

Title I – Commodities

(1) Repeal of Direct Payments

Section 1101 of the House bill repeals direct payments effective with the 2014 crop year. The section continues direct payments for the 2013 crop year for all covered commodities and peanuts, consistent with the extension of the 2008 Farm Bill. The section continues direct payments for the 2014 and 2015 crop years for upland cotton only except that the term “payment acres” is amended to mean the following: (1) for crop year 2014, 70 percent of the base acres of upland cotton on a farm on which direct payments are made; and (2) for crop year 2015, 60 percent of the base acres of upland cotton on a farm on which direct payments are made. (Section 1101)

The Senate amendment, in section 1101, repeals direct payments effective with the 2014 crop year. The section continues direct payments for the 2013 crop year for all covered commodities (except pulse crops) and peanuts. (Section 1101)

The Conference substitute adopts the House provision with an amendment to delete the continued application for the 2014 and 2015 crop years. (Section 1101)

Transition assistance for producers of upland cotton

The House bill, in section 1101, continued application of direct payments to producers of upland cotton as a transition to STAX, including on 70 percent of base acres in the 2014 crop year and on 60 percent of base acres in the 2015 crop year.

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision allowing for a transition payment but not through a continuation of the Direct Payment or any portion thereof. The section provides transition payments to producers of upland cotton in light of the repeal of direct payments, the ineligibility of cotton producers for PLC or ARC, and the delayed implementation of STAX. The section provides that transition payments will be made with respect to the 2014 crop year to upland cotton producers with cotton base in the 2013 crop year, and with respect to the 2015 crop year to upland cotton producers with base in the 2013 crop year and who are located in counties where STAX is not available for that crop year. The transition assistance rate is equal to the product obtained when multiplying the June 12, 2013 midpoint estimate for the marketing year average price of upland cotton for the marketing year beginning August 1, 2013 less the December 10, 2013 midpoint estimate for the marketing year average price of upland cotton for the marketing year beginning August 1, 2013 as contained in the applicable WASDE report published by USDA and the national program yield for upland cotton of 597 pounds per acre. The section provides that the amount of transition assistance shall be equal to the product obtained when multiplying, for the 2014 crop year, 60 percent, and for the 2015 crop year, 36.5 percent, of the cotton base acres in effect for crop year 2013; the transition assistance rate in effect for the particular crop year and the payment yield for upland cotton under section 1103(c)(3) of the 2008 Farm Bill divided by the national program yield of 597 pounds per acre. The section requires transition payments to be made on October 1 or as soon as practicable thereafter. The section applies the same pay limits to this transition assistance as was applied to section 1103 of the 2008 Farm Bill. The section provides that the pay limits provided for under the 2014 Farm Bill do not apply to transition payments and transition payments received under

this section shall not count toward pay limits under the 2014 Farm Bill limits. (Section 1119)

(2) Definitions

The House bill defines terms necessary for implementation of this Act: actual county revenue, base acres, county revenue loss coverage trigger, covered commodity, effective price, extra long staple cotton, farm base acres, medium grain rice, midseason price, other oilseed, payment acres, payment yield, price loss coverage, producer, pulse crop, reference price, revenue loss coverage, Secretary, state, temperate Japonica rice, transitional yield, United States, and United States premium factor. (Section 1104)

The Senate amendment defines terms necessary for implementation of this Act: actual crop revenue, adverse market payment, agriculture risk coverage guarantee, agriculture risk coverage payment, average individual yield, base acres, county coverage, covered commodity, eligible acres, extra long staple cotton, individual coverage, medium grain rice, other oilseed, payment acres, payment yield, producer, pulse crop, state, reference price, transitional yield, United States, and United States premium factor. (Section 1104)

The Conference substitute defines the terms necessary for implementation of this Act: actual crop revenue, agriculture risk coverage, agriculture risk coverage guarantee, base acres, county coverage, covered commodity, effective price, extra long staple cotton, generic base acres, individual coverage, medium grain rice, other oilseed, payment acres, payment yield, price loss coverage, producer, pulse crop, reference price, Secretary, state, temperate Japonica rice, transitional yield, United States, and United States premium factor. (Section 1111)

The Managers intend that, for purposes of the reallocation of base acres under section 1112; the establishment of a reference price (as required under section 1116(g)) and an effective price pursuant to section 1116; and the determination of the actual crop revenue and agriculture risk coverage guarantee pursuant to section 1117, medium and short grain rice produced in California shall be deemed Temperate Japonica Rice. For all other purposes, the Managers intend that Temperate Japonica Rice be treated as medium grain rice.

Payment Acres

The House bill, in the definitions section, provides that payment acres for price loss coverage and revenue loss coverage means 85 percent of total acres planted for the year to each covered commodity on a farm and 30 percent of total acres approved as prevented from being planted, except that the total of payment acres may not exceed farm base acres. The provision requires the Secretary to reduce payment acres applicable to each crop proportionately. The provision excludes from the term payment acres any crop subsequently planted during the same crop year on the same land for which the first crop is eligible for payments unless the crop was approved for double cropping. (Section 1104)

The Senate bill, in the definitions section, provides that payment acres means 85 percent of the base acres for a covered commodity on a farm on which adverse market payments are made. (Section 1104)

The Conference substitute adopts the House provision with modifications. The section establishes payment acres for both price loss coverage and agriculture risk coverage for each covered commodity on a farm at 85 percent of the sum of the total base acres for each covered commodity on the farm and any generic base acres on the farm planted to the covered commodity for the crop year. The section establishes payment acres for individual coverage

under agriculture risk coverage at 65 percent of the sum of total base acres and any generic base acres planted to a covered commodity for the crop year. The section provides that price loss coverage and agriculture risk coverage payments are made only with respect to generic base acres planted to a covered commodity for the crop year. The section provides that if a single covered commodity is planted on generic base acres and the total acreage exceeds that generic base, the generic base acres are attributed to that covered commodity in an amount equal to the total number of generic base acres. The section provides that if multiple covered commodities are planted to generic base acres and the total number of acres planted exceeds generic base, the generic base acres are attributed to each of the covered commodities on a pro rata basis to reflect the ratio of the acreage planted to a covered commodity on the farm to the total acreage planted to all covered commodities on the farm. The section provides that if the total number of acres planted to all covered commodities does not exceed the generic base acres then the number of acres planted to a covered commodity is attributed to that covered commodity. The section provides that when generic base acres are planted to a covered commodity or acreage planted to a covered commodity is attributed to generic base, the generic base acres are in addition to other base acres on the farm. The section further provides that the quantity of payment acres may not include any crop subsequently planted during the same crop year on the same land for which the first crop is eligible for price loss coverage or agriculture risk coverage unless the crop was approved for double cropping. The section prohibits price loss coverage or agriculture risk coverage payments to a producer on a farm if base acres are 10 acres or less, except in the case of socially disadvantaged or limited resource farmers and ranchers. The section requires that for purposes of calculating payment acres, base acres must be reduced in any crop year when fruits, vegetables (other than mung beans and pulse crops), or wild rice are planted on base acres. In the case of price loss coverage payments and agriculture risk coverage payments using county coverage, the reduction will be equal to the acreage planted to fruits, vegetables (with the two exceptions), or wild rice in excess of 15 percent of base acres; 35 percent of base acres in the case of individual level agriculture risk coverage payments. No such reduction is required under the section where the crops are grown solely for conservation purposes and not for use or sale, in any region in which there is a history of double cropping these crops with covered commodities and the crops were double cropped on base acres, or where the crops were planted on generic base acres. (Section 1114)

(3) Base Acres

The House bill, in section 1105(a), requires the Secretary to provide for appropriate adjustments to base acres for covered commodities and cotton when a Conservation Reserve Program (CRP) contract expires or is voluntarily terminated, when cropland is released from coverage under a conservation reserve contract, or when the producer has eligible oilseed acreage as the result of the Secretary designating additional oilseeds which must be determined in the same manner as under the 2008 Farm Bill. Section 1105(a) further requires that, for the crop year in which an adjustment in base is made, an owner of a farm elect price loss coverage or revenue loss coverage with respect to acreage added to the farm under an adjustment in base acres or a prorated payment under the conservation reserve contract, but not both. Section 1105(b) requires the Secretary to reduce the base acres for 1 or more covered commodities or cotton so the sum of base acres does not exceed the actual crop acreage of the farm. For purposes of carrying out any required reduction, the provision requires the Secretary to include any acreage enrolled in CRP or WRP, or successor programs, any other acreage enrolled in a

federal conservation program for which payments are made in exchange for not producing a crop, or any eligible oilseed acreage if the Secretary designates additional oilseeds. The section requires the Secretary to allow the owner of the farm to select base acres against which any reduction is to be made. The section requires an exception to be made in regard to any required reduction in the case of double cropping. Section 1105(c) authorizes an owner on a farm to reduce base acres at any time and the reduction will be permanent. Finally, the section requires the Secretary to proportionately reduce base acres on a farm for land that has been subdivided and developed for multiple residential units or non-farming uses if the land is unlikely to return to agriculture uses unless the producers on the farm demonstrate that the land remains devoted to agricultural production or is likely to be returned to previous agriculture use. The Secretary is required to establish procedures to identify such lands. (Section 1105)

The Senate amendment is similar to the House provision except the section refers to covered commodities rather than covered commodities and cotton. The provision also allows an adjustment in base acres if a conservation reserve contract was terminated or expired, or if cropland is released from a conservation reserve contract, between October 1, 2012 and the date of enactment of the 2014 Farm Bill; if the producer has eligible pulse crop acreage determined in the same manner as eligible oilseed acreage under section 1101(a)(2) of the 2002 Farm Bill; or when the producer has eligible oilseed acreage as the result of the Secretary designating additional oilseeds which must be determined in the same manner as under the 2002 Farm Bill. The section includes the same special conservation reserve acreage payment rules as the House provision except it is with respect to a producer rather than owner of a farm. The section provides peanut producers with a one-time opportunity to adjust peanut base acres. The section, in regard to prevention of excess base acres, is the same as the House provision except the section refers to covered commodities rather than covered commodities and cotton relative to required reductions to base. With regard to other acreage to be included as part of any required reduction, the section refers to the Agricultural Conservation Easement Program instead of WRP or successor programs; includes any eligible pulse crop acreage which must be determined in the same manner as eligible oilseed acreage under section 1101(a)(2) of the 2002 Farm Bill; and includes any eligible oilseeds if the Secretary designates additional oilseeds determined under section 1101(a)(2) of the 2002 Farm Bill rather than subsection (a)(1)(c) of the 2014 Farm Bill. The section allows the producer to decide what base acres to reduce if any reduction is required rather than the owner of the farm. Similarly, the section allows the farmer to elect to reduce base acres at any time, rather than allowing the owner of the farm to do so. The section requiring the Secretary to proportionally reduce base acres for land not in agricultural use refers to covered commodities rather than covered commodities and cotton. The section also requires a report to Congress that only farmers received Farm Bill payments. (Section 1105)

The Conference substitute adopts the House provision with an amendment to allow owners of a farm to retain base acres, including generic base acres, or to reallocate all base acres, other than generic base. The section provides notice requirements concerning the option to retain or reallocate base and provides that failure to make an election results in the retention of existing base acres. The section provides that an election to retain the number of acres established sections 1001 and 1301 of the 2008 Farm Bill, as adjusted pursuant to sections 1101, 1108, and 1302 of the 2008 Farm Bill in effect as of September 30, 2013. The section provides that generic base is automatically retained. The section authorizes an owner of a farm to reallocate all of the base acres for covered commodities among those covered commodities planted on the farm at any time during the 2009 through 2012 crop years. The section requires

that the reallocation of base acres be in proportion to the ratio of the 4-year average of the acreage planted on the farm to each covered commodity for harvest, grazing, haying, silage, or other similar purposes for the 2009 through 2012 crop years and any acreage that the producers were prevented from planting during the same years because of drought, flood, natural disasters, or other condition beyond the control of producers as determined by the Secretary, to the 4-year average of the acreage planted on the farm to all covered commodities for harvest, grazing, haying, silage or other similar purposes for the crop years and any acreage on the farm that the producers were prevented from planting during the crop years to covered commodities for the same reasons prescribed above. The section requires that generic base is retained and may not be reallocated. The section prohibits the Secretary from excluding any year in which a covered commodity was not planted for purposes of determining the 4-year average. The section provides that if acreage that was planted or prevented from being planted was devoted to another covered commodity in the same crop year (other than under an established practice of double cropping), the owner may elect the commodity to be used for that crop year in determining the 4-year average but may not include both the initial commodity and the subsequent commodity. The section requires that the reallocation of base acres may not result in a total number of base acres (including generic base) for the farm that exceed the number of base acres in effect on the farm on September 30, 2013. The section requires that the election made by an owner on a farm or deemed to be made applies to all covered commodities on the farm. With respect to provisions concerning the adjustment of base acres, prevention of excess base acres, and reduction in base acres, reference is made to generic base instead of cotton. (Section 1112)

(4) Payment yields

The House bill maintains the provisions of section 1102 of the 2008 Farm Bill except it drops the directive that the Secretary establish yields for eligible pulse crops and directs the Secretary to establish yields for designated oilseeds not established under section 1102 of the 2008 Farm Bill rather than the 2002 Farm Bill. The section requires that if no payment yield is otherwise established the Secretary must establish an appropriate payment yield. In establishing appropriate payment yields, the Secretary is required to take into consideration payment yields applicable to the covered commodity for similarly situated farms. The section authorizes owners to update yields on a commodity-by-commodity basis for purposes of price loss coverage payments. Owners must make an election to update yields to be in effect beginning with the 2014 crop year. The section requires that payment yields under any updated yield would be 90 percent of the average of the yield per planted acre for the 2008 through 2012 crop years, as determined by the Secretary, excluding crop years in which the acreage planted to the commodity was zero. The section provides that if the yield per planted acre for any of the 2008 through 2012 crop years was less than 75 percent of the average of the 2008 through 2012 county yields, the Secretary must assign a yield for the crop year equal to 75 percent of the average of the 2008 through 2012 county yield for purposes of determining the average yield under an update. The section requires that, in the case of a yield update, if no payment yield is otherwise established the Secretary must establish an appropriate payment yield. In establishing appropriate payment yields in the case of an update, the Secretary is required to take into consideration payment yields applicable to the covered commodity for similarly situated farms. (Section 1106)

The Senate amendment contains similar provisions relative to yields for designated oilseeds but adds eligible pulse crops and refers to section 1102 of the 2002 Farm Bill rather than

section 1102 of the 2008 Farm Bill. The provision also allows a yield update for rice and a yield update for peanuts if the producer elected to update base. (Section 1106)

The Conference substitute adopts the House provision except that the Secretary shall provide for the establishment of a yield for any designated oilseed for which a payment yield was not established under the 2008 Farm Bill for purposes of price loss coverage only; the substitute omits the requirement that in the case of establishing yields for designated oilseeds, if historic yield data is not available, the Secretary must use a specified ratio for dry peas; and the language clarifies that the payment yield update opportunity is with respect to each covered commodity, and that the election to update yields would take effect beginning with the 2014 crop year. (Section 1113)

For those producers with no payment yield, the Managers intend that, with respect to the yield update offered under section 1113, the Secretary will assign the producer a payment yield using similarly situated farms prior to offering the opportunity to update their yield.

(5) Farm Risk Management Election

The House bill requires the Secretary to make required payments under Price Loss Coverage (PLC) or Revenue Loss Coverage (RLC) with respect to covered commodities of producers on a farm except that PLC or RLC payments may not be made on farms with 10 acres or less of planted acres of a covered commodity unless in the case of socially disadvantaged or limited resource farmers or ranchers. In the case of PLC, for the 2014 and subsequent crop years the Secretary is required to make payments on a covered commodity when the effective price for the crop year is less than the reference price, with the effective price being the higher of the midseason price or the national average loan rate for the covered commodity. The section provides a payment rate equal to the difference between the reference price and the effective price and that the payment amount is to be equal to the product when multiplying the payment rate, the payment yield, and the payment acres. The section requires that payments be made on October 1 or as soon as practicable thereafter. The Secretary is required to use an all-barley price when determining the effective price for barley, and a reference price for Temperate Japonica Rice that is 115 percent of the reference price for long grain and medium grain rice. Reference prices, provided in the definitions section, are: wheat, \$5.50 per bushel; corn, \$3.70 per bushel; grain sorghum, \$3.95 per bushel; barley, \$4.95 per bushel; oats, \$2.40 per bushel; long grain rice, \$14.00 per cwt.; medium grain rice, \$14.00 per cwt.; soybeans, \$8.40 per bushel; other oilseeds, \$20.15 per cwt.; peanuts \$535.00 per ton; dry peas, \$11.00 per cwt.; lentils, \$19.97 per cwt.; small chickpeas, \$19.04 per cwt.; large chickpeas, \$21.54 per cwt. The section offers RLC as an alternative to PLC that owners on the farm have a one-time, irrevocable election to make on a covered commodity-by-covered commodity basis. The section provides that if any owners of the farm make different elections with respect to the same covered commodity, all owners of the farm will be deemed to have not elected RLC. The section requires the Secretary to make an RLC payment for the 2014 and subsequent crop years when the actual county revenue for a covered commodity in a crop year is less than the county revenue loss trigger for the commodity for the crop year. The section requires that RLC payments be made on October 1 or as soon as practicable thereafter. The section provides that actual county revenue is the product of multiplying the actual county yield for each planted acre of the covered commodity in a crop year by the higher of the midseason price or the national average loan rate for the covered commodity. The section provides that the county RLC trigger is equal to 85

percent of the benchmark county revenue which is the product of multiplying the average historical county yield for the most recent 5 crop years, excluding the high and the low, by the average national marketing year average price for the most recent 5 crop years, excluding the high and the low. The section provides a yield plug of 70 percent of the transitional yield where historical county yield is less than 70 percent of that transitional yield, and a price plug, the reference price for the covered commodity, where the national marketing year average price is lower than the reference price. The section provides that the payment rate for RLC is equal to the lesser of 10 percent of the benchmark county revenue for the covered commodity for the crop year, or the difference between the county RLC trigger and the actual county revenue. The section provides a payment amount equal to the product of the payment rate multiplied by the payment acres of the covered commodity. The section imposes duties on the Secretary to ensure that producers on the farm do not reconstitute the farm to void or change the election made between PLC and RLC; use all available information and analysis to check for anomalies in RLC payments; to provide separate county RLC trigger and actual county revenue for covered commodities by irrigation practice; assign a benchmark yield on the basis of yield history of representative farms in a state, region, or crop reporting district where the Secretary cannot establish the benchmark county yield in a county or the yield otherwise determined is unrepresentative of the average yield for the county; and ensure that producers on the farm suffered an actual loss when receiving an RLC payment. The section requires a report to Congress on the cost of PLC and RLC and their effect on planting, production, price, and exports. The section also imposes a cap on total cost of PLC and RLC. (Section 1107)

The Senate amendment authorizes the Secretary to make Adverse Market Payments (AMP) to eligible producers for each of the 2014 through 2018 crop years. The section requires a payment any time that the actual price for a covered commodity is less than the reference price. The section establishes the actual price at a level equal to the higher of the national average market price received during the 12-month marketing year or the national average loan rate. The actual price for rice is determined in the same way except separately for long grain rice and medium grain rice. The section establishes reference prices at 55 percent of the average national marketing year average price for the most recent 5 crop years, dropping the high and the low except that for long grain rice and medium grain rice the reference price will be \$13.30 per hundredweight and for peanuts the reference price will be \$523.77 per ton. The section provides that the payment rate will be the difference by which the reference price exceeds the actual price, and that the payment amount is calculated by multiplying the payment rate by the payment acres and payment yield. The section requires the Secretary to determine actual price and reference price by type or class for sunflowers; barley, using malting values; and wheat. The section provides that payments must be made by October 1 or as soon as practicable thereafter. (Section 1107)

The Senate amendment also authorizes Agriculture Risk Coverage (ARC) payments for the 2014 through 2018 crop years. The section requires producers to make a one time, irrevocable election to receive individual coverage or county coverage where there is sufficient county data. The election would bind the producer with respect to all acres under the operational control of the producer, including acres brought under the control of the producer after the election is made. Acres no longer under the producer's operational control after an election are not subject to the producer's election but the election of the subsequent producer. The section requires the Secretary to ensure that producers do not take actions to alter or reverse their elections. An ARC payment is required whenever the actual crop revenue for the covered

commodity is less than the ARC guarantee. The section provides that payments are to be made on October 1 or as soon as practicable thereafter. The section provides that actual crop revenue is the product of the multiplication of the actual average individual yield (for individual coverage) or the actual average yield for the county (for county coverage) and the higher of the national average market price received during the 12-month marketing year or, if applicable, the reference price established for the covered commodity under section 1107. The section provides that the ARC guarantee is equal to 88 percent of the benchmark revenue. The section requires that the benchmark revenue be the product of multiplying the average individual yield for the most recent 5 crop years, dropping the high and the low (for individual coverage) or the average county yield for the most recent 5 crop years, dropping the high and the low (for county coverage) by the average national marketing year average price for the most recent 5 crop years, excluding the high and the low. The section provides a 60 percent yield plug for the 2013 and prior crop years and a 65 percent yield plug for the 2014 and subsequent crop years. The section establishes a payment rate equal to the lesser of the amount that the ARC guarantee exceeds the actual crop revenue or 10 percent of the benchmark revenue for the covered commodity. The section established a payment amount at an amount equal to the product obtained by multiplying the payment rate by 65 percent of the planted eligible acres and 45 percent of the eligible acres that were prevented from being planted (for individual coverage) and by 80 percent and 45 percent, respectively (for county coverage). The section imposes duties on the Secretary including using all available information and analysis to check for anomalies in ARC payments; to calculate separate actual crop revenue and ARC guarantees by irrigation practice; differentiate by type or class the national average price for sunflowers; barley, using malting barley values; and wheat; and assign yields on the basis of yield history of representative farms in the state, region, or crop reporting districts if the Secretary cannot establish a county yield if the yield otherwise determined is unrepresentative of an average yield for the covered commodity. (Section 1108)

The Conference substitute adopts the House provision with amendments. The substitute creates a new section, section 1115, establishing rules for a producer election between PLC and ARC. For the 2014 through 2018 crop years the substitute requires all of the producers on a farm to make a 1-time, irrevocable election to receive price loss coverage on a covered commodity-by-covered-commodity basis or agriculture risk coverage. The substitute requires that producers on a farm that elect ARC must unanimously select whether to receive county coverage on a covered commodity-by-covered-commodity basis or individual coverage applicable to all of the covered commodities on the farm. The substitute provides that if all the producers on a farm fail to make a unanimous election for the 2014 crop year, the Secretary may not make any ARC or PLC payments with respect to the farm for the 2014 crop year and the producers on the farm will be deemed to have elected PLC for all covered commodities on the farm for the 2015 through 2018 crop years. The substitute provides that if all the producers on a farm select ARC county coverage for a covered commodity, the Secretary may not make PLC payments to the producers on the farm for that covered commodity. The substitute provides that if all the producers on a farm select individual ARC coverage, the Secretary must consider for purposes of making specified calculations the producer's share of all farms in the same State in which the producer has an interest and for which individual coverage has been selected. Finally, the substitute requires the Secretary to ensure that producers on a farm do not reconstitute the farm to void or change an election or selection made.

The Conference substitute provides, in section 1116, that if all of the producers on a farm make an election to receive PLC for a covered commodity or are deemed to have made such an election, then the Secretary shall make PLC payments to producers on the farm on a covered commodity-by-covered-commodity basis if the Secretary determines that, for any of the 2014 through 2018 crop years, the effective price for a covered commodity is less than the reference price in a crop year. The section establishes that the effective price for a covered commodity is the higher of the national average market price during the 12-month marketing year or the national average loan rate. The section provides that the payment rate is equal to the difference between the reference price and the effective price. The section further provides that the payment amount shall be the product of multiplying the payment rate, the payment yield, and the payment acres and that payments are to be made by October 1 or as soon as practicable thereafter. The section requires that the all-barley price is to be used when determining the effective price for barley, and that the reference price for Temperate Japonica Rice is 115 percent of the reference price for long grain or medium grain rice. Reference prices are the same as provided in the House bill.

The Conference substitute, in section 1117, also includes the ARC that closely mirrors the Senate provision with some modifications. The substitute provides that if all producers on a farm make an election to receive ARC, then ARC payments are required to be made to producers on the farm when the Secretary determines that, for any of the 2014 through 2018 crop years, actual crop revenue is less than the ARC guarantee for a crop year. The section provides that actual crop revenue for a county is equal to the product obtained when multiplying the actual average county yield per planted acre for the covered commodity and the higher of the national average market price received during the 12-month marketing year or the national average loan rate. The section provides that in the case of individual ARC, the actual crop revenue for a producer for a crop is based on the producer's share of all covered commodities planted on all farms in which the producer has an interest and for which individual coverage has been selected, to be determined by the Secretary as follows: for each covered commodity, by obtaining the product of multiplying the total production of the covered commodity on the farm by the higher of the national average market price received during the 12-month marketing year or the national average loan rate; by then determining the sum of the amounts determined, above, for all covered commodities on the farm; and then arriving at the quotient obtained when dividing the amount, immediately above, by the total planted acres of all covered commodities on the farms. The section provides that the ARC guarantee for a covered commodity in a crop year is 86 percent of the benchmark revenue, which for county coverage is the product obtained by multiplying the average historical yield for the most recent 5 crop years, excluding the high and the low, by the national average market price received by producers during the 12-month marketing year for the most recent 5 crop years, dropping the high and the low. The section provides that benchmark revenue for individual coverage is based on the producer's share of all covered commodities planted on all farms which the producer has an interest and for which individual coverage has been selected to be determined by the Secretary as follows: for each covered commodity for each of the most recent 5 years, the product obtained by multiplying the yield per planted acre for the covered commodity on the farm by the national average market price received by producers during the 12-month marketing year; for each covered commodity, the average of the revenues determined above for the most recent 5 crops, dropping the high and the low; for each of the 2014 through 2018 crop years, the sum of the amounts determined immediately above for all covered commodities on the farms, but adjusted to reflect the ratio between the total number

of acres planted on the farms to a covered commodity and the total acres of all covered commodities planted on the farms. The section provides a yield plug of 70 percent of the transitional yield when the yield per planted acre or historical county yield for any of the 5 most recent crop years is less than 70 percent of the transitional yield, and a price plug equal to the reference price for the covered commodity when the national average market price received by producers during the 12-month marketing year for any of the 5 most recent crop years is lower than the reference price. The section establishes that the payment rate is equal to the lesser of the amount that the ARC guarantee exceeds the actual crop revenue or 10 percent of the benchmark revenue. The section further provides that the payment amount is to be determined by multiplying the payment rate by the payment acres determined under section 1114, and that payments are required to be made by October 1 or as soon as practicable thereafter. The section imposes duties on the Secretary to use all available information and analysis to check for anomalies in ARC payments; to provide separate actual crop revenue and ARC guarantees for a covered commodity by irrigation practice; assign an individual yield for a farm on the basis of the yield history of representative farms in the state, region, or crop reporting district if the farm has planted acreage in a quantity that is insufficient to calculate a representative average yield for the farm; and assign a benchmark county yield for each planted acre on the basis of the yield history of representative farms in the state, region, or crop reporting district where the Secretary cannot establish the actual or benchmark county yield or the yield calculated is an unrepresentative average yield. (Sections 1115, 1116, and 1117)

The Managers recognize that all producers on the farm have a one-time opportunity to elect either PLC or ARC for each crop on the farm on a commodity-by-commodity basis, with the exception that if a producer elects individual-level ARC, the producer must elect individual-level ARC for all crops on the farm. However, the Managers intend for USDA to have an annual signup to participate in the program for the applicable year based on the producer election that was made. The Managers stress that FSA has always had an annual signup into available programs, which is simply a decision to participate in a given year. Absent an annual signup, producers may well fail to notify FSA of ownership changes, complete AGI certifications, and other information required to be provided by the producer to FSA. The signup period is the one time each year where producers are certain to complete all of the necessary records and forms.

(6) Producer Agreements

The House bill, in section 1108, retains a producer agreement requirement from the 2008 Farm Bill except that benefits under this subtitle are referred to rather than 2008 subtitle programs and planting flexibility, agricultural and conserving use, and production report requirements are dropped, as is a provision that prohibits any benefit penalties against a producer for an inaccurate acreage or production report unless the producer knowingly and willfully falsified the reports.

The Senate amendment is similar except agricultural and conserving uses and production reports requirements and prohibition on penalties are not dropped as compared to the 2008 Farm Bill. The section includes a data reporting requirement that the Secretary must use data reported by the producer to meet crop insurance requirements to meet acreage reporting and production reporting requirements, and the section clarifies that producers are required to meet the noxious weed control requirement if the agriculture or conserving use involves non-cultivation of any portion of land referenced in the agriculture and conserving use requirement provision.

The Conference substitute adopts the House provision except agricultural and conserving use requirements under the 2008 Farm Bill are retained and certain production reports are required. (Section 1118)

(7) Senate Amendment

The Senate amendment Provides that Sections 1104 (Definitions) through 1109 (Producer Agreements) shall be effective beginning with the 2014 crop year of each covered commodity through the 2018 crop year.(Section 1110)

The House bill provides has no comparable provision and instead indicates in each section that the provision applies for the 2014 and each subsequent crop year.

The Conference substitute adopts the Senate effective period for sections 1111 (Definitions) through 1118 (producer agreements).

(8) Availability of marketing assistance loans

The House bill extends the 2008 Farm Bill's provision requiring the availability of nonrecourse marketing assistance loans for loan commodities for the 2014 and succeeding crop years except that peanuts are included in the definition of loan commodity rather than there being a separate section of the law providing loan assistance for peanuts. The special rules for peanuts authorized under the 2008 Farm Bill are also carried over into this section. (Section 1201)

The Senate amendment is the same as the House bill except that the provision is reauthorized through 2018 and requires producers to agree to use the land on the farm for an agriculture or conserving use, and to effectively control noxious weeds and maintain the land in accordance with sound agricultural practices if it involves the noncultivation of any portion of the land. The Secretary is required under the provision to issue rules necessary to enforce compliance. The section also authorizes the Secretary to modify the requirements of this section if the modification is consistent with the purposes of this subsection. (Section 1201)

The Conference substitute adopts the House provision except that the provision of loans is required for the 2014 through 2018 crop years. (Section 1201)

The Managers intend that Subtitle B, including but not limited to the Marketing Assistance Loan Program, the Economic Adjustment Assistance Program, and the ELS Competitiveness Program, will be administered in the same manner as under the 2008 Farm Bill.

(9) Loan Rates for Nonrecourse Marketing Assistance Loans

The House bill extends the 2008 Farm Bill's provision establishing loan rates for nonrecourse marketing assistance loans for the 2014 and succeeding crop years except the loan rate for upland cotton is established at the simple average of the adjusted prevailing world price for the two immediately preceding marketing years, as determined by the Secretary and announced October 1 preceding the next domestic plantings but in no case may the loan rate be less than 47 cents per pound or more than 52 cents per pound. The section also includes an extension of the 2008 Farm Bill's loan rate for peanuts. (Section 1202)

The Senate amendment is similar to the House provision except that the loan rates are extended through the 2018 crop year and the minimum loan rate for upland cotton is established at 45 cents per pound. (Section 1202)

The Conference substitute adopts the Senate provision. (Section 1202)

The Managers stress that the loan rate reduction authority granted under this section is intended to address the cotton domestic support elements of Brazil's dispute with the United States (WT/DS 267) before the World Trade Organization. This authority is in addition to other reforms to U.S. cotton policy made by the 2014 Farm Bill, including repeal of the suite of commodity policies made available to cotton producers under the 2002 and 2008 Farm Bills, the ineligibility of cotton producers to participate in successor policies contained in the 2014 Farm Bill, the authorization of expenditure of funds in connection with certain research and development activities on behalf of Brazilian cotton, and other reforms, including with respect to the export credit guarantee elements of the dispute, statutory reforms to the GSM 102 Export Credit Guarantee Program. The Managers intend that these reforms lead to a negotiated resolution of the dispute.

(10) Repayment of Loans

The House bill generally extends the repayment of loan provisions of the 2008 Farm Bill for the 2014 and succeeding crop years except the section incorporates peanuts consistent with repayment provisions of the 2008 Farm Bill for that crop, and provides for a 10 percent reduction in cotton storage payment rates as compared to the rates in effect for the 2006 crop year. (Section 1204)

The Senate bill is similar to the House Bill provisions except that the provision is authorized for the 2014 through 2018 crop years and cotton storage payment rates are reduced by 20 percent as compared to the rates in effect for the 2006 crop year. (Section 1204)

The Conference substitute adopts the House provision except that the provision is reauthorized for the 2014 through 2018 crop years. (Section 1204)

(11) Loan Deficiency Payments

The House bill extends the provision in the 2008 Farm Bill requiring loan deficiency payments for the 2014 crop year and each succeeding crop year. (Section 1205)

The Senate bill is similar to the House bill except loan deficiency payments are authorized for the 2014 through 2018 crop years. (Section 1205)

The Conference Substitute adopts the Senate provision. (Section 1205)

(12) Payments in lieu of LDPs for grazed acreage

The House bill extends such provisions of the 2008 Farm Bill for the 2014 and succeeding crop years but used the payment yield under price loss coverage rather than the direct payment for purposes of calculating payment quantity. (Section 1206)

The Senate amendment is similar except the provision applies to the 2014 through 2018 crop years and uses the payment yield for the agriculture risk coverage program as well as the payment yield for the 2008 Farm Bill in the case of a farm without a payment yield for wheat. (Section 1206)

The Conference substitute adopts the House provision except the payments are required for the 2014 through 2018 crop years. (Section 1206)

(13) Special Marketing Loan Provisions for Upland Cotton

The House bill extends the provision of the 2008 Farm Bill authorizing the President to carry out a special import quota starting August 1, 2014 and a limited global import quota. The section authorizes the use of official data of USDA if available or estimates of the Secretary in

carrying out the section. The section also provides for economic adjustment assistance to users of upland cotton at 3 cents per pound beginning August 1, 2013. (Section 1207)

The Senate provision provides for economic adjustment assistance similar to the House except the 3 cents per pound amount begins August 1, 2012. (Section 1207)

Conference substitute adopts the House provision except the starting date of the special import quota is August 1, 2014 and the 3 cent per pound economic adjustment assistance begins August 1, 2013. (Section 1207)

(14) Special Competitive Provisions for Extra Long Staple Cotton

The House bill permanently extends current law in this regard (Section 1208)

The Senate amendment extends current law through July 31, 2019, beginning on the date of enactment of this Act. (Section 1208)

The Conference substitute adopts the House provision except that the program is authorized beginning on the date of enactment through July 31, 2019. (Section 1208)

(15) Availability of Recourse Loans for High Moisture Feed Grains and Seed Cotton

The House bill extends the provision of the 2008 Farm Bill providing recourse loans for the 2014 and each succeeding crop year except for purposes of calculating the quantity of corn or grain sorghum, the lower of the farm program payment yield used to make payments under the new Farm Bill or the actual yield is used instead of the lower of the countercyclical payment yield under the 2008 Farm Bill or the actual yield. (Section 1209)

The Senate amendment is similar except recourse loans are extended for the 2014 through 2018 crop years and the calculation is based on the lower of the actual average yield used to make payments under the new Farm Bill or the actual yield. (Section 1209)

The Conference substitute adopts the House provision except that the recourse loans are required for the 2014 through 2018 crop years.

(16) Adjustments of Loans

The House bill is the same as current law except any adjustments must be made so the average loan level for the commodity will be equal to the level of support determined in accordance with this subtitle and subtitle C and revisions to quality adjustments for upland cotton provision is deleted. (Section 1210)

The Senate amendment is similar except the average loan level must be equal to the level of support determined under this subtitle and subtitles C through E, revisions to quality adjustment for upland cotton provision is retained, and authority is provided to revise or revoke any actions taken pursuant to that revision authority. (Section 1210)

The Conference substitute adopts the House provision.

(17) Sugar Policy

The House bill permanently extends current sugar policy for the 2012 crop year and each succeeding crop year. (Section 1301)

The Senate amendment extends current sugar policy for each of the 2014 through 2018 crop years. (Section 1301)

The Conference substitute adopts the Senate provision, extending current sugar policy for the 2012 through 2018 crop years.

(18) Definitions for the Dairy Producer Margin Insurance Program

The House bill defines the new terms and establishes the Dairy Producer Margin program in the new section 1511(a) of the Food Conservation and Energy Act of 2008. (Section 1401)

The Senate amendment is similar and gives the definitions for the “Dairy Margin Protection Program” and the “Dairy Market Stabilization Program”. (Section 1401)

The Conference substitute adopts the House provision with an amendment. The amendment replaces the term “Dairy Producer” with “Dairy Operation”; the “Margin Insurance Program” is instead referred to as the “Margin Protection Program”; and definitions are included for “Margin Protection Program Payment” and “Secretary”. (Section 1401)

(19) Calculation of Average Feed and Actual Dairy Production

The House bill establishes the calculation for the average feed cost and actual dairy producer margins. (Section 1401)

The Senate amendment is similar to the House provision but it includes provisions unique to the stabilization program. (Section 1402)

The Conference substitute adopts the House provision with an amendment to include Senate language related to the time for calculation. (Section 1402)

(20) Establishment of Dairy Producer Margin Insurance Program

The House bill establishes the Dairy Producer Margin Insurance Program to be effective October 1, 2013. (Section 1401)

The Senate amendment similarly establishes the Dairy Product Margin Protection Program, but requires the program be effective not later than 120 days after the effective date of this subtitle. (Section 1411)

The Conference substitute directs the Secretary to establish a margin protection program for dairy producers not later than September 1, 2014. (Section 1403)

(21) Eligibility and Registration of Dairy Producers for Margin Insurance Program

The House bill requires that all dairy producers in the United States shall be eligible to participate in the margin insurance program. It sets out an annual registration process and provides for retroactivity of the program. (Section 1401)

The Senate amendment is similar to the House provision but does not provide for retroactivity of the program. It instead provides for a transition period from MILC to the Production Margin Protection Program and describes rules and restrictions for producers during this period. It establishes an annual administrative fee schedule for producers to participate in the Production Margin Protection Program. It also establishes a fund for the use of fees collected and authorizes a range of uses for this fund. It prohibits a producer from participating in both the Livestock Margin Program and the Production Margin Protection Program. (Section 1412)

The Conference substitute adopts the Senate provision with an amendment. The amendment eliminates the tiered fee structure and waiver and instead requires that all participating producers pay a single annual fee of \$100. The Secretary is authorized to specify the manner and form in which producers may register. (Section 1404)

(22) Production History of Participating Dairy Producers

The House bill requires the Secretary to determine the production history of each producer in the margin insurance program and allows for annual updates. Annual updates are

based on the producer's highest annual milk marketings during any of the 3 immediately preceding calendar years. It provides a mechanism for the Secretary to determine production history of producers in operation for less than one year. It lists the required information a participating dairy producer must submit to the Secretary for establishing production history. It details how production history is transferred by sale or by lease. It prohibits the producer to whom the production history is transferred from choosing a different coverage level. It prohibits the Secretary from transferring production history established for a new entrant to another person. It allows the production history of a producer to move to a new location with the producer. (Section 1401)

The Senate amendment is specific to basic margin protection which has a one-time registration without opportunity for annual updating of the producer's production history. It requires the Secretary to determine the actual production history of a producer who purchases supplemental production coverage. It sets out a new producer's options to determine basic production history. Similar to the House bill, it lists the required information a participating dairy producer must submit to the Secretary for establishing production history. It requires the Secretary to specify how production history is to be transferred. Similar to the House bill, it prohibits the producer to whom the production history is transferred from choosing a different coverage level and also extends the prohibition to transfers within the supplemental production margin protection program. It allows the basic and annual production history of a producer to move to a new location with the producer. (Section 1413)

It allows a participating dairy operation to purchase supplemental production margin protection. (Section 1415))

The Conference substitute adopts the House provision with an amendment. It sets production history equal to the highest annual milk marketings from the 2011, 2012 or 2013 calendar years. The Secretary shall adjust the production history to reflect any increase in the national average milk production. New dairy operations shall elect one of two methods to establish production history: 1) the volume of actual milk marketings for the months the dairy operation has been in operation extrapolated to a yearly amount; or 2) an estimate of the actual milk marketings based on heard size relative to the national heard average data published by the Secretary. (Section 1405)

(23) Margin Insurance

The House bill allows a participating dairy producer to annually purchase margin insurance. The producer shall elect a coverage level between \$4 and \$8. It requires a producer to select a coverage percentage between 25 percent and 80 percent of production history. It sets the margin insurance payment for a consecutive 2-month period equal to the product of the shortfall in actual margins below a chosen threshold, the coverage percentage selected by the producer, and the lesser of the producer's actual marketings or actual production history. (Section 1401)

The Senate amendment requires the Secretary to make a payment whenever the margin for a 2-month period is less than \$4 per cwt. It sets the basic margin production payment amount equal to the product of multiplying the difference between the average actual product margin and \$4 by the lesser of: 80% of production history, divided by 6; or the actual quantity of milk marketed by the dairy operation during the 2 month period. (Section 1414)

The Conference substitute adopts the House provision with an amendment. The amendment allows for coverage percentages between 25 percent and 90 percent. (Section 1406)

(24) Producer Premiums

The House bill requires a participating producer to pay an annual premium. It sets the premium schedule for the first 4 million pounds of milk. It also sets the premium schedule for production in excess of 4 million pounds. It establishes a schedule for the timing of premium payments including options for subsequent years, single annual payments and semi-annual payments. It sets out the producer premium obligations including a pro-ration of the first year obligations, and a legal obligation to pay the premium except in the case of death and retirement. It requires that a producer shall receive a margin insurance payment whenever the average actual producer margin is less than the coverage threshold selected by the producer. It requires the Secretary to make margin insurance payments when the average actual production for a consecutive two-month period is less than the coverage level threshold selected by the dairy producer. It allows the Secretary to use the funds of the CCC to carry out this section. It establishes that the program start date is October 1, 2013. (Section 1401)

The Senate amendment is similar to the House bill, but contains slight differences in premiums. It requires the Secretary to provide for more than one method by which a dairy operation can pay premiums. Unlike the House bill, it allows the Secretary to waive the legal obligation to pay the premium in case of death, retirement or other circumstances as the Secretary considers appropriate. It establishes the payment threshold and calculation method for Supplemental Production Margin Payments (Section 1415)

The Conference substitute includes premium schedules for the first 4 million pounds of production and for production in excess of 4 million pounds. The premiums for the first 4 million pounds are reduced by 25 percent for calendar years 2014 and 2015. (Section 1407)

(25) Establishment of the Dairy Market Stabilization program

The Senate amendment requires the Secretary to establish and administer a dairy market stabilization program applicable to participating dairy operations for the purpose of assisting in balancing the supply of milk with demand. (Section 1431)

The House bill has no comparable provision.

The Conference substitute adopts the House position.

(26) Threshold for implementation and reduction in dairy payments

The Senate amendment provides that the Secretary shall announce that the stabilization program is in effect and order reduced payments by handlers to participating dairy operations that exceed the applicable percentage of the participating dairy operation's stabilization program base under certain circumstances. (Section 1432)

The House bill has no comparable provision.

The Conference substitute adopts the House position.

(27) Milk Marketings Information

The Senate amendment requires the Secretary to establish a process to collect from participating dairy operations and handlers such information that the Secretary considers necessary for each month during which the stabilization program is in effect. (Section 1433)

The House bill has no comparable provision.

The Conference substitute adopts the House position (but see Section 1405(c)).

(28) Calculation and Collection of Reduced Dairy Operation Payments

The Senate amendment requires each handler, during any month in which payment reductions are in effect under the stabilization program, to reduce payments to each participating dairy operation from whom the handler receives milk. (Section 1435)

The House bill has no comparable provision.

The Conference substitute adopts the House position.

(29) Remitting Funds to the Secretary and Use of Funds

The Senate amendment requires, as soon as practicable after the end of each month during which payment reductions are in effect under the stabilization program, each handler to remit to the Secretary an amount equal to the amount by which payments to participating dairy operations are reduced by the handler under section 1434. (Section 1435)

The House bill has no comparable provision.

The Conference substitute adopts the House position.

(30) Suspension of Reduced Payment Requirement

The Senate amendment requires reduced payments to be suspended under certain circumstances. (Section 1436)

The House bill has no comparable provision.

The Conference substitute adopts the House position.

(31) Enforcement

The Senate amendment makes it unlawful and a violation of this subpart for any person subject to the stabilization program to willfully fail, refuse to provide, or delay the timely reporting of accurate information and remittance of funds to the Secretary. (Section 1437)

The House bill has no comparable provision.

The Conference substitute adopts the House position.

(32) Audit Requirements

The Senate amendment authorizes the Secretary to conduct audits to ensure compliance by participating dairy operations and handlers with the stabilization program. (Section 1438)

The House bill has no comparable provision.

The Conference substitute adopts the House position.

(33) Study; Report

The Senate amendment requires the Secretary, acting through the Office of the Chief Economist, to conduct a study of the impacts of the program established under section 1431(a). (Section 1451)

The House bill has no comparable provision.

The Conference substitute adopts the House position.

(34) Duration

The Senate amendment terminates the production margin protection program and the stabilization program on December 31, 2018. (Section 1439)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 1409)

(35) Rulemaking

The House bill requires the promulgation of regulations for the initiation of the margin insurance program. It also requires administration of the margin insurance program to comply with the Administrative Procedure Act, but does not require compliance with the Paperwork Reduction Act. It repeals the deadline for the Secretary to consider the state of California's reentry into the federal milk marketing order system. (Section 1402)

The Senate amendment requires the Secretary to promulgate regulations to address administrative and enforcement issues involved in carrying out the production margin protection, supplemental production margin protection, and market stabilization programs. It also requires regulations for an appeals process. (Section 1452)

The Conference substitute adopts the House provision with an amendment. The amendment requires the Secretary to promulgate regulations to address administrative and enforcement issues and prohibit reconstitution of a dairy operation for the purpose of the dairy producer receiving margin protection payments. (Section 1410).

The Managers intend for the Secretary to conduct a hearing prior to the issuance of an order designating the State of California as a Federal milk marketing order. The provision provides the Secretary of Agriculture with the discretion, if a California Federal milk marketing order is requested, to recognize the longstanding California quota system, established under state marketing regulations, in whatever manner is appropriate on the basis of a rulemaking hearing record.

Section 1504 of the Food, Conservation, and Energy Act of 2008 amended the Agricultural Adjustment Act (7 U.S.C. 608c) to establish timeframes for the hearing process for amending federal milk marketing orders. The Managers expect the Secretary to adhere to such timeframes, to the maximum extent practicable, for the process of designating California as a Federal milk marketing order.

(36) Dairy Product Mandatory Reporting

The Senate amendment changes the dairy product mandatory reporting process so that each manufacturer has to report to the Secretary, more frequently than once per month, information concerning the price, quantity, and moisture content of dairy products sold by the manufacturer. (Section 1461)

The House bill has no comparable provision.

The Conference substitute adopts the House position.

(37) Federal Milk Marketing Order Program Pre-Hearing Procedure for Class III pricing

The Senate amendment requires the Secretary to use the pre-hearing procedure described in this section to consider alternative formulas for Class III milk product pricing under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937. (Section 1462)

The House bill has no comparable provision.

The Conference substitute adopts the House position.

The Managers have heard concerns from various dairy stakeholders in regards to the Class III and Class IV milk product pricing systems. The Managers recognize that the Secretary has the authority and ability to conduct a pre-hearing procedure to consider alternative pricing formulas for Class III and Class IV milk products. If petitioned by industry, the Secretary is encouraged to engage in public, pre-hearing information sessions that allow the opportunity for

interested parties to discuss alternative price formula proposals. The Managers believe that through review of proposals from interested parties, this process will help address concerns from industry, assist with the stabilization of the price of milk and provide greater certainty for dairy producers. It is the Managers understanding that the Dairy Industry Advisory Committee has recommended that the Secretary take such action and review interested party proposals to address Class III and Class IV pricing formula changes in this participatory and transparent manner.

(38) Repeal of Dairy product Support and MILC programs

The House bill repeals both sections of current law that establish the dairy product support and MILC programs. (Section 1411)

The Senate amendment is similar to the House bill but continues MILC payments at the 45% payment rate through June 30, 2014. MILC is repealed effective July 1, 2014. It repeals the Dairy Export Incentive Program, and extends the Dairy Forward Pricing Program, the Dairy Indemnity Program, and the Dairy Promotion and Research Program. (Sections 1471-1475)

The Conference substitute adopts the Senate provisions. (Section 1422)

(39) Repeal of the Federal Milk Marketing Order Review Commission

The House bill repeals section 1509 of the Food, Conservation Act of 2008. (Section 1416)

The Senate amendment extends the order review commission. (Section 1476)

The Conference substitute adopts the House provision. (Section 1427)

(40) Federal Milk Marketing Orders

The Senate amendment requires the Secretary to provide an analysis on the effects of amending each Federal milk marketing order issued under section 8c of the Agricultural Adjustment Act. (Section 1481)

The House bill has no comparable provision.

The Conference substitute adopts the House position.

(41) Supplemental Agriculture Disaster Assistance

The House bill provides definitions as necessary to carry out the Livestock Indemnity Program. The provision requires Livestock Indemnity Payments to be made to eligible producers from funds of the Commodity Credit Corporation (CCC) for fiscal year 2012 and each succeeding fiscal year with respect to livestock losses in excess of normal mortality due to adverse weather or attacks by federally reintroduced animals, including wolves or avian predators. The provision provides for an indemnity rate of 75% of the market value of the applicable livestock. The provision provides definitions as necessary to carry out the Livestock Forage Program. The provision requires that, for the 2012 and each succeeding fiscal year, the Livestock Forage Program must provide compensation from the funds of the CCC for losses to eligible livestock producers due to grazing losses on account of prescribed drought conditions or fire. The provision provides that an eligible producer may receive assistance only for grazing losses for covered livestock on land that is native or improved pastureland with permanent vegetative cover or is planted to a crop for the purpose of providing grazing for covered livestock. The provision excludes assistance for grazing losses on land used for haying or grazing under a CRP contract. The provision establishes that in the case of drought, a payment

rate for a single month is to be equal to 60 percent of the lesser of the monthly feed cost for covered livestock, owned or leased, or the monthly feed cost calculated by using the normal carrying capacity of the eligible grazing land. The provision requires a payment rate of 80 percent of the aforementioned payment rate in the case of an eligible livestock producer that sold or disposed of livestock due to drought in one or both of the two production years preceding the current production year. The provision also prescribes the means by which monthly feed costs, feed grain equivalents, and corn price per pound are determined. The provision requires the Secretary to determine normal carrying capacity and normal grazing period in the county served by the applicable committee and prohibits any change in the determination without the request of the State and county FSA committees. The provision establishes a schedule of payments to be made to producers in D2, D3, and D4 drought conditions as follows: D2 for at least 8 consecutive weeks, 1 monthly payment; D3 for any period, 3 monthly payments; D3 for at least 4 weeks or D4 any time, 4 monthly payments; D4 for at least 4 weeks, 5 monthly payments. The provision establishes assistance for eligible livestock producers that sustain grazing losses on federal lands when a federal agency prohibits grazing on the federal lands due to fire at a rate equal to 50 percent of the monthly feed cost. The provision further establishes that such producers are eligible for assistance beginning on the date they are denied grazing on federal lands until such time that their lease expires. The provision prohibits duplicative drought and fire payments covering the same losses. The provision requires the Secretary to use not more than \$20 million of CCC funds for each of the 2012 and succeeding fiscal years to provide emergency relief to eligible producers of livestock, honey bees, and farm raised fish to help in the reduction of losses due to disease, adverse weather, or other conditions not covered under Livestock Indemnity Payments or the Livestock Forage Disaster Program. The provision requires that funds be used to reduce losses due to feed or water shortages, disease, or other factors determined by the Secretary and that the funds be available until expended. The provision contains definitions as necessary to carry out the Tree Assistance Program. The provision requires the Secretary to use CCC funds for each of the 2012 and subsequent fiscal years to provide assistance to eligible orchardists and nursery tree growers that planted and lost trees intended for commercial purposes due to natural disaster, and orchardists and nursery tree growers that have a production history for commercial purposes but lost trees due to natural disaster. The provision requires a tree mortality loss in excess of 15 percent to qualify for assistance with assistance consisting of 65 percent of the cost of replanting trees lost in excess of 15 percent or, at the Secretary's discretion, sufficient seedling to reestablish a stand, and 50 percent of the cost of pruning, removal, and other costs incurred to salvage existing trees or to prepare land to replant trees, in excess of 15 percent. The provision establishes a \$125,000 payment limit under the Tree Assistance Program, with a 500 acre cap as well. The provision also provides for a \$125,000 payment limit on assistance provided under section 1501, with direct attribution requirements. The provision omits the minimum risk management purchase requirement and does not reauthorize the SURE program of the 2008 Farm Bill. (Section 1501)

The Senate amendment is similar to the House provision, except that definitions vary; programs required under subtitle E are authorized for the 2014 through 2018 fiscal years; payment rates under the Livestock Indemnity Program are established at 65 percent of the market value; the functions of other programs are folded into the Livestock Forage Program, including the noninsured crop disaster program, the emergency assistance for livestock, honey bees, and farm-raised fish program, and the Livestock Forage Disaster Program; Livestock Forage Disaster Program assistance is not excluded on CRP contract acreage if the land is grassland eligible; the

monthly payment rate under the Livestock Forage Disaster Program is 50 percent; the calculation for determining the corn price per pound is based on a different corn price; the normal grazing period under the Livestock Forage Disaster Program may not exceed 240 days; the drought intensity payment schedule is distinguished from the House bill as follows: D3 at any time, 2 monthly payments, and D3 for 4 weeks or D4 at any time, 3 monthly payments; authorizes annual payments based on drought determined by means other than the drought monitor and assistance for eligible forage losses due to other than drought or fire; up to \$15 million for each fiscal year is authorized under the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish; the payment limits imposed on the Tree Assistance Program is \$100,000 and the limit under the section is also \$100,000; and the timing of payments is prescribed. (Section 1501)

The Conference substitute adopts the House provision. (Section 1501)

The Managers intend that, with respect to any livestock program signup for 2012, 2013, or 2014, the Secretary be flexible in establishing signup deadlines. In past years, when livestock programs have had a firm signup date for one year and another signup begins for the following year soon thereafter, it is easy for producers to confuse the years for which an application has been filed and those that have not. Limited county office budgets for mailings exacerbate this problem. The Managers also recognize that in many cases producers will have to compile records on livestock inventories by type and weight along with the number of livestock purchased and sold, for example, for much of the past three years. As such, the Managers intend that, with regard to 2012 and 2013, the Secretary take into consideration that the compilation of records by the producer can be extremely difficult or even impossible and to exercise flexibility when determining what constitutes an acceptable record.

(42) National Drought Council and National Drought Policy Action Plan

The House bill establishes in the Office of the Secretary a “National Drought Council.” (Section 1502)

The Senate amendment has no comparable provision.

The Conference substitute deletes the House provision.

Significant droughts have occurred in the United States more than a dozen times since 1900. The 2012 drought, while serious, was not unprecedented. The U.S. has faced similar or worse conditions in the 1930’s, 1950’s and 1988. However, the period from 2000-2013 was the worst consecutive period of drought since the 1930’s, surpassing that of the 1950’s. The drought conditions throughout the United States in 2012 had an estimated cost of \$30 billion to the agriculture sector alone. Impacts were also felt by communities through losses due to reduced water and energy resources, reduced recreation revenue, increased wildfires, and dust-borne diseases, among others. These impacts highlight the need to better align Federal, state and local drought policies.

The Managers understand that a National Drought Resilience Partnership was established in November of 2013 to promote strong partnerships between the Federal agencies and to make it easier for communities to access Federal drought resources. The Managers expect the Secretary to make local, state, and tribal stakeholders an integral part of constructing national drought preparedness and response policy. As part of that process, the Secretary should provide clear and easy opportunities for those stakeholders to have a role in the Partnership, including

creating a plan to coordinate federal policies with state and local policies and establishing robust outreach with communities.

(43) Administration Generally

The House bill requires the Secretary to use the funds, facilities, and authorities of the Commodity Credit Corporation (CCC) to carry out this title and provides that determinations made by the Secretary under this title are final and conclusive. The section further requires that except as otherwise required in this subsection, the Secretary and the CCC must promulgate necessary regulations to implement this title and amendments made by this title within 90 days of enactment of this Act. The section requires that regulations and administration of this title and amendments made by this title as well as sections 10003 and 10016 (supplemental coverage option and stacked income protection for producers of upland cotton) of this Act are made in compliance with the Administrative Procedures Act (APA) but without regard to the Paperwork Reduction Act or the Statement of Policy of the Secretary of Agriculture. The section also carries over adjustment authority relating to trade agreement compliance from the 2008 Farm Bill. (Section 1601)

The Senate amendment is similar to the House except that the regulations and administration of the title are not subject to the APA and the Congressional review of agency rulemaking provision from the 2008 Farm Bill is carried over. (Section 1601)

The Conference substitute adopts the Senate provision. (Section 1601)

(44) Repeal of Permanent Price Support Authority

The House bill repeals specific sections of the Agriculture Adjustment Act of 1938 and the Agriculture Act of 1949 historically suspended under previous Farm Bills during their effective period except section 377 of the 1938 Act which is suspended during the period of the new Farm Bill as it relates to cotton. (Section 1602)

The Senate amendment is the same as current law except the suspensions are applicable to the 2014 through 2018 crop years and through December 31, 2018, in the case of dairy. (Section 1602)

The Conference substitute adopts the Senate provision. (Section 1602)

The Managers note that, along with the suspension of other authorities, the general permanent price support authority provided under 7 U.S.C. 1446(a) must be suspended by the 2014 Farm Bill, as it has been under previous Farm Bills, since section 1446(a) would otherwise require USDA to make available price support for the commodities specified in subsection (a) in a manner that is in accordance or consistent (i.e., not incompatible or in conflict) with the support required to be provided to other commodities under Title II (7 U.S.C. 1446 et. seq.), including as prescribed or previously carried out under 7 U.S.C. 1446(b), (c), or (f), or in any combination of these approaches. In sum, 7 U.S.C. 1446(a) provides broad authority to offer the required price support in a manner that is consistent with the tenor of price support provided elsewhere in Title II, and must be suspended for the effective period of the 2014 Farm Bill. Finally, the Managers would observe that there are also additional authorities, including under the other titles of 7 U.S.C. 1421 et. seq., that apply to certain commodities specified in 7 U.S.C. 1446(a). Therefore, the additional authorities provided under 7 U.S.C. 1421 et. seq., as they relate to certain commodities under 7 U.S.C. 1446(a), must also be suspended for the effective period of the 2014 Farm Bill. This section accomplishes these objectives.

(45) Payment Limitations

The House bill defines legal entity, excluding general partnerships or joint ventures. The section imposes a limit on the amount of payments indirectly or directly received by a person or legal entity for covered commodities and peanuts under Title I to not more than \$125,000, with not more than \$75,000 consisting of marketing loan gains and loan deficiency payments and not more than \$50,000 consisting of other payments made with respect to covered commodities and peanuts under Title I. The section also sets forth spousal equity rules for pay limit purposes, limiting the amount a person and spouse may jointly receive to double the enumerated limits; provides for conforming amendments; and makes the limits effective in time for the 2014 crop year. (Section 1603)

The Senate amendment limits the total amount of payments received, directly or indirectly, by a person or legal entity (except a joint venture or general partnership) for any crop year under subtitle A of title I of the Act to \$50,000 for peanuts and \$50,000 for 1 or more other covered commodities. The section provides that the total amount of marketing loan gains and loan deficiency payments received for peanuts may not exceed \$75,000 and for 1 or more other loan commodities may not exceed \$75,000. The section provides for conforming amendments and that the section is to be effective in time for the 2014 crop year. (Section 1603)

The Conference substitute adopts the House provision, except that the House definition of legal entity is dropped, a separate payment limit for peanuts is maintained, limitations within the overall payment limit of \$125,000 are omitted, and the proposed change to the spousal rule is also dropped. (Section 1603)

The Managers note that the 2008 Farm Bill provided for a \$65,000 payment limitation for Countercyclical Payments and ACRE; a \$40,000 payment limitation for Direct Payments; unlimited marketing loan gains (MLGs) and loan deficiency payments (LDPs); as well as \$100,000 under the SURE program for a combined total of \$205,000, not including marketing loan gains and LDPs. The payment limitations provided for the suite of policies in this section that are intended to replace the 2008 Farm Bill provisions in terms of risks covered are \$80,000 less and the cap on payments includes MLGs and LDPs. Specifically, this section provides for one cap of \$125,000 under which all PLC, ARC, MLGs, and LDPs must fit. The Managers would particularly stress that this amount does not include any benefit derived by the producer from forfeitures. The Managers fully intend that the marketing assistance loan continue to operate as a nonrecourse loan. The Managers intend that nothing in this section shall be construed to limit the right of a producer to forfeit the crop which the producer has pledged as collateral in full satisfaction of the loan.

(46) Payment Limited to Active Farmers

The House bill qualifies how farm managers can qualify as actively engaged in the farming operation. (Section 1603A)

The Senate amendment is similar to the House bill except with respect to the Farm Managers provision. (Section 1604)

The Conference substitute adopts the House provision, except that amendments made to the Food Security Act of 1985 are dropped and instead a new regulation is required to be promulgated within a specified period of time and with opportunity for notice and comment. The substitute requires the regulation to define significant contribution of active personal

management for purposes of carrying out the applicable statute. The substitute further provides that the regulations may, where appropriate, include limits on the number of individuals who may be considered actively engaged when a significant contribution of active personal management is the basis used by an individual or entity to meet actively engaged requirements under the law. The regulation is required to take into account the size, nature, and management requirements of farming operations, the changing nature of active personal management due to advancement of farming operations, and the degree to which the impact of the regulation would adversely impact the long-term viability of the farm. The substitute provides that the regulation does not apply to individuals or entities comprised solely of family members. The substitute requires that the regulation include a plan for monitoring the status of compliance reviews, and prohibits the imposition of any additional paperwork burdens associated with the new regulation on those not subject to the new regulation. Finally, the substitute clarifies that the provision is not to be construed as authorizing broader regulations, and requires that the regulation promulgated apply beginning with the 2015 crop year. (Section 1604)

The Managers note that the purpose of this rulemaking is to strengthen the verification process for members of a farming operation claiming to be actively engaged under section 1001A of the Food Security Act of 1985 on the basis of a significant contribution of active personal management. From that definition, the Managers intend that the Secretary will develop clear and objective standards that can be easily measured and accounted for by members of the farming operation. The Managers would also stress that this section in no way changes any aspect of current applicable law, referring in this Act to the breadth of title 7 of the United States Code. Rather, the Managers intend that the section only authorizes a rulemaking to modify current regulations to add clarity and objectivity where this section specifically requires in order to better enforce existing law.

The Managers recognize with the inclusion of subsection (c) that family farming operations are an important part of American agriculture. The Managers do not intend the regulations promulgated pursuant to this subsection to adversely affect the manner in which such family farms allocate responsibilities among the members of their family. However, the Managers also do not intend for subsection (c) to overly restrict the Secretary's authority to implement the reforms under this section, and intend for the term entity to include the entity ultimately receiving the payment.

The Managers further intend that the Secretary will develop standards that are fair, equitable, and will enhance program integrity. The Managers are aware that under current rules the agency has had difficulty in determining the significance of a management contribution. The Managers also understand that this difficulty is often exacerbated when the person considered to be actively engaged lives a significant distance from the farming operation or does not visit the farming operation on a regular basis.

The Managers intend that the Secretary take into account the size and complexity of farming operations across different regions of the country. Further, the Managers intend that the Secretary will look carefully at certain activities or services that a person may perform which have a significant impact on the long-term viability of the farming operation. In particular, the Managers expect that the Secretary will give careful consideration to the following activities: labor contracting; decisions made to achieve regulatory compliance; marketing, including hedging and forward contracting; financing, including securing production loans; land utilization management, including conservation planning; decisions made regarding risk management and

legal liability, including insurance coverage; decisions made regarding cropping choices; input purchasing; and decisions made regarding equipment, including purchases, financing, and maintenance. The Managers also intend for the Secretary to take into account the changing nature of active personal management due to technological and economic advancements of farming operations, including crop genetics, farming practices such as no-till and minimal-till farming, and telecommuting.

The Managers intend that any additional paperwork required by these new requirements be focused solely on the individuals and entities subject to the new requirements. Finally, the Managers urge the Secretary to be mindful that stable, predictable and equitable farm policy is essential to the continued viability of commercial farming operations that need access to financing for annual production costs, equipment, and land. Lastly, the Managers stress that accessibility to a strong farm safety net is important to continued prosperity in rural America, particularly in small towns where agriculture is at the center of the local economy.

(47) Adjusted Gross Income Limitation

The House bill makes changes to Section 1001D of the Food Security Act of 1985. The section replaces the two income limitation tests (farm and non-farm incomes) with a single \$950,000 adjusted gross income limitation for certain commodity programs as well as conservation programs. The section applies the new limit to payments under the Farm Risk Management Election, marketing loan gains or loan deficiency payments, payments from Supplemental Agricultural Disaster Assistance Programs, payments from conservation programs, the Agriculture Management Assistance program authorized in the Federal Crop Insurance Act, and payments from the Noninsured Crop Disaster Assistance Program. The section requires that payment limits in effect on the day before the enactment of this Act apply to the 2103 crop, fiscal or program year. (Section 1604)

The Senate amendment makes changes to Section 1001D of the Food Security Act of 1985. The section replaces the two income limitation tests (farm and nonfarm incomes) with a single \$750,000 adjusted gross income limitation for commodity programs if the average adjusted gross income over the last 3 taxable years is in excess of \$750,000. The section applies the new limit to payments under the Adverse Market Program and the Agriculture Risk Coverage program, marketing loan gains or loan deficiency payments, payments from Supplemental Agricultural Disaster Assistance Programs, and payments from the Noninsured Crop Disaster Assistance Program. (Section 1605)

The Conference substitute adopts the House provision except that the AGI limitation is established at \$900,000.

(48) Geographically Disadvantaged Farmers and Ranchers

The House bill is the same as current law except authorizes payments for fiscal year 2009 and each succeeding fiscal year. (Section 1605)

The Senate amendment extends current law through fiscal year 2018. (Section 1606)

The Conference substitute adopts the House provision. (Section 1605)

(49) Appeals

The Senate amendment amends the current appeals process by clarifying, among other things, that the Director of the National Appeals Division shall be free from the direction and

control of any person other than the Secretary or the Deputy Secretary of Agriculture. (Section 1609)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision (Section 1610)

(50) *Technical Corrections*

The House bill includes technical corrections. (Section 1608)

The Senate amendment includes technical corrections. (Section 1610)

The Conference substitute adopts the House provision with a technical change.

(51) *Implementation*

The House bill requires the Secretary to seek to reduce administrative burdens and costs to producers by streamlining and reducing paperwork, forms, and other administrative requirements; improve coordination, information sharing, and administrative work with the Risk Management Agency and the Natural Resources Conservation Service; and take advantage of new technologies to enhance efficiency and effectiveness of program delivery to producers. The section also requires the Secretary to maintain records on base acres and payment yields from the 2008 Farm Bill. The section also requires the Secretary to maintain records for the separate base acres of long grain rice and medium grain rice subject to the total base under the 2008 Farm Bill and any adjustment. The section requires the Secretary to make \$100 million available to the Farm Service Agency to carry out this title. (Section 1612)

The Senate amendment has similar streamlining requirements but does not require maintenance of base acres and payment yields. The section also requires the Secretary to maintain a record of farms with upland cotton base acres in effect on the day before the date of enactment of this Act and to make \$97 million available to the Farm Service Agency to carry out this title. (Section 1614)

The Conference substitute adopts the House provision but adds the requirement that the Acreage Crop Reporting and Streamlining Initiative (ACRSI) be implemented and that the ACRSI ensure that a producer, or an agent of the producer acting on the producer's behalf, may report information (including geospatial information) to USDA either electronically or conventionally; that upon the request of the producer or the agent of the producer, USDA must electronically share with the producer or the agent of the producer, in real time and without cost, common land unit data, related farm level data, and other information of the producer; that this reporting and sharing of information must comply with existing privacy requirements. The substitute also provides an additional \$10 million to the Farm Service Agency on October 1, 2014 if the Secretary notifies the Agriculture Committees of Congress by September 30, 2014 that substantial progress has been made in implementing ACRSI and the reporting and sharing requirements of this section. An additional \$10 million is also provided to FSA if by September 30, 2015 the Secretary reports to the Agriculture Committees that these requirements have been fully implemented and the Committees concur, with the added funding available on the later of the date of concurrence or October 1, 2015. The substitute further provides that of the base amount of implementation dollars provided to FSA under this section, \$3 million is to be provided by the Secretary to state extension services or equivalent agencies for producer education concerning subtitles A, D, and E of this title and under section 196 of the Federal Agriculture Improvement and Reform Act of 1996. The substitute also requires the Secretary to engage one or more qualified universities to develop web-based decision aids to assist producers

in understanding available options under subtitle A, with the FSA required to obligate funds for this purpose within 30 days of enactment of the Farm Bill and web-based decision aids to be made available to producers via the internet within 45 days, and with \$3 million provided for this purpose. Finally, the substitute provides loan implementation requirements. (Section 1613)

The Managers intend by this section and the implementation section within the Crop Insurance Title of this Act for the Secretary to undertake the streamlining efforts prescribed. As part of the implementation of ACRSI, the Managers intend for the Secretary to provide for an expedited means for the reporting and sharing of information as required under this section. The Managers would particularly note that this information is the private and proprietary information of the producer and, as such, is strictly protected by statute from disclosure, with very limited and specifically prescribed exceptions, including disclosures made upon the consent of the agricultural producer or owner of the agricultural land. The Managers intend that an agent of the producer evidence the consent of the producer when acting on the producer's behalf in the reporting and sharing of information in a manner that complies with the requirements of section 1619 of the 2008 Farm Bill and without unnecessarily encumbering or delaying the reporting and sharing.

The Managers also intend that regulations be quickly finalized to allow a Farm Storage Facility Loan of up to \$100,000 with no additional security. The Managers recognize that the Farm Service Agency had properly implemented the program in this manner, consistent with Congressional intent, from August of 2012 to February of 2013 before the program reverted back to \$50,000 with no additional security. The Managers commend FSA for the agency's work to fulfill Congressional intent and intend that regulations to allow a Farm Storage Facility Loan of \$100,000 with no additional security be finalized and implemented without further delay.

The Managers intend, with respect to loan implementation, that the Secretary would use the authority provided to carry out loans described in subsection (d) in a manner where the loans to producers would be administered as though an order described in that subsection had not been issued for that crop year. The Managers intend that the administration of this subsection not result in the disruption or delay in the orderly marketing of commodities under loans. The Managers intend that a producer that repays a loan under subtitles B or C at an amount equal to the loan rate for the applicable commodity plus interest must repay the amount that is provided pursuant to subsection (d). The Managers do not intend that the amount provided pursuant to subsection (d) be repaid in the case of a producer receiving a loan deficiency payment, a marketing loan gain benefit, or a benefit derived from the forfeiture of a commodity.

(52) Protection of Producer Information

The House bill prohibits the Secretary of Agriculture or officials or employees of other federal agencies from releasing certain information given to the government pursuant to Title I or Title II of this Act or other information provided by a producer or owner of agricultural land in order to participate in USDA or other federal agency programs. The section provides for limited exceptions to the rule and a requirement that disclosures made under these exceptions be reported to the Agriculture Committees. (Section 1613)

The Senate amendment has no comparable provision.

The Conference substitute deletes the House provision.