base calculation method annually.

#### **Sec. 1432. Threshold for Implementation and Reduction in Dairy Operation Payments**

- The Secretary will announce the stabilization program is in effect when actual margin has been \$6.00 or less for two months, or actual margin has been \$4.00 or less for one month.
- The stabilization program will go into effect on the first day of the month following an announcement by the Secretary that margin triggers have been met. The stabilization program will be suspended as soon as certain margin conditions are met.

#### **Sec. 1433. Producer Milk Marketings Information**

- Directs the Secretary to establish process for collecting milk marketing information from dairy operations and handlers.
- Directs the Secretary to minimize regulatory burden on dairy operations and handlers.

#### **Sec. 1434. Calculation and Collection of Reduced Dairy Producer Payments**

- Defines payment reduction requirements for stabilization program based on actual dairy margin.
- Payments will not be reduced if an operation's monthly milk marketings are equal to or less than the percentage of a defined rolling base.

#### **Sec. 1435. Remitting Monies to the Secretary and Use of Monies**

- Initial handlers must remit to the Secretary an amount equal to that which they withheld from dairy operations.
- The Secretary must use the remitted monies for the purpose of expanding consumption and building demand for dairy products by purchasing dairy products for donation to food banks and other appropriate programs.

#### **Sec. 1436. Suspension of Reduced Payment Requirement**

- Provides criteria for which stabilization will be suspended.
- Includes a suspension trigger that is based on world prices and requires a comparison of U.S. cheddar cheese and nonfat dry milk prices to world cheddar cheese and skim milk powder prices.
- Ensures the stabilization program will be sensitive to world market conditions.
- Once suspended, stabilization cannot resume until 2 months have passed and criteria have been met to warrant stabilization implementation.

#### **Sec. 1437. Enforcement**

- Requires timely and accurate reporting of stabilization funds to the Secretary.
- Allows the Secretary to take necessary actions to ensure compliance.

#### **Sec. 1438. Audit Requirements**

- Authorizes the Secretary to conduct periodic audits of participating dairy operations and handlers to ensure compliance.
- Requires the audits to be random and statistically valid.
- Requires the Secretary to submit audit results to Congress, including recommendations the Secretary considers appropriate regarding the stabilization program.

**Sec. 1439. Study; Report**

- Requires the Secretary to direct the Office of the Chief Economist to conduct a study of the impacts of the stabilization program and report to Congress by December 1, 2016.

**Subpart C: Duration****Sec. 1451. Duration**

- The DPMP and DMSP are authorized for the life of the Farm Bill.

**Part II: Dairy Market Transparency****Sec. 1461. Dairy Product Mandatory Reporting**

- Amends the Agricultural Marketing Act of 1946 to:
  - Allow the Secretary to report on any products that may significantly aid price discovery in the dairy markets;
  - Require each manufacturer to report to the Secretary, at least monthly, information concerning price, quantity, moisture content, or any characteristics that may aid in price discovery, of dairy products sold;
  - Modify the format used to provide information to ensure the information is readily understood by market participants;
  - Require each manufacturer and person storing dairy products to report to the Secretary, at least monthly, information on the quantity of dairy products stored; and
  - Ensure dairy products in cold storage are included in reportable products.

**Sec. 1462. Federal Milk Marketing Order (FMMO) Information**

- Directs the Secretary to establish an information clearinghouse for the purposes of educating the public about the FMMO system and any order referenda, including proposal information and timelines.
- Requires FMMO information be made available through website and appropriate publications.

**Part III: Repeal or Reauthorization of Other Dairy-Related Provisions****Sec. 1471. Repeal of Dairy Product Price Support and Milk Income Loss Contract Programs**

- Repeals Dairy Product Price Support from the Food, Conservation, and Energy Act of 2008.
- Extends Milk Income Loss Contract Program from the Food, Conservation, and Energy Act of 2008 at current 45% level. Repeals MILC effective June 30, 2013.

**Sec. 1472. Repeal of Dairy Export Incentive Program**

- Repeals the Dairy Export Incentive Program from the Food Security Act of 1985 and provides conforming amendments to the Trade Sanctions Reform and Export Enhancement Act of 2000.

**Sec. 1473. Extension of Dairy Forward Pricing Program**

- Amends the Food, Conservation, and Energy Act of 2008 to extend the Dairy Forward Pricing Program through 2017.

**Sec. 1474. Extension of Dairy Indemnity Program**

- Amends Section 3 of Public Law 90—484 to extend the Dairy Indemnity Program through 2017.

**Sec. 1475. Extension of Dairy Promotion and Research Program**

- Amends the Dairy Production Stabilization Act of 1983 to extend the Dairy Promotion and Research Program through 2017.

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

- Extends the Federal Milk Marketing Order Review Commission established in the Food, Conservation, and Energy Act of 2008.

<b>Part IV: Effective Date</b>
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**Sec. 1481. Effective Date**

- This subtitle and amendments take effect on October 1, 2012.

<b>Subtitle E: Supplemental Agricultural Disaster Assistance Programs</b>
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**Section 1501. Supplemental Agricultural Disaster Assistance**

- Extends certain of the disaster provisions through 2017 (including Fiscal Year 2012) in line with the remainder of Title I programs, as well as provides funding for them out of the funds of the Commodity Credit Corporation.
- Continues current law through 2017 requiring the Secretary to provide Livestock Indemnity Payments (LIP):
  - In the event of adverse weather including hurricanes, blizzards, extreme heat, floods, disease, wildfires, extreme cold and attacks by animals reintroduced into the wild by the Federal Government.
  - Payments will be 65 percent of the market value of the animal
- Continues current law through 2017 requiring the Secretary to provide Livestock Forage Payments (LFP) for losses to eligible livestock producers:
  - In the event of drought or fire.
  - Eligible coverage includes native or improved pastureland with permanent vegetative cover or
  - Land that has crops planted specifically for the purpose of providing grazing for livestock
  - Payments will be calculated by the monthly feed cost for all covered livestock using the normal carrying capacity of eligible grazing lands
- Continues current law through 2017 requiring the Secretary to provide emergency assistance for livestock, honey bees and farm raised fish (ELAP) to eligible producers to aid in the reduction of losses due to disease, adverse weather, or other conditions. Funded at \$10M/yr.
- Continues current law through 2017 requiring the Secretary to provide assistance to eligible orchardists and nursery tree growers for losses due to natural disaster.

**Section 1502. Conforming Amendments**

- Continues current law through 2017 requiring the Secretary to use sums as are necessary of the Commodity Credit Corporation to carry out the program of supplemental revenue assistance payments.

## **Subtitle F: Administration**

### **Section 1601. Administration Generally**

- Continues current law through 2017 authorizing the use of funds, facilities, and authorities of the Commodity to carry out Title I.
- Continues current law through 2017 requiring determinations to be made by the Secretary shall be final and conclusive.
- Continues current law through 2017 providing promulgation of regulations.
- Continues current law through 2017 requiring the Secretary to the maximum extent practicable, make adjustments in the amount of expenditures under subtitles A through E that are subject to the total allowable domestic support levels under the Uruguay Round Agreements, if the Secretary determines that those expenditures will exceed such allowable levels for any applicable reporting periods.

### **Section 1602. Suspension of Permanent Price Support Authority**

- Continues current law through 2017 authorizing the permanent price support authority of the Agricultural Adjustment Act of 1938 and Agricultural Act of 1949 for 2013 through 2017 crops of covered commodities (as defined in section 1104), cotton, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this Act through December 31, 2017.

### **Section 1603. Payment Limitations**

- Limits the total amount of payments received, directly, or indirectly, by a person or legal entity (except a joint venture for general partnership) for any crop year under subtitle A of the Agriculture Reform, Food, and Jobs Act to \$50,000 for all covered commodities except peanuts. Limits payments for peanuts to \$50,000.

### **Section 1604. Payments Limited to Active Farmers**

- Amends Section 1001A of the Food Security Act of 1985 to ensure that payments do not go to individuals who are not farming by striking “or active personal management” each place it appears in subparagraphs (A)(i)(II) and (B)(ii). The section also provides for one person to qualify as actively engaged solely based upon providing management to the farming operation, but ensures that that individual does not qualify multiple entities.

### **Section 1605. Adjusted Gross Income Limitation**

- Amends current law regarding Adjusted Gross Income eligibility requirements deleting the farm/nonfarm distinction and prohibiting a person or legal entity from receiving benefits under subtitle A if the average gross income of the person or legal entity exceeds \$750,000 by using a moving three-year average.

### **Section 1606. Geographically Disadvantaged Farmers and Ranchers**

- Continues current law through 2017 authorizing the Secretary to provide geographically disadvantaged farmers and ranchers direct reimbursement payments described in section (c).

### **Section 1607. Personal Liability for Producers for Deficiencies**

- Continues current law exempting producers from liability for certain deficiencies in collateral.

**Section 1608. Prevention of Deceased Individuals Receiving Payments Under Farm Commodity**

- Continues current law through 2017 requiring the Secretary to reconcile social security numbers of all individuals who receive payments whether directly or indirectly with the Commissioner or Social Security to determine if the individuals are alive.
- Continues current law through 2017 requiring the Secretary to preclude the issuance of payments to and on behalf of deceased individuals that were not eligible for payments.

**Section 1609. Appeals**

- Continues current law through 2017 requiring the Secretary to establish procedures to track program benefits under Title I and II to that Act directly or indirectly to individuals and entities.

**Section 1610. Technical Corrections**

- Continues current law requiring that necessary technical changes to be made.

**Section 1611. Assignments of Payments**

- Continues current law requiring that assignment of payments must be done in accordance with USDA regulations.

**Section 1612. Tracking of Benefits**

- Continues current law through 2017 requiring the Secretary to establish procedures to track program benefits under Title I and II of that Act directly or indirectly to individuals and entities.

**Section 1613. Signature Authority**

- Continues current law through 2017 authorizing the Secretary to approve documents containing signatures of program applicants, the Secretary shall not subsequently determine the document is inadequate or invalid because of the lack of authority of any applicant signing the document on behalf of the applicant unless the applicant unless the applicant knowingly and willfully falsified the evidence of signature authority or a signature.

**Section 1614. Implementation**

- Amends current law through 2017 authorizing the Secretary to make funds available to the Farm Service Agency to carry out this title (\$100,000,000).

**Title II**  
**Conservation**  
**Section-by-Section Summary**

**Subtitle A: Conservation Reserve Program**

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

- Extends the program authorization through 2017.
- Adds the definition for grasslands that will be eligible to be enrolled in the program.
- Establishes the “step down” for maximum enrolled acres for fiscal years (FY) 2013-2017:
  - FY2012 – 32 million acres
  - FY2013 – 30 million acres
  - FY2014 – 27.5 million acres
  - FY2015 – 26.5 million acres
  - FY2016 – 25.5 million acres
  - FY2017 – 25 million acres
- Adds a provision for the enrollment of 1.5 million acres of grasslands. The secretary may grant priority to lands expiring from current conservation reserve program contracts that will retain grass cover.
- Retains the Secretarial designation of conservation priority areas. Removes the watershed specific designations of the Chesapeake Bay Region, the Great Lakes Region, and the Long Island Sound Region.

**Sec. 2002. Farmable wetland program**

- Extends the Farmable Wetland Program authorization through 2017.
- Changes the program from a pilot program to a standing program.

**Sec. 2003. Duties of owners and operators**

- Deletes the provisions for haying, grazing, and wind turbines from the duties of owners and operators. The provision is revised and moved to the duties of the Secretary.
- Moves the language for rental rate reductions for authorized activities to a duty of the Secretary.

**Sec. 2004. Duties of the Secretary**

- Allows for no reduction in rental rates for harvesting, grazing, or other commercial use of the forage in response to flooding, drought, or other emergency.
- Provides for a reduction of not less than 25 percent in the annual rental rate for authorized harvesting or grazing activity, or in the case of grazing by livestock of beginning farmers or ranchers, no reduction in rental rate.
- Clarifies the frequency of harvesting and routine grazing consistent with a conservation plan.
- Provides for the incidental use of buffers adjacent to agricultural lands.
- Describes the authorized activities for enrolled grasslands as grazing, haying, mowing, or harvesting for seed production. The Secretary shall permit activities such as fire suppression, rehabilitation and construction of fire breaks, fencing, livestock watering, and necessary cultural practices.
- Adds provisions for individuals with expiring contracts to initiate conservation and land improvement practices in the final year of the contract with a commensurate reduction in rental value. Re-enrollment of these lands is prohibited for at least 5 years.

#### **Sec. 2005. Payments**

- Adds clarification on cost-share payments for proper thinning and practices to improve the condition of lands planted to trees, windbreaks, shelterbelts, and wildlife corridors.
- Adds a provision for grassland annual payments in an amount not more than 75 percent of the grazing value of the land under contract.
- Provides flexibility for the Secretary to consider the NASS survey data in establishing payment rates
- Strikes the provisions for “payments in kind” through Commodity Credit Corporation stocks.

#### **Sec. 2006. Contract requirements**

- Continues the language for transitioning lands for a retiring farmer and rancher to a beginning farmer or rancher, or socially disadvantaged farmer or rancher with conforming changes to other sections.

#### **Sec. 2007. Conversion of land subject to contract to other conserving uses**

- Repeals this provision which is no longer applicable for contracts in place prior to November 28, 1990.

#### **Sec. 2008. Effective date**

- Sets the effective date of the amendment as October 1, 2012, except that Section 2001 (acreage limitations) is effective upon passage of the Act, and establishes no effect on existing contracts.

### **Subtitle B: Conservation Stewardship Program**

#### **Sec. 2101. Conservation stewardship program**

- This section substitutes for, but is primarily drawn from current law.
- Amends SEC. 1238D. Definitions—
  - Adds definitions of agricultural operation and eligible land.
  - Clarifies priority resource concern and stewardship threshold.
  - Strikes conservation measurement tool and resource concern definitions.
- Amends SEC. 1238E. Conservation Stewardship Program—
  - Authorizes the program through 2017.
  - Increases the emphasis on new conservation.
  - Allows enrollment of lands that are under agricultural lands easements option of the Agricultural Conservation Easements Program.
  - Removes the 10 percent enrollment cap on nonindustrial private forestland acreage.
- Amends SEC. 1238F. Stewardship Contracts—
  - Raises the program eligibility requirement so that participants must be meeting the stewardship threshold for 2 priority resource concerns.
  - Establishes a priority enrollment consideration for expiring CRP acres.
  - Clarifies that a producer shall have control of the eligible land to be enrolled at the time of application to the program.
  - Increases emphasis on additional conservation by requiring participants to address 2 additional resource concerns for one, 5-year contract renewal at the end of the first contract term.
- Amends SEC. 1238G. Duties of the Secretary—

- Increases the number of locally identified priority resource concerns from 3 to 5 to at least 5.
- Eliminates the requirement for use of the conservation measurement tool but calls for establishing a science-based stewardship threshold for each priority resource concern.
- Establishes the enrollment limitation of 10,348,000 acres each year through 2021.

### **Subtitle C: Environmental Quality Incentives Program**

#### **Sec. 2201. Purposes**

- Adds “develop and improve wildlife habitat” as a purpose for assisting producers to install and maintain conservation practices.

#### **Sec. 2202. Definitions**

- Removes the definition for National Organic Program and incorporates the reference to the program in the organic system plan definition.

#### **Sec. 2203. Establishment and administration**

- Extends the program authorization through 2017.
- Allows limited resource farmers, socially disadvantaged farmers and ranchers, beginning farmers and ranchers, and veteran farmers or ranchers advance payments and up to 90 days to implement practices from the date of the advance.
- Continues the allocation of funding practices related to livestock production as at least 60 percent of the funds.
- Establishes at least 5 percent of the funds will be targeted to practices benefitting wildlife habitat.
- Establishes wildlife habitat incentive practices as conservation practices that support restoration, development, and improvement of wildlife habitat for upland wildlife, wetland wildlife, threatened and endangered species, fish habitat, pivot corners and irregular fields, and other types.

#### **Sec. 2204. Evaluation of applications**

- Makes minor wording changes to emphasize the conservation purpose of the program.

#### **Sec. 2205. Duties of producers**

- Makes minor wording changes to clarify duties of producers relate only to enrolled lands.

#### **Sec. 2206. Limitation on payments**

- Replaces the 6-year rolling payment limit with a firm time period of 2013 through 2017 that will streamline and simplify program administration.

#### **Sec. 2207 Conservation innovation grants and payments**

- Includes a reporting requirement for the Secretary to increase transparency of how funds are used and the derived benefits.

#### **Sec. 2208. Effective date.**

- Establishes October 1, 2012, as the effective date for this section
- Clarifies that this amendment will not affect contracts entered into before October 1, 2012.

## **Subtitle D: Agricultural Conservation Easement Program**

### **Sec. 2301. Agricultural Conservation Easement Program**

- This section establishes a new Subtitle H within the Food Security Act of 1985, as amended.
- SEC. 1265. Establishment and purpose—
  - Combines the easement authorities of the Wetlands Reserve Program (WRP), Grasslands Reserve Program (GRP), and Farmland Protection Program (FPP) into an agricultural conservation easement program.
- SEC. 1265A. Definition— defines the two easement types (agricultural land easements and wetland easements), eligible entities, and eligible lands.
- SEC. 1265B. Agricultural land easements—
  - Establishes the 3 valuation options for determining fair market value.
  - Establishes terms of easements as permanent, or maximum allowed by state law.
  - Clarifies that the Secretary may provide up to 50 percent of the appraised fair market value of an easement and that eligible entities may include a landowner donation as part of their match.
  - Provides waiver authority for the Secretary to provide up to 75 percent percent of the appraised fair market value of an easement for grasslands of special environmental significance.
  - Retains the entity certification process from FPP and opportunity for non-certified entities to participate.
- SEC. 1265C. Wetland easements.—
  - Provides 30 year, permanent, and maximum duration by state law easement enrollment options, or 30 year contract enrollment option for Indian Tribes.
  - Establishes landownership requirement of 24 months prior to enrollment.
  - Retains WRP ranking criteria and priority for migratory and other wildlife habitat.
  - Retains WRP easement terms and conditions (permitted and prohibited activities) and compatible uses.
  - Establishes the WRP grazing rights pilot as a permanent provision.
  - Includes a wetlands enhancement option for States, which is the same as the wetlands reserve enhancement in WRP.
- SEC. 1265D. Administration—
  - Describes certain ineligible land.
  - Adds a priority for CRP enrollment in the program.
  - Provides clarification and criteria for easement subordination, exchange, modification, and termination determinations (new for agricultural land easements and subordination added for WRP).
- Establishes October 1, 2012, as the effective date for this section.

## **Subtitle E: Regional Conservation Partnership Program**

### **Sec. 2401. Regional Conservation Partnership Program**

- SEC. 1271. Establishment and Purpose—
  - Combines the authorities of the agricultural water enhancement program (AWEP), Chesapeake Bay watershed program, cooperative conservation partnership initiative (CCPI), and Great Lakes basin program into a regional conservation partnership program (RCPP).

- SEC. 1271A. Definitions—
  - Defines EQIP, CSP, and ACEP as the covered programs through which RCPP is delivered.
  - Defines eligible activities that address water resource concerns (flooding, drought, retention, quality, conversion to dryland, sedimentation), erosion, and wildlife, with a flexibility for the Secretary to identify other activities.
  - Defines eligible partners to include producer associations or cooperatives, State or unit of local government, Indian tribes, institution of higher education, and organizations with a history of working with producers on agricultural land (all partners previously eligible for AWEF and CCPI).
- SEC. 1271B. Regional Conservation Partnerships—
  - Establishes partnership agreement authority for the Secretary.
  - Clarifies the duties of the partners including defining the scope of the project, identifying the program resources needed, conducting producer outreach, leveraging resources, and reporting to the Secretary on the results of the project.
  - Clarifies that proposal selection is competitive and merit-based.
- SEC. 1271C. Assistance to Producers—
  - Describes that contracts with producers must be consistent with the rules of the covered programs, but allows the Secretary to provide limited flexibility at the request of the partner.
  - Provides authority for the Secretary to enter into special funding arrangements with up to 10 multi-state water resource agencies or authorities if they can ensure programmatic integrity and comply with rigorous reporting and audit requirements to the Secretary.
  - Clarifies that payments are made consistent with the covered programs.
  - Allows for 5-year payments for conversion from irrigated to dryland farming.
- SEC. 1271D. Funding—
  - Authorizes the program from 2013 through 2017.
  - Makes available \$100,000,000 per year in mandatory funding.
  - Provides additional funding and acres at 6 percent from each of the covered programs (EQIP, CSP, and ACEP).
  - Allocates funding as 50 percent to national competition, 25 percent to State level competition, and 25 percent for critical conservation areas.
- SEC. 1271E. Administration— Requires the Secretary to report biennially to Congress on the status of projects under the program.
- SEC. 1271F. Critical Conservation Areas—Authorizes the Secretary to designate up to 8 critical conservation areas with priority for multistate areas with significant agricultural production, areas covered by an existing plan with established goals and objectives, areas with large bodies of water with water quality concerns, areas with water quantity concerns (flood prevention, water retention, water supply), or areas that may be subject to regulatory requirements that could reduce the economic scope of agriculture in the area.
- Establishes October 1, 2012, as the effective date for this section

#### Subtitle F: Other Conservation Programs

##### Sec. 2501. Conservation of private grazing land

- Authorizes funding at \$30,000,000 in appropriations for each fiscal year from 2013 through 2017.

**Sec. 2502. Grassroots source water protection program**

- Authorizes funding at \$15,000,000 in appropriations for each fiscal year from 2013 through 2017.

**Sec. 2503. Voluntary public access and habitat incentive program**

- Authorizes mandatory funding at \$40,000,000 for FY 2013 through 2017.
- Requires the Secretary to report on the effectiveness of the program.

**Sec. 2504. Agriculture conservation experienced services program**

- Adds ACEP to the programs that can be used under the program.

**Sec. 2505. Small watershed rehabilitation program**

- Reauthorizes program and authorizes appropriations at \$85,000,000 each year through FY 2017.

**Sec. 2506. Terminal lakes assistance program.**

- Reauthorizes and amends Desert Terminal Lakes program to include an appropriations authorization for land purchase grant opportunities.
- Authorizes mandatory funding at \$150,000,000 for FY 2013 through 2017 and authorizes appropriations of \$25 million.

<b>Subtitle G: Funding and Administration</b>
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**Sec. 2601. Funding**

- Authorizes Commodity Credit Corporation funding for programs under this title through FY2017:
  - The conservation reserve program transition incentive payments at \$50,000,000 and tree thinning activities at \$10,000,000
  - The Agriculture Conservation Easement Program:
    - FY2013 – \$450,000,000;
    - FY2014 – \$475,000,000;
    - FY2015 – \$500,000,000;
    - FY2016 – \$525,000,000;
    - FY2017 – \$250,000,000;
  - The conservation security program
  - The conservation stewardship program
  - The environmental quality incentives program:
    - FY2013 – \$1,500,000,000;
    - FY2014 – \$1,600,000,000; and
    - FY2015 through FY2017 – \$1,650,000,000.

**Sec. 2602. Technical assistance**

- Adds a requirement for the Secretary to report annually to the Committees on the amount of funds requested and apportioned for technical assistance.

**Sec. 2603. Regional equity**

- Strikes the \$15,000,000 target for regional equity allocations and replaces with 0.6 percent in order to allow allocations to synchronize with annual program appropriations.

**Sec. 2604. Reservation of funds to provide assistance to certain farmers or ranchers for conservation access**

- Extends the EQIP and CSP 5 percent set aside for beginning and socially disadvantaged farmers and ranchers to 2017 and adds priority for eligible producers who are also veterans.

**Sec. 2605. Annual report on program enrollments and assistance**

- Aligns the Secretary's reporting requirements on program enrollments and assistance to reflect the consolidation and related program adjustments made by this amendment.

**Sec. 2606. Administrative requirements applicable to all conservation programs**

- Combines language on improved administrative efficiency and streamlining from individual programs and places here to apply to all conservation programs.
- Expands and clarifies requirements for developing a streamlined conservation application process.
- Clarifies that any payment received under this title is in addition to and does not affect total payments that an owner or operator is otherwise eligible to receive.

**Sec. 2607. Rulemaking authority**

- Directs the Secretary to move expeditiously with rulemaking and provides for operation of programs under interim rules.

**Sec. 2608. Standards for State technical committees**

- Modifies language to require the Secretary to review and update state technical committee operating standards only as necessary.

<b>Subtitle H: Repeal of Superseded Program Authorities and Transitional Provisions</b>
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**Sec. 2701. Comprehensive conservation enhancement program**

- Repeals the comprehensive conservation enhancement program.

**Sec. 2702. Emergency forestry conservation reserve program**

- Removes this no longer applicable provision for enrolling lands in response to the hurricanes of calendar year 2005 and provides for enrolled contracts to continue until their expiration date.

**Sec. 2703. Wetlands reserve program**

- Repeals the wetlands reserve program.

**Sec. 2704. Farmland protection program and farm viability program**

- Repeals the farmland protection program.

**Sec. 2705. Grassland reserve program**

- Repeals the grassland reserve program.

**Sec. 2706. Agricultural water enhancement program**

- Repeals the agricultural water enhancement program.

**Sec. 2707. Wildlife habitat incentive program**

- Repeals the wildlife habitat incentive program.

**Sec. 2708. Great Lakes basin program**

- Repeals the Great Lakes basin program

**Sec. 2709. Chesapeake Bay watershed program**

- Repeals the Chesapeake Bay watershed.

**Sec. 2710. Cooperative conservation partnership initiative**

- Repeals the cooperative conservation partnership initiative

**Sec. 2711. Environmental easement program**

- Repeals the environmental easement program.

<p style="text-align: center;"><b>TITLE XII</b> <b>Miscellaneous</b> <b>Section-by-Section Summary</b></p>
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**Subtitle A:**

**Socially Disadvantaged Producers and Limited Resource Producers**

**Section 12001. Outreach and Assistance for Socially Disadvantage Farmers and Ranchers**

- Extends the program with an authorization level of \$20M per year, \$5M mandatory per year.
- Includes veteran farmers and ranchers.

**Section 12002. Office of Advocacy and Outreach**

- Extends the program with an authorization level of \$2M per year.

**Subtitle B. Livestock**

**Section 12101. Wildlife Reservoir Zoonotic Disease Initiative**

- Creates a competitive grant program to improve diagnostic testing and vaccines for Bovine Tuberculosis, Brucellosis and other zoonotic diseases in livestock.
- Authorized at \$7M per year.

**Section 12102. Trichinae Certification Program**

- Reauthorizes the Trichinae Certification Program.

**Section 12103. National Aquatic Health Plan**

- Reauthorizes the National Aquatic Health Plan.

**Section 12104. Sheep Production and Marketing Grant Program**

- Establishes a competitive grant program to improve the sheep industry.
- Funded with \$1.5 million in mandatory funds, authorized at \$3M per year.

**Section 12105. Pilot to Eradicate Feral Swine**

- Establishes a pilot between NRCS and APHIS to eradicate feral swine.
- Authorized at \$2M per year.

**Subtitle C: Other Miscellaneous Provisions**

**Section 12201. Military Veterans Agricultural Liason**

- Establishes a military veteran liaison to connect returning veterans to with beginning farmer training and help veterans access USDA programs.

**Section 12202. Information Gathering**

- Cleanup to section 1619.

**Section 12203. Grants to Improve Supply, Stability, Safety, and Training of Agricultural Labor Force**

- Reauthorizes at \$10M/yr.

**Section 12204. Noninsured Crop Disaster Assistance Program**

- Removes overlap between NAP and disaster programs.
- Allow producers to elect higher coverage levels (55-65%). Producers who elect higher coverage levels would pay a premium based upon the value of their production and acres planted.

**Section 12205. Regional and Economic Infrastructure Development**

- Reauthorizes the program, with a slight adjustment to the cap on administration fees.

**Section 12206. Canada Geese Removal**

- Secretary, in consultation with Interior and FAA will publish management plan to remove Canada geese residing on NPS land within 5 miles of any commercial airport.

## Calendar No. 415

112TH CONGRESS  
2D SESSION

# S. 3240

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

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### IN THE SENATE OF THE UNITED STATES

MAY 24, 2012

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

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## A BILL

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

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

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

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

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

Sec. 1. Short title; table of contents.

Sec. 2. Definition of Secretary.

TITLE I—COMMODITY PROGRAMS

Subtitle A—Repeals and Reforms

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

Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

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

Subtitle C—Sugar

- Sec. 1301. Sugar program.

Subtitle D—Dairy

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

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

SUBPART A—DAIRY PRODUCTION MARGIN PROTECTION PROGRAM

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

SUBPART B—DAIRY MARKET STABILIZATION PROGRAM

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

Sec. 12205. Regional economic and infrastructure development.  
 Sec. 12206. Canada geese removal.

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

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

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

6 **Subtitle A—Repeals and Reforms**

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

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

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

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

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

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

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

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

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

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

**SEC. 1104. DEFINITIONS.**

In this subtitle, subtitle B, and subtitle F:

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

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

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

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

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

22          (6) COVERED COMMODITY.—

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

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

3 (B) POPCORN.—The Secretary—

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

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

10 (7) ELIGIBLE ACRES.—

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

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

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

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

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

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

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

20 (aa) the average proportion  
21 that—

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

1 years 2009 through 2012;  
2 bears to

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (13) PRODUCER.—

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

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

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

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

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

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

20 (A) a State;

21 (B) the District of Columbia;

22 (C) the Commonwealth of Puerto Rico;

23 and

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

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

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

8           (18) UNITED STATES PREMIUM FACTOR.—The  
 9           term “United States Premium Factor” means the  
 10          percentage by which the difference in the United  
 11          States loan schedule premiums for Strict Middling  
 12          (SM) 1<sup>1</sup>/<sub>8</sub>-inch upland cotton and for Middling (M)  
 13          1<sup>3</sup>/<sub>32</sub>-inch upland cotton exceeds the difference in the  
 14          applicable premiums for comparable international  
 15          qualities.

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

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

22          (b) COVERAGE ELECTION.—

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

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

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

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

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

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

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

1 (c) AGRICULTURE RISK COVERAGE.—

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

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

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

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

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

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

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

1 commodity, as determined by the Secretary;

2 and

3 (B) the higher of—

4 (i) the midseason price; or

5 (ii) if applicable, the national mar-

6 keting assistance loan rate for the covered

7 commodity under subtitle B.

8 (4) AGRICULTURE RISK COVERAGE GUAR-

9 ANTEE.—

10 (A) IN GENERAL.—The agriculture risk

11 coverage guarantee for a crop year for a cov-

12 ered commodity shall equal 89 percent of the

13 benchmark revenue.

14 (B) BENCHMARK REVENUE.—

15 (i) IN GENERAL.—The benchmark

16 revenue shall be the product obtained by

17 multiplying—

18 (I)(aa) in the case of individual

19 coverage, subject to clause (ii), the av-

20 erage individual yield, as determined

21 by the Secretary, for the most recent

22 5 crop years, excluding each of the

23 crop years with the highest and lowest

24 yields; or

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

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

(ii) USE OF TRANSITIONAL YIELDS.—

If the yield determined under clause (i)(I)(aa)—

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

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

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

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

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

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

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

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

19 (A) the amount that—

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

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

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

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

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

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

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

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

17                   (ii) in the case of county coverage—

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

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

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

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

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

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

11 (i) sunflower seeds;

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

14 (iii) wheat; and

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

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

3 (a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

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

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

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

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

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

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

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

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

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

14               (1) TERMINATION.—

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

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

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

6           (c) REPORTS.—

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

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

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

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

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

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

#### SEC. 1107. PERIOD OF EFFECTIVENESS.

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

### **Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments**

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

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