

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF
CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the amendment of the Senate to the bill (H.R. 2642), to provide for the reform and continuation of agricultural and other programs of the Department of Agriculture through fiscal year 2018, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck all of the House bill after the enacting clause and inserted a substitute text.

The House amendment struck out that matter proposed to be inserted by the Senate amendment and inserted a substitute text.

The House recedes from its amendment to the amendment of the Senate and agrees to the same with an amendment that is a substitute for the House amendment and the Senate amendment. The differences between the House amendment, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

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.

Title II—Conservation

Subtitle A—Conservation Reserve Program

(1) *Extension and Enrollment Requirements*

The House bill amends the maximum acres as follows: 27,500,000 acres in fiscal year 2014; 26,000,000 acres in fiscal year 2015; 25,000,000 acres in fiscal year 2016; 24,000,000 acres in fiscal year 2017; and 24,000,000 acres in fiscal year 2018. Additionally, the House bill caps grassland enrollment at 2,000,000 acres at any one time. (Section 2001)

The Senate amendment amends the maximum acres as follows: 30,000,000 acres in fiscal year 2014; 27,500,000 acres in fiscal year 2015; 26,500,000 acres in fiscal year 2016; 25,500,000 acres in fiscal year 2017; and 25,000,000 acres in fiscal year 2018. Additionally, the Senate amendment caps grassland enrollment at 1,500,000 acres at any one time. (Section 2001)

The Conference substitute adopts the House provision. (Section 2001)

The Managers agreed to an overall reduction in the maximum acres that could be enrolled in the Conservation Reserve Program (CRP), however, this should not serve as an indicator of declining support for CRP. The Managers intend for CRP to be implemented at authorized levels, using the statutory flexibility, and for the program to continue as one of USDA's key conservation programs in concert with working lands conservation efforts.

Within the overall acreage cap, the Conference substitute provides for grasslands to be enrolled in CRP and authorizes the Secretary to grant priority to lands expiring from current CRP contracts that will retain grass cover. This modification accommodates acreage that previously would have been eligible for short-term rental contracts under the Grassland Reserve Program (GRP) for working grasslands.

The specific priority designations for the Chesapeake Bay Region, the Great Lakes Region, and the Long Island Sound Region are removed. The authority for the Secretary to designate conservation priority areas is retained, recognizing the importance of the program for addressing regional and State-identified areas of special environmental sensitivity.

(2) *Farmable Wetland Program*

The House bill decreases the overall cap to 750,000 acres. (Section 2002)

The Senate amendment contains no comparable amendments and maintains the current law cap of 1,000,000. (Section 2002)

The Conference substitute adopts the House provision with an amendment to include a clerical amendment from the Senate language. (Section 2002)

(3) *Duties of the Secretary*

The House bill amends current law by striking "allotment history" and by moving out certain activities from section 1232(a)(8). Additionally, the House bill permits certain activities in case of drought or other emergency caused by a natural disaster where the activity may occur without a reduction in the rental rate. The bill includes a reduction of not less than 25 percent of the rental rate and establishes the frequency during which managed harvesting may be conducted as not more than once every three years. The bill also establishes the frequency during which routine grazing may occur at not more than once every two years and adds a new subsection that requires the Secretary to permit certain haying and grazing practices on grasslands specifically. Lastly, it includes a provision for individuals with expiring contracts to initiate conservation and land improvement practices in the final year of contract. To comply, an owner or operator must

develop and implement a conservation plan for these activities. Re-enrollment of such lands is prohibited for five years. (Section 2004)

The Senate amendment is similar to the House. However, it specifies flooding as an emergency for the purposes of carrying out certain activities without a reduction in the rental rate payment. Such other emergencies do not need to be a result of a natural disaster. Additionally, the Senate amendment allows for limited grazing by a beginning farmer or rancher without any reduction in the rental rate and includes habitat during the *primary* nesting season for *critical* birds. The Senate amendment establishes a frequency during which managed harvesting may be conducted at least once every five but not more than once every three years and allows for prescribed grazing for the control of invasive species to occur annually. The frequency for routine grazing is similar to the House bill. However, the Senate amendment specifies that the Secretary must take into account the presence of threatened or endangered wildlife and wildlife habitat and requires conservation and land improvement practices in the last year of the contract to maintain the protection of highly erodible land. Lastly, it states that the annual payment amount shall be reduced by an amount commensurate with any income or compensation received as a result of these activities. (Section 2004)

The Conference substitute adopts the House provision by eliminating “allotment history.” The substitute adopts the Senate language including flooding or other emergencies as an emergency not a result of a natural disaster and adds limited grazing by livestock of a beginning farmer or rancher without a reduction in rental rate.

The Conference substitute did not specify the range of situations under which CRP could be used to mitigate the impacts on agricultural producers resulting from adverse and extreme weather events or conditions. While these acres can provide additional forage when they are located within the disaster footprint, these forages also could assist in meeting livestock forage needs when near to the affected area, or when CRP contract holders are willing to make their forage available to those affected by the emergency, or when flooding displaces grazing livestock. The Managers expect the Secretary to make this forage available in response to disasters that affect other producers without regard to the location of the enrolled lands. This section establishes the frequency of harvesting and routine grazing on acres enrolled in CRP contracts, consistent with a conservation plan, and provides for the incidental use of buffers adjacent to agricultural lands.

Authorized activities for newly eligible grasslands include grazing, haying, mowing, or harvesting for seed production. The Secretary shall permit activities such as fire pre-suppression, rehabilitation and construction of fire breaks, fencing, livestock watering, and necessary cultural practices. These uses of the land are consistent with those allowed for existing GRP rental contracts and are carried over here to align with the authorized activities for those grasslands to be enrolled in the conservation reserve.

The substitute adopts the Senate provision on primary nesting season with an amendment to change critical birds to birds in the local area that are in significant decline.

The substitute adopts the Senate language on managed harvesting frequency, prescribed grazing for invasive species, and installation of wind turbines.

The substitute adopts the Senate provision on land improvement and practices in the last year of the contract with an amendment. The amendment limits applicability to enrolled land and clarifies that the land can be used for economic use. (Section 2004) Provisions are added to allow conservation and land improvement practices in the final year of a contract, with a commensurate reduction in rental value only when the participant derives economic benefit from

use of the forage. Re-enrollment of lands modified through this provision is prohibited for at least five years.

The Managers intend that the intensity of all specified activities permitted by the revisions to Section 1233(b) of current law be conducted in accordance with the parameters outlined in the statute. The Conference substitute also requires that specified activities are carried out in accordance with soil, water quality, and wildlife habitat conservation plans to control invasive species while also maintaining the health and viability of the established cover. The Secretary should not require management activities at the specified frequency when it is determined to be technically unnecessary for the cover because drought, fire, or other factors have reduced the need for such cover management action. Additionally, the Secretary, with advice from State Technical Committees, shall ensure that the frequency and duration of all specified activities permitted are reflected in associated conservation plans appropriate for the local climatic conditions, precipitation, soils, and other necessary factors in order to meet the purposes of the program.

The revisions made to section 1233(b)(2) of the current statute clarify the intent of the Managers to expand some uses of the conservation reserve when the activities are consistent with and/or beneficial to the health and viability of the established cover. In doing so, the Managers focused on grasslands-related activities since grasslands are the predominant cover for the program. The Managers intend for this to be sufficient authority to allow such activities to occur when doing so would be a similar benefit to the health and vigor of the cover. For example, the pre-commercial thinning of pine plantings, or the harvesting of pine straw may be allowed with commensurate reduction of rental rates if these activities would be a technically accepted activity for improving the health and viability of the stand, as reflected in the conservation plan. The Managers encourage the Secretary to utilize options other than burning for the disposal of residue removed from CRP lands, as well as lands enrolled in a conservation easement, for contract management and maintenance. The Managers suggest the Secretary coordinate with state government officials to donate this residue to Indian tribes, small and disadvantaged farmers or other similar persons or entities.

(4) Payments

The House bill amends the payment section of CRP by eliminating in-kind payments. (Section 2005)

The Senate amendment allows for incentive payments for thinning activities and allows for the National Agricultural Statistics Service (NASS) survey of dryland cash rental rates to be used as a factor in determining rental rates, as determined by the Secretary. In addition to eliminating in-kind payments, the Senate amendment adds requirements that payments be made using funds from the Commodity Credit Corporation.

The Conference substitute adopts the Senate provision with an amendment. The amendment strikes the Commodity Credit Corporation payment requirement. (Section 2005) The Managers recommend that the new authority provided under section 1234(c) is used by the Secretary to incentivize owners and operators to conduct practices and utilize management tools that would promote forest management, enhance the overall health of tree stands, improve the condition of resources, or provide valuable habitat for wildlife. Such practices and management tools should be used to encourage landowners to promote pine savannah habitat or other beneficial resource wildlife habitat practices such as tree thinning, disking, and prescribed

burning. Further, the Managers intend for the Secretary to determine any other appropriate practices and management tools that could be employed to achieve the objective of the provision. The Managers acknowledge that similar authority was provided by the Food, Conservation, and Energy Act of 2008, but it did not achieve the goal of incentivizing owners and operators to conduct the necessary practices that section 1234(c) is intended to remedy. Under some situations, local market conditions will greatly affect the cost of implementing the appropriate forest management practices making them costly and difficult to implement. The Managers expect USDA to use the authority under section 1234(c) to provide incentive payments in an amount that will overcome any disincentive for owners and operators to implement these practices in order to improve the condition of the resources, promote forest management or the enhance the wildlife habitat on the land.

The Managers intend that CRP continue as one of USDA's key conservation programs. The Managers remain concerned, however, that USDA does not offer annual payments to producers commensurate with local prevailing rental rates to ensure that enrollment is competitive with other land uses. The 2008 Farm Bill authorized the use of NASS surveys of cropland values; even so, the Managers are aware that in some parts of the country, CRP rental rates continue to trail – in some cases by a large margin – local prevailing rental rates. The Managers intend for USDA to use NASS survey data and other local data on cash rental rates and farmland prices, developed through land grant universities or other sources. The Managers expect USDA to review this data at least annually, and update CRP rental rates to reflect local prevailing rental rates.

(5) *Contract Requirements*

The House bill updates the early termination provisions to allow for an early termination option in fiscal year 2015 only of a contract that has been in effect for five years and expands the list of land that is eligible for early termination. Additionally, the House bill makes adjustments to the transition option provisions language to allow a retired farmer or rancher to transfer land to a beginning farmer or rancher to prepare such land to plant an agricultural crop. (Section 2006)

The Senate amendment adds “veteran farmer or rancher”. (Section 2006)
The Conference substitute adopts both the House and Senate provisions with amendment changing the year for offering early termination to fiscal year 2015. (Section 2006)

The Managers are concerned that USDA has not been fully utilizing CRP technical assistance authorities and funding enacted in the 2008 Farm Bill for agency infrastructure, including outreach, training, and other technical services. The Managers expect USDA to better utilize this authority for internal support and to support outreach and partnerships with non-governmental organizations and other qualified entities to ensure that producers and landowners are fully aware of their options under the program.

The Managers also encourage USDA to continue to make their staff available to attend meetings of agricultural producers at the local, State and national level to educate and inform producers of the programs available to meet natural resource needs on their operations.

The Managers direct the Secretary to, within one year of enactment, report to Congress on the quality of land currently enrolled in CRP based on the land capability classification system, the erodibility index, other eligible lands criteria, and natural resource benefits. The report should include justification for using the prescribed environmental benefits index threshold for any acres enrolled into the program after enactment. The Secretary shall complete

such a report five years thereafter and include the same information on land quality and decisions to enroll types of acres based on the environmental benefits index. If the decision is made to use a different environmental benefits index threshold or methodology for making decisions to enroll program contracts, reasons for the decision should be included in the report.

Additionally the Managers direct the Secretary, within two years of enactment, to complete a comprehensive economic impact study that specifically evaluates the impact the CRP has had on rural communities. The report should include the average county rental rates and rental rates paid for CRP land.

The Managers support ongoing USDA efforts to target the CRP through enrollment of highly-desirable practices such as buffers, filter strips, riparian buffers, acreage of importance to States and local communities, certain wetlands, duck and upland bird habitat buffers, highly erodible land, longleaf pine, and pollinator habitat. This widely-supported targeting effort ensures that critical acreage is protected and productive land remains available for production. The Managers intend that USDA accelerate this evolution of targeted practices to include important natural resource priorities. Examples of such priorities include: water quality and quantity, wildlife habitat, and recreation purposes. The Managers encourage the Secretary to include the use of potentially larger tracts than have previously been awarded a contract in order to continue meeting wildlife habitat needs.

In addition to the Managers' intention that USDA expand the use of continuous and Conservation Reserve Enhancement Program (CREP) practices, the Managers understand that there are concerns in regard to the Department's operation of certain continuous practices, including State Acres for Wildlife Enhancement or so-called "SAFE" acres. The Managers encourage the Secretary to continue efforts to meet the demand for these practices, which have proved popular in some states. The Managers also expect the Secretary to utilize these acres to meet demand for acreage that will impact threatened or endangered species or species of economic significance in a state or region.

The Managers also intend that the provisions in section 2602 regarding availability of Commodity Credit Corporation funding for farm bill conservation programs will ensure the Department has adequate acreage available to meet the demand for the various continuous practices.

Subtitle B—Conservation Stewardship Program

(6) *Conservation Stewardship Program*

The House bill amends the definitions section to strike the definition of "conservation measurement tool" and thereby conform with later amendments; relocates the definition of "eligible land" and "agricultural operation" to the definitions section; adds pasture land to the list of eligible land; and expands other eligible agricultural areas to land capable of being used for livestock production. Additionally, it reauthorized the program for FY 2014 through 2018. It states that to be eligible for CSP, a producer must demonstrate that, at the time of the contract offer, the producer meets or exceeds the stewardship threshold for at least two priority resource concerns. The House bill also states that in order to renew the contract, the producer must demonstrate compliance with the initial contract, agree to adopt and continue to integrate conservation activities, and at a minimum meet or exceed the threshold of at least two additional priority resource concerns or exceed the threshold for two existing priority resource concerns.

Also, the House bill provides an annual enrollment limitation of 8,695,000 acres for FY 2014 through 2021 and provides for additional payments to producers that agree to adopt or improve resource conserving crop rotations. (Section 2101)

The Senate amendment is similar to the House bill, but does not include “capable of being used” for the production of livestock; adds improving and conserving the quality and condition of natural resources on purpose; and states that to be eligible for a payment under the Conservation Stewardship Program (CSP), a producer must demonstrate that, at the time of the contract offer, the producer is meeting the stewardship threshold for at least two priority resource concerns. Also, the amendment requires producers to agree to, at a minimum, meet or exceed the stewardship threshold for at least two additional priority resource concerns. Additionally, the Senate amendment provides an annual enrollment limitation of 10,348,000 acres for FY 2012 through 2022. (Section 2101)

The Conference substitute adopts the House provision to include land capable of being used for livestock production in the definition of other eligible land. Section 1238D in the Conference substitute streamlines and consolidates key definitions for the program. The meaning of agricultural operation is consistent with current law. Conservation activities involve conservation systems, practices, and management measures. The term has an inclusive plain language meaning to encompass, for example, conservation planning. The Managers recognize that in developing a conservation plan, a producer incurs significant costs in time, labor, management, and foregone income. The specific mention in the statute of inclusions does not exclude conservation activities that are otherwise within the definition. The definition of conservation stewardship plan makes it clear the plan is to inventory and identify priority resource concerns and to contain the additional specified elements encompassing new as well as existing conservation activities. Eligible land is defined to mean private and tribal land on which agricultural commodities, livestock, or forest-related products are produced plus associated land on which priority resource concerns could be addressed through a contract under the program.

A priority resource concern is defined to mean a natural resource concern or problem that is identified at the national, state, or local level as a priority for a particular area, and that represents a significant concern in a state or region that is likely to be addressed successfully through implementing conservation activities. The Managers understand that the process of identifying priority resource concerns should involve consultation at the state and local levels to the maximum extent practicable, such as with State Technical Committees and local work groups. The stewardship threshold is the level of management required to conserve and improve the quality and condition of a natural resource. The stewardship threshold for a natural resource is a science-based standard at an advanced level of conservation providing for the long-term continued productivity, use, and quality of the resource.

The substitute adopts the Senate provision that includes improving and conserving the quality and condition of natural resources as a program purpose.

The substitute adopts the House provision relating to the requirement that the producer meet or exceed the stewardship threshold of at least two priority resource concerns. It further adopts the House provision on the contract renewal requirement that the producer meet at least two additional resource concerns or exceed two existing resource concerns. The Managers encourage the Secretary to place emphasis on adopting new practices; with new contracts addressing at least one additional priority resource concern and renewing contracts that address at least two priority resource concerns.

The substitute also adopts the House provision which allows eligible producers to receive supplemental payments for making improvements to resource-conserving crop rotations. The Managers intend for the supplemental payment to encourage producers to adopt new or additional beneficial crop rotations that provide significant conservation benefits. The payments are to be available to producers across the country and should not be limited to a particular crop, cropping system, or region of the country. In the Southeast, peanuts are an example of a crop that responds well to increased rotation lengths, which help peanut producers, conserve water, more effectively control disease, and reduce inputs to control disease and increase productivity. Alfalfa is another important rotation crop in many parts of the country and plays a role in adding value to a producer's operation as well as providing natural resource benefits. The Managers recognizes the very significant contributions that sorghum has made to resource conservation as a water-conserving crop and expects the Secretary to include sorghum in any supplemental payments for resource conserving crop rotations made available under the CSP.

The substitute lists six criteria for ranking contract offers, prohibits giving a higher ranking to a contract offer based on the applicant's willingness to accept a reduced payment, and allows the development and use of additional criteria to ensure national, state, and local priority resource concerns are addressed effectively. Such additional criteria, should they be developed and used, are not to supersede or be more heavily weighted than the six statutory ranking criteria. The language includes as one of six ranking factors "the number of applicable priority resource concerns proposed to be treated to meet or exceed the stewardship threshold by the end of the contract." The Managers expect that, in using this factor to rank applications, the Natural Resources Conservation Service (NRCS) will verify not only the number of priority resource concerns proposed to be treated at the initial application ranking stage, but also the extent to which the conservation activity proposed for the priority resource concern will meet or exceed the stewardship threshold for that priority resource concern at the expiration of the contract.

The substitute includes an annual enrollment cap of 10,000,000 acres at \$18/acre for the program for the remainder of fiscal year 2014 through fiscal year 2022. (Section 2101)

The Secretary shall prioritize for enrollment in the program lands that are expiring from the CRP in an effort to protect the taxpayer's conservation investment by continuing conservation benefits on those lands and enabling the transition from CRP to a sustainable grass-based or other type of agricultural operation where many of the conservation benefits will continue. The Managers encourage the Secretary to conduct outreach to producers and to facilitate enrollment of such land into the CSP in order to maintain and improve conservation values, such as through grass-based production systems. The subsection also updates the provision excluding land recently converted to cropland.

The Managers believe conservation programs as implemented by USDA should recognize the use of innovative technology such as enhanced efficiency fertilizers. Enhanced efficiency fertilizers, which reduce nitrate losses to the environment, help protect water quality, and reduce greenhouse gas emissions, include slow- and controlled-release fertilizers (absorbed, coated, occluded or reacted) and stabilized nitrogen fertilizers (nitrification inhibitors and nitrogen stabilizers). These tools are recognized in USDA's conservation standards and specifications for nutrient management and related practices and by State regulators of fertilizers.

The Managers recognizes the changing nature of agriculture including technological advances, weather-related factors, and markets under which producers must operate their business. During the term of a 5-year agreement, an agriculture operation may make adjustments in production systems in response to the changing markets, weather-related causes, or other

necessary actions essential to the continuing their operation. The Managers expect that the Secretary will ensure producers have the opportunity to adjust their operations while maintaining comparable or enhanced conservation performance of the enrolled acreage and still continuing their contracts.

Subtitle C—Environmental Quality Incentives Program

(7) *Establishment and Administration*

The House bill states that not more than 50 percent of a payment under the Environmental Quality Incentives Program (EQIP) may be made in advance for the purpose of purchasing materials or contracting. Funds not expended in 90 days shall be returned. Additionally, the bill maintains the 60 percent allocation for livestock production and adds a 7.5 percent allocation targeted towards practices benefiting wildlife habitat. The House bill also provides a clerical amendment using the term “Indian Tribes”. The bill includes payments to producers for practices that support the restoration, development, protection, and improvement of wildlife habitat as well as recurring practices for the term of the contract. It also adds a new provision for alternative funding arrangements with eligible irrigation associations. (Section 2202)

The Senate amendment changes the practices for forgone income payment and gives greater significance to addressing resource concerns such as: soil health; water quality and quantity improvement; nutrient management; pest management; air quality improvement; wildlife habitat development, including pollinator habitat; invasive species management; or other resource issues of regional or national significance. Additionally, the amendment maintains and consolidates the authority for the Wildlife Habitat Incentive Program (WHIP) within EQIP. The amendment also maintains the 60 percent allocation for livestock production, provides at least a 5 percent allocation targeted towards practices benefiting wildlife habitat, and strikes the subsection providing for alternative funding arrangements for Native American Indian Tribes and Alaska Native Corporations. Additionally, the alternative funding arrangement provision is expanded to include CSP. The Senate amendment does not include recurring practices for the term of the contract and requires the Secretary to consult at least once a year with the State Technical Committees when determining practices eligible for wildlife habitat incentive payments. The Secretary may make wildlife habitat incentive payments to a state or local government to enroll land that is riparian to or submerged under a water body or wetland. (Section 2202)

The Conference substitute adopts the Senate provision updating the list of practices the Secretary may give special significance to in determining income forgone with an amendment. The list is revised to better reflect natural resource objectives.

The Conference substitute adopts the Senate provision with amendment regarding the revision of the practice list the Secretary may give special significance to when determining income forgone. The Managers intend for the revision to better reflect natural resource objectives and to clarify that conservation practices with a longer lifespan may include more than one year of income forgone when it is necessary to encourage full adoption and maintenance of the practice.

The substitute adopts the House provision that increases the percentage of an EQIP payment that may be made in advance for the purposes of purchasing materials and contracting from 30 percent to 50 percent.

The substitute adopts the Senate provision that maintains the 60 percent allocation for livestock production and further provides for an allocation of at least 5 percent for targeted practices benefiting wildlife habitat. It further adopts the Senate provision striking alternative funding arrangements for Indian Tribes as a conforming amendment to [section 2606] which moves the alternative funding arrangement for EQIP, while adding CSP, to section 1244(l) of the Food Security Act of 1985, as amended. The Managers recognize the broad and significant role of the EQIP program in promoting environmental stewardship among livestock and poultry producers around the country and maintains that 60% of the funding allocation go to these producers. Within six months of enactment, USDA is directed to report to the House Committee on Agriculture and Senate Committee on Agriculture, Nutrition, and Forestry on funds spent over the duration of the last Farm Bill and on whether NRCS has met its statutory obligations.

The substitute adopts the Senate provision on payments to producers for practices that support the restoration, development, protection, and improvement of wildlife habitat. The Managers acknowledge the need to consolidate and streamline conservation programs which is why WHIP was merged within EQIP with the primary goal to provide farmers and ranchers with assistance to improve wildlife habitat on working lands.

The substitute deletes the House provision for alternative funding arrangements with eligible irrigation associations.

The substitute adopts the Senate provision requiring the Secretary to consult at least once a year with the State Technical Committees when determining eligible practices for wildlife habitat incentive payments. The Managers intend that under section 1240B(g)(2) regarding funding of wildlife habitat practices, the Secretary should prioritize fish and wildlife species identified in State, regional, or national wildlife plans and initiatives. However, the Managers did not include the Senate provision that would allow for wildlife habitat incentive payments to a state or local government to enroll land that is riparian to or submerged under a water body or wetland. (Section 2203)

(8) *Limitations on Payments*

The House bill provides for a payment limitation of \$450,000 to a person or legal entity for all EQIP contracts entered during FY 2014 through FY 2018. (Section 2205)

The Senate amendment maintains the \$300,000 payment limitation but strikes the six year period timeframe and inserts FY 2014 through FY 2018. The amendment also maintains the waiver authority “for not more than \$450,000” in current law. (Section 2205)

The Conference substitute adopts the House provision. (Section 2206)

(9) *Conservation Innovation Grants*

The House bill adds facilitating on-farm research and demonstration activities and facilitating pilot testing of new technologies or innovative conservation practices to the types of project the Secretary may fund with Conservation Innovation Grants. Additionally, the bill eliminates payments to producers who implement practices to address air quality concerns. (Section 2206)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment to include payments to producers who implement practices to address air quality concerns at a reduced funding level of \$25 million. (Section 2207) The Managers intend for there to be increased transparency by USDA in the area of innovative conservation projects and monitoring that these innovative conservation approaches are later incorporated into common conservation practices.

(10) *Definitions*

The Senate amendment combines the definitions of “National Organic Program” and “Organic System Plan” for simplification purposes. (Section 2202)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 2202)

Section 1240B of the Food Security Act of 1985, as amended, provides the Secretary the option to accept financial assistance from other sources. The Secretary should not create additional burdens on the participant, state or private organization in an effort to account for non-Federal resources provided in support of conservation practices installed under the program by this authority.

The Managers intend that conservation programs should recognize the use of innovative technology, such as enhanced efficiency fertilizers (e.g., slow and controlled-release fertilizers, stabilized nitrogen fertilizers). This innovative technology can help producers to protect water quality and reduce greenhouse emissions, and are recognized by State regulators of fertilizers. In the case of EQIP applications involving manure-to-energy projects, the Managers encourage the Secretary to consider whether the projects include an integrative approach to addressing nutrient management and water quality issues.

Additionally, the Managers encourage NRCS to evaluate its education program and make sure that it is providing all potential users within each state an opportunity to become educated about the EQIP program and how each farmer can incorporate EQIP into their farm stewardship management plans. There is concern that not all producers may be fully aware of all of the services, practices, components, and other information needed to participate fully in farm bill conservation programs. The state NRCS offices shall notify producers, in a readily accessible and understandable form, the practices available that may be applicable to various livestock species and crops. These notifications shall also include the payment levels available and the period in which payment for a particular practice is available. The Managers also request a breakdown of livestock and poultry operation practices available by state, and what practices were funded in each state to be included in the report. Finally, the Managers encourage USDA to continue to make their staff available to attend meetings of agricultural producers at the local, State and national level to educate and inform producers of the programs available to meet natural resource and energy efficiency needs on their operations.

Subtitle D—Agricultural Conservation Easement Program

(11) *Agricultural Conservation Easement Program*

The House bill states the definition of “agricultural land easement” for the purposes of the new Agricultural Conservation Easement Program (ACEP). The House bill includes land that is conveyed for the purpose of protecting natural resources and the agriculture nature of the land. It also provides the definition of “eligible land” in the case of an agricultural land easement. It includes agricultural land that the protection of which will further a State or local policy consistent with the purposes of the program. Additionally, there is a definition of “eligible land” in the case of a wetland easement. The bill provides that eligible land includes cropland or grassland that was used for agricultural production prior to the natural overflow of a closed basin lake and adjacent land dependent on it, if the State or other entity is willing to provide 50 percent cost-share. It provides for an exception for grasslands of special environmental significance by allowing the Secretary to pay up to 75 percent of the fair market value as the Federal cost-share of the easement. It authorizes an eligible entity to use its own terms and conditions for an agricultural land easement as long as the Secretary determines such terms and conditions meet several requirements, and establishes the use of permanent easements or easements for the maximum duration allowed under State law for agricultural land easements. The bill establishes the method of enrollment for wetland easements and deems 30-year contracts to be considered 30-year easements for the purposes of the wetlands easements and establishes a land ownership requirement of 24-months. It also provides that, among other things, an owner entering into a wetland easement shall agree to permanently retire any existing base history. The bill states a wetland easement must include, among other things, a term or condition that provides for the efficient and effective establishment of wildlife functions and values, and the bill allows the Secretary to delegate any easement management, monitoring, and enforcement responsibilities to Federal or State agencies that have the appropriate authority, expertise and resources. It adds authority for the Secretary to delegate any easement management responsibilities to other conservation organizations determined by the Secretary. Lastly, it allocates funding for agricultural land easement at no less than 40 percent in FY 2014 through 2017 and no less than 50 percent in fiscal year 2018, and amends the acreage limitation to include the repealed Wetlands Reserve Program (WRP) acres when calculating the 25 percent country acreage cap in addition to CRP and the new wetland easements. (Section 2301)

The Senate amendment is similar to the House but adds the purpose of promoting agriculture viability for future generations, adds agricultural land the protection of which could conserve grassland or agricultural landscapes of significant ecological value, incorporates “reserve” into the definition of a wetland reserve easement, and does not include the 50 percent cost-share included in the House for closed basin lakes. The Senate amendment includes the same exception as the House but also authorizes the Secretary to waive any portion of the eligible entity cash contribution requirement for projects of special significance, subject to an increase of private landowner voluntary donation equal to the amount of the waiver. It includes a requirement that the terms and conditions are permanent or for the maximum duration allowed under State law. It does not provide that 30-year contracts should be considered as 30-year easements for wetlands purposes. The amendment establishes a land ownership requirement of 12-months and it also agrees to retire allotment history as included in comparable provision of current law. In the amendment, the term or condition must provide for the efficient and effective establishment of wetland functions and values. The amendment also allows the Secretary to delegate any easement management, monitoring, and enforcement responsibilities to Federal or State agencies that have the appropriate authority, expertise and resources or to other conservation organizations as determined by the Secretary. It includes a limitation that the

Secretary shall not delegate monitoring or enforcement to conservation organizations. Finally, land enrolled in WRP, GRP, and Farmland Protection Program (FPP) are considered enrolled in the ACEP program, and the amendment adds to the current law exclusion for shelterbelts and windbreaks; wetland and saturated soils, not subjecting such cropland with subclass w in the land capability classes IV through VII. (Section 2301)

The Conference substitute adopts the Senate provision on promoting agriculture viability for future generations with an amendment. The amendment includes a reference to agricultural future viability in the Establishment and Purposes section while striking viability for future generations from the definition of agricultural land easement (ALE). The amendment also adopts the Senate provision incorporating “reserve” in the definition of a wetland reserve easement.

The substitute adopts the House definition of eligible land in the case of an agricultural land easement with an amendment. The amendment uses the Senate’s concept of better incorporating grasslands into the definition.

The substitute also adopts the House definition of eligible land in the case of a wetland reserve easement. The Managers do not intend for these slight modifications or adjustments to significantly alter the way NRCS has evaluated, ranked, enrolled and protected wetlands.

The substitute adopts the Senate provision on the waiver of any portion of the cash contribution requirement for projects of special significance with an amendment. The amendment limits the land to property that is in active agricultural production. To ensure the purpose of the GRP is appropriately included in ALE, the term “grassland of special significance” is included as eligible lands for ALE. The term encompasses grasslands with high biodiversity values; large intact natural grassland areas; rare or threatened ecosystems; grasslands with critical ecosystem importance; and grasslands that meet any one or more of these values that are of importance to local communities and working agriculture land preservation efforts.

The substitute deletes the House provision that deems 30-year contracts as easements with an amendment. The amendment includes language in the definition of wetland reserve easement that gives the Secretary discretion to enter into 30-year contracts with Indian Tribes where relevant.

The substitute adopts the House provision establishing a land ownership requirement of 24-months and the House provision that strikes allotment history. The substitute adopts the Senate language on the administrative delegation of easements. The Managers are aware that NRCS enters into cooperative agreements and Memorandums of Understanding with conservation groups and this provision does not prohibit NRCS from continuing these types of agreements under section 1242 (d) of the Food Security Act of 1985, as amended, to help administer and implement easements.

The substitute adopts the Senate language on land considered enrolled in ACEP with an amendment to clarify that this language is consistent with the transition language for the repealed programs.

The substitute deletes the House provision on allocating ACEP funding between the two easements. The Managers expect NRCS to administer the ACEP funding, to the extent practicable, in a manner that allows for State flexibility to prioritize their easement needs while making sure that NRCS distributes funding to address the multiple purposes of the new consolidated program.

The Managers further intend for the Secretary to have the flexibility to make adjustments to this allocation based upon the Department's stewardship responsibilities for lands already enrolled as the easement portfolio increases over time.

The substitute further adopts the House provision amending the acreage limitation to include the cropland acreage currently enrolled under the WRP when calculating the 25 percent country acreage cap in addition to CRP and the new wetland easements.

The substitute adopts the Senate provision adding to the current law exclusion for shelterbelts and windbreaks, wetland and saturated soils, not subjecting such cropland with subclass w in the land capability classes IV through VII to statutory acreage limitations. (Section 2301)

Subtitle E—Regional Conservation Partnership Program

(12) *Regional Conservation Partnership Program*

The House bill provides the definition of “eligible activity” for the new Regional Conservation Partnership Program (RCPP), which includes air quality improvement. It also provides the definition of “eligible land” and the definition of “eligible partner” for the new RCPP program, which includes a water district, irrigation district, rural water district or association, or other organization with specific water delivery authority to producers on agricultural land. The bill establishes the duties of partners under RCPP including conducting outreach to producers for potential participation, and allows the Secretary to give priority to certain applications. It gives the Secretary discretion to adjust program rules for a covered program, and it allows the Secretary to make payments to producers participating in a project that addresses water quantity concerns for five years in an amount sufficient to encourage conversion from irrigation to dryland farming. The bill provides \$100 million in mandatory funding during FY 2014 through 2018, reserves 6 percent of funds and acres made available under the covered programs as additional funding to carry out RCPP, and requires the Secretary to allocate, from all funds and acres of the program, 25 percent to projects based on a State competitive process, 50 percent based on a national competitive process, and 25 percent for critical conservation areas. Additionally, the bill requires a report to Congress on December 31, 2014, and every two years thereafter. It states that the Secretary shall designate eight geographical areas as critical conservation areas under RCPP. Lastly, the bill also makes available to the Secretary the authorities under the Watershed Protection and Flood Prevention program (except the Small Watershed Rehabilitation Program) to carry out projects in a designated critical conservation area. (Section 2401)

The Senate amendment is similar to House except that it does not include air quality improvement or water district language. It does include forest restoration, specifies the conversion of irrigated cropland to the production of less water-intensive agricultural commodities or dryland farming under water quality restoration or enhancement projects, includes a municipal water or wastewater treatment entity, and includes education along with outreach to producers for potential participation as a duty of partners under RCPP. The amendment requires the Secretary to give priority to certain applications and allows the Secretary to give priority to others, and priority for providing innovation in the improvement and delivery of water quality or water quantity. Additionally, the amendment provides operational guidance and requirements for a covered program and non-statutory, regulatory rules or

provisions. Further, it includes a provision prohibiting the Secretary from limiting eligibility on the basis of irrigation history for States where irrigation has not been significantly used for agricultural purposes. It requires the Secretary to enter into at least 10 but no more than 20 alternative funding arrangements with multi-state water resource agencies or authorities. It also adds producers participating in projects that address water quality concerns in an amount sufficient to encourage adoption of practices that improve nutrient management, and provides \$110 million of mandatory funding during FY 2014 through 2018. The amendment reserves 8 percent of funds and acres made available under the covered programs as additional funding to carry out RCPP. It requires the Secretary to allocate, from all funds and acres of the program, 25 percent to projects based on a State competitive process, 40 percent based on a national competitive process, and 35 percent for critical conservation areas, and also requires that a description of how the funds are being administered be included in the report. The Secretary shall designate six geographical areas as critical conservation areas under RCPP. The critical conservation area designation expires after five years, subject to redesignation. The Secretary may withdraw from such area. (Section 2401)

The Conference substitute adopts the House provision on the definition of eligible activity with an amendment. The amendment narrows the language and adds forest restoration as an eligible activity.

The substitute adopts the House definition of eligible land. It further adopts the House definition of an eligible partner with an amendment. The amendment adds the Senate's inclusion of water or wastewater treatment entity as an eligible partner.

The substitute adopts the Senate provision that includes education along with outreach as a duty of an eligible partner.

The substitute adopts the House provision on priority to certain applications.

The substitute adopts the Senate provision on operational guidance and requirements for a covered program and non-statutory, regulatory rules or provisions with clarifying amendments. It further adopts the Senate provision prohibiting the Secretary from limiting eligibility on the basis of irrigation history for States where irrigation has not been significantly used for agricultural purposes.

The substitute adopts the Senate provision that provides for alternative funding arrangements with an amendment. The amendment allows the Secretary to enter into no more than 20 alternative funding arrangements with multi-state water resource agencies but eliminates the requirement that the Secretary enter into at least 10 of the arrangements.

The substitute adopts the Senate provision on payments to producers for projects that address both water quantity and water quality.

The substitute adopts the House mandatory funding level of \$100 million and sets the percentage of acres reserved for the program at 7 percent.

The substitute adopts the Senate provision on the allocation of the percentage of the funds going to the states, the Department and reserved for critical conservation areas. It further adopts the Senate provision on reporting by the Department on how funds are being administered.

The substitute adopts the House provision on the number of critical conservation areas with an amendment. The amendment includes the Senate provisions on expiration of and withdrawal from designation of the critical conservation area.

The substitute includes the House provision on including authorities under P.L. 566 in the Regional program.(Section2401)

The Managers encourage the Secretary to distribute funding equitably across the nation and to not ignore different natural resource concerns that may be unique to each region. The substitute includes provisions from the Senate amendment regarding education and outreach duties for partners, which the Managers view as a vital component due to the important role those duties will have in the success of the program and in achieving large-scale conservation benefits on the ground. The Managers recognize the existing capabilities of the land grant institutions in each state, including the Cooperative Extension Service system, which have a proven track record of effectively working with producers providing outreach and education, and encourage the Secretary and potential partners to seek ways to utilize these existing resources and systems.

The Managers intend that projects not be limited solely to geographic areas but that regional and non-contiguous multi-state areas be considered as well, provided that all program requirements are met.

The Managers expect the contribution of the partner to be a significant portion of the overall costs. The Managers urge the Secretary to resist defining this as a set percentage of the cost as a minimum standard to be applied to all applications. The Secretary should evaluate the overall merits of each proposal and the significance of the partner's contribution to the potential successful implementation. There is concern that a set percentage might preclude proposals from partners that require high financial assistance from USDA to the producer while the partner's support is from a smaller, but essential technical assistance contribution.

Subtitle F—Other Conservation Programs

(13) Conservation on Private Land

The House bill reauthorizes the Conservation on Private Grazing Land program at previous levels of \$60 million per year through FY 2018. (Section 2501)

The Senate amendment reauthorizes the Conservation on Private Grazing Land program at reduced level of \$30 million per year through FY 2018. (Section 2501)

The Conference substitute adopts the House provision. (Section 2501)

(14) Grassroots Source Water Protection Program

The House bill reauthorizes the Grassroots Source Water Protection Program at previous levels of \$20 million per year through FY 2018. Additionally, it authorizes a one-time \$5 million in mandatory money to remain available until expended. (Section 2502)

The Senate amendment reauthorizes the Grassroots Source Water Protection Program at reduced appropriated levels of \$15 million per year through FY 2018. (Section 2502)

The Conference substitute adopts the House provision. (Section 2502)

(15) Voluntary Public Access and Habitat Incentive Program

The House bill reauthorizes the Voluntary Public Access and Habitat Incentive Program at a reduced level of \$30 million in mandatory money per year from FY 2014 through FY 2018. (Section 2503)

The Senate amendment reauthorizes the Voluntary Public Access and Habitat Incentive Program at a reduced level of \$40 million in mandatory money per year from FY 2014 through FY 2018. Amendments become effective October 1, 2013. (Section 2503)

The Conference substitute adopts the Senate provision. (Section 2503)

(16) *Small Watershed Rehabilitation Program*

The House bill reauthorizes the Small Watershed Rehabilitation Program at previous appropriated levels of \$85 million per year through FY 2018 and authorizes \$250 million in mandatory money for FY 2014, to remain available until expended. (Section 2505)

The Senate amendment reauthorizes the Small Watershed Rehabilitation Program at previous appropriated levels of \$85 million per year through FY 2018. No mandatory money.

The Conference substitute adopts the House provision. (Section 2505)

(17) *Agricultural Management Assistance Program*

The House bill eliminates tree plantings and soil erosion control from the list of approved uses, and permanently authorizes the Agricultural Management Assistance Program at \$10 million in mandatory money each fiscal year. It sets aside 30 percent to NRCS for conservation, 10 percent to the Agricultural Marketing Service for organic certification, and 60 percent to the Risk Management Agency for risk management. (Section 2506)

The Senate amendment eliminates the specific state designations and tree planting authorities. It adds to the authority for organic certification, risk management education and outreach, and management assistance grants for conservation practices and risk mitigation. It provides for \$23 million in funding to be distributed at levels of: 50 percent for organic certification; 26 percent for risk management; and 24 percent for conservation and mitigation. (Section 11034)

The Conference substitute deletes both the House and the Senate provisions.

(18) *Emergency Watershed Protection Program*

The House bill adds a priority for projects that mitigate risks and remediate the effects of catastrophic wildfires on land that is the source of drinking water for landowners and land users. (Section 2507)

The Senate amendment authorizes the Secretary to modify and terminate floodplain easements provided the current landowner agrees, and the modification or termination addresses a compelling public need where there is no practical alternative and it is in the public interest. (Section 2506)

The Conference substitute adopts the Senate provision. (Section 2506)

The substitute provides the Secretary limited authority to modify or terminate a floodplain easement which is similar authority under other conservation programs. The Managers intend for the Secretary to enter into compensatory agreements with third parties to allow for flexibility to modify or terminate the floodplain easements.

(19) *Terminal Lakes Assistance*

The Senate amendment strikes and replaces current law with a Terminal Lakes Assistance program. It adds a definition for eligible land and terminal lake. Additionally, it adds a new voluntary land purchase grant program with a \$25 million authorization of appropriations, to remain available until expended. The bill includes a transfer of \$150 million in mandatory funds to the Bureau of Reclamation. (Section 2507)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 2507)

(20) *Soil and Water Resources Conservation*

The Senate amendment adds Indian tribes as eligible to cooperate with and participate in the soil and water conservation program. (Section 2509)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 2508)

Subtitle G—Funding and Administration

(21) *Funding*

The House bill provides mandatory funding to carry out CRP including \$25 million for FY 2014 through 2018 to facilitate transfer of land from retired or retiring owners and operators to beginning or socially disadvantaged farmers or ranchers. Additionally, the bill provides mandatory funding for ACEP at the following levels: \$425 million in FY 2014; \$450 million in FY 2015; \$475 million in FY 2016; \$500 million in FY 2017; \$200 million in FY 2018. It also provides mandatory funding for EQIP at \$1.75 billion each year for FY 2014 through 2018 and eliminates Regional Equity. (Section 2601)

The Senate amendment provides mandatory funding to carry out CRP including \$10 million to provide cost-share payments for thinning activities and \$50 million to facilitate transfer of land from retired or retiring owners and operators to beginning or socially disadvantaged farmers or ranchers. It also provides mandatory funding for ACEP at the following levels: \$450 million in FY 2014; \$475 million in FY 2015; \$500 million in FY 2016; \$525 million in FY 2017; \$250 million in FY 2018. The amendment also provides mandatory funding for EQIP at the following levels: \$1.5 billion for FY 2014; \$1.6 billion for FY 2015; \$1.65 billion FY 2016 through 2018. The Senate amendment also retains regional equity, amends current law by eliminating the \$15 million annual requirement, and allows states in the first quarter of the fiscal year to establish that they can use a total of 0.6 percent of certain conservation funds, in which case they may receive such funds exclusive of the CRP funding. (Section 2603)

The Conference substitute adopts the Senate provision on mandatory funding for CRP with an amendment. The amendment includes the funding level for transition payments at \$33 million.

The Conference substitute adopts the Senate provision for mandatory funding for ACEP with an amendment. Funding levels are: \$400 million in FY 2014; \$425 million in FY 2015; \$450 million in FY 2016; \$500 million in FY 2017; \$250 million in FY 2018.

The Conference substitute adopts the Senate provision for EQIP with an amendment. The amendment provides mandatory funding for EQIP at the following levels: \$1.35 billion for

FY 2014; \$1.6 billion for FY 2015; \$1.65 billion for FY 2016; \$1.65 billion for FY 2017; and \$1.75 billion in FY 2018. (Section 2602)

The Conference adopts the Senate provisions for Regional Equity. (Section 2603)

(22) *Technical Assistance*

The House bill continues to make mandatory money for conservation programs available for technical assistance and requires a report from the Secretary not later than December 31, 2013, on the amount of funds requested and apportioned. (Section 2602)

The Senate amendment is similar to the House but requires the apportionment for technical assistance be at the sole discretion of the Secretary. Further, the Senate amendment requires the Secretary to give priority to producers who request technical assistance to comply with subtitles B and C for the first time and submit a report not later than 270 days after enactment on the extent to which conservation compliance requirements affect specialty crop growers. The Secretary must also submit, not later than November 1 of each year, a report on highly erodible lands/wetland conservation determinations. (Section 2642)

The Conference substitute adopts the Senate provision. (Section 2602)

(23) *Reservation of Funds to Provide Assistance to Certain Farmers or Ranchers for Conservation Access*

The House bill reauthorizes the EQIP and CSP set-aside through FY 2018. It also provides a preference for veteran farmers or ranchers eligible under the provision. Amendments take effect on October 1, 2013. (Section 2603)

The Senate amendment is the same as the House, but has no effective date. (Section 2604)

The Conference substitute adopts the Senate provision. (Section 2604)

(24) *Annual Report on Program Enrollment and Assistance*

The House bill amends the reporting requirement to reflect the repeal of the relevant programs. The amendments take effect on October 1, 2013. (Section 2604)

The Senate amendment is similar to the House, but adds reporting requirements for CSP payments and waivers for grasslands under ACEP. It does not include an effective date. (Section 2605)

The Conference substitute adopts the Senate provision. (Section 2605)

(25) *Review of Conservation Practice Standards*

The House bill requires the Secretary to review the conservation practice standards in effect on the date of enactment of the Farm Bill. (Section 2605)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate amendment making no change to current law.

(26) *Administrative Requirements Applicable to All Conservation Programs*

The House bill makes veteran farmers or ranchers eligible for incentives. Additionally, it makes other clarifying and conforming amendments. The amendments take effect October 1, 2013. (Section 2606)

The Senate amendment allows for flexible funding arrangements for Indian Tribes and includes EQIP and CSP as applicable programs. It does not include an effective date. (Section 2606)

The Conference substitute adopts the Senate provision. (Section 2606)

The Conference substitute combines language on improved administrative efficiency and streamlining from individual programs and places it in a central location to apply to all conservation programs. It expands and clarifies requirements for developing a streamlined conservation application process. It clarifies that any payment received under Title II is in addition to and does not affect total payments that an owner or operator is otherwise eligible to receive. The Managers encourage the Secretary to significantly increase the use of computer-based conservation practice planning tools that incorporate Light Detection and Ranging elevation data to modernize and simplify conservation planning, improve efficiency of technical assistance, and improve service to private landowners.

Further, the Managers encourage the Secretary, in delivering conservation programs, to give priority within the tallgrass prairie region to the use of appropriate tallgrass prairie species for watershed management, flood mitigation/prevention, reduction of soil erosion and nutrient loss, biomass crop production, and other conservation measures.

The Managers recognize the unique challenges facing producers whose operations contain muck soils and encourage the Secretary to continue to work with these farmers to allow them to utilize this productive type of ground.

The conferees direct NRCS to ensure agency staff, partners, and producers are aware of new and interim conservation practice standards and conservation activity plans to address herbicide-resistant weeds. The agency is also to make certain there is awareness that financial assistance is available through certain conservation programs to assist producers in their efforts to control these weeds.

The Managers expect that the principles and guidelines developed pursuant to section 103 of the Water Resources Planning Act, or revised pursuant to section 2031 of the Water Resources Development Act of 2007, and any guidelines developed thereunder, shall not apply and require no new administrative process, rulemaking, or administrative procedures for programs administered by NRCS, the Forest Service, RMA, Farm Service Agency (FSA), or Rural Development. With respect to USDA programs, section 103 of the Water Resources Planning Act is intended to only focus on large scale water infrastructure projects, not individual farm based water conservation, water quality, or assistance to rural communities for drinking water.

As NRCS is the agency responsible for helping farmers and ranchers implement voluntary, incentive-based conservation practices that are all locally-led, the federal objective of the principles and guidelines is already being met. Furthermore, the Forest Service, RMA, FSA and Rural Development all play important roles in helping farmers, ranchers, and rural communities with finding critical solutions to problems that are unique to farming, ranching and rural America, and should not face unnecessary burden in complying with this administrative requirement.

The Managers are concerned by reports that Federal agencies other than USDA, as well as State and local governments, are seeking to impose more stringent and larger buffer

requirements on land being enrolled in USDA conservation programs. The Managers expect NRCS to continue to utilize their own Field Office Technical Guide and conservation planning tools to determine what is reasonable and needed to accomplish the natural resource concerns to be addressed.

(27) *Wetlands Mitigation*

The House bill eliminates the requirement to provide equivalent functions and values when more acreage is needed in wetland conversion mitigation than a 1-for-1 acreage basis. (Section 2609)

The Senate amendment requires the Secretary to conduct a wetland mitigation study no later than 180 days after enactment to assess the use of wetland mitigation to determine certain impacts on wildlife. The study also should include recommendations for improving wetland mitigation procedures and increasing use of the wetland mitigation process by producers. Lastly, the Senate amendment requires the Secretary to submit a report of its findings to Congress no later than two years after the date of enactment. (Section 2508)

The Conference substitute adopts neither the House nor Senate provisions but provides \$10 million in mandatory funding for mitigation banking efforts. (Section 2609) The Managers recognize that the use of wetlands mitigation is an important tool for wetland habitat development and agriculture crop production. The Managers encourage the Secretary to use mitigation with the conversion of a natural wetland and equivalent wetlands functions at a ratio not to exceed a ratio of 1-to-1 acreage.

(28) *Lesser Prairie Chicken Conservation Report*

The House bill requires the Secretary to submit a report to Congress no later than 90 days after enactment which considers all USDA administered programs that benefit the lesser prairie-chicken. (Section 2610)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with amendment. The amendment includes the addition of State plans to the list of programs pertaining to the conservation of the lesser prairie-chicken. (Section 2610)

(29) *Highly Erodible Land and Wetland Conservation for Crop Insurance*

The Senate amendment requires conservation compliance for eligibility to receive premium assistance on crop insurance, creates new provisions for determinations, administration, and penalties unique to crop insurance, and gives technical assistance priority to producers that need to come under compliance. (Section 2609)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with amendment. (Section 2611) The amendment clarifies that for compliance on highly erodible lands ineligibility for premium assistance can only apply for reinsurance years after the year in which there has been a final determination of a violation and cannot apply to the reinsurance year in which the final determination was made nor any reinsurance year prior to the year the final determination was made. A determination is not final until after the producer has exhausted all administrative

appeal rights. The substitute revises the application to existing operations with prior violations so that the date for compliance is the date of enactment of this Act. This means that if a person is found to be out of compliance and would have been out of compliance since that date, had they participated in any programs requiring compliance, then they have two reinsurance years to develop and comply with a conservation plan.

The substitute also provides for the coordination of certification processes so that the procedures and paperwork that are required by this section for eligibility based on wetlands compliance are also used for determining eligibility based on highly erodible lands compliance. The amendment clarifies the provisions for compliance with wetlands conservation placing all of the components of compliance for crop insurance premium assistance in a separate subsection. The substitute also makes clear that ineligibility only applies to premium assistance in reinsurance years after the year in which a final determination is made and not to the reinsurance year in which the final determination is made nor to any year prior to that year.

The substitute revises the categories for the application based on the conversion of a wetland. If the wetland is converted at any time after the date of enactment of this Act, the person becomes ineligible for premium assistance in the reinsurance year after final determination, unless an exemption applies or if the wetland converted constitutes less than five acres of the person's entire farm in which case the person can choose to make a contribution to conservation equal to 150 percent of the cost of mitigation. If, however, the wetland was converted at any time prior to the date of enactment of this Act, the person cannot be found in violation and thus ineligible for premium assistance based on that conversion.

Finally, if a new policy or plan of insurance becomes available after the date of enactment, ineligibility for premium assistance can only apply to conversions that take place after the date the new policy or plan of insurance first becomes available to the person. In this case the person has two reinsurance years to mitigate the conversion before ineligibility can apply to the subsequent reinsurance year. The substitute also clarifies that a person who becomes subject to wetlands compliance solely because of the enactment of this Act has two reinsurance years after the year in which a final determination is made to mitigate the conversion, and that a person who is found to have converted a wetland in good faith is also given two reinsurance years to mitigate the conversion. The Managers do not intend for this language to cause any change in current law or USDA policy relating to third-party or landowner/tenant determinations of compliance, violations, or attribution.

With regard to the provisions for equitable contribution, the Managers expect that the Secretary will determine the period of violation to be the date on which the violation occurred, then adjust for the later of the following: 1) the first certification period for crop insurance assistance following date of enactment, or 2) the first date for which the individual was eligible for and made application for a crop insurance premium subsidy following the date of violation. The maximum amount will include the equivalent of the insurance subsidy provided in the year of the improper certification and all subsequent years through the date of final determination. Payment of the equitable contribution does not remove or limit their responsibility to comply with the soil erosion requirements or wetland conservation, restoration or mitigation requirements within the prescribed timeframes to retain the benefits of premium assistance in subsequent years. (Section 2611)

(30) Adjusted Gross Income Limitation for Conservation Programs

The House bill replaces the two income limitation test (farm and nonfarm income) with a single \$950,000 adjusted gross income limitation for commodity and conservation programs. (Section 1604)

The Senate amendment eliminates the Secretary's waiver authority to protect environmentally sensitive land of special significance. (Section 2610)

The Conference substitute adopts the House provision with an amendment. The amendment sets the cap to \$900,000. (Section 1605)

Subtitle H—Repeal of Superseded Program Authorities and Transitional Provisions; Technical Amendments

(31) *Wetlands Reserve Program*

The House bill repeals WRP with transition language for current contracts and easements. It allows the Secretary to use ACEP funds and becomes effective October 1, 2013. (Section 2704)

The Senate amendment allows the use of prior year Commodity Credit Corporation (CCC) funds for contracts entered into before October 1, 2012. (Section 2704)

The Conference substitute adopts the Senate provision with technical and clarifying amendments providing authority for the Secretary to continue the necessary administrative actions and utilize prior year funding to fulfill the commitment and obligations of agreements, contracts, and easements entered into prior to date of enactment. (Section 2703)

The Managers expect USDA to exhaust available prior year funding to address any costs associated with fully implementing prior year wetland reserve program easement enrollments, including closing, restoration, management, and maintenance of wetland easements in an effort to protect, restore, and enhance wetland functions and values.

Section 2712 of the Conference Report is added to address the variety of effective dates distributed through the conservation title in the House bill and the Senate amendment. By including this language the Managers stress to USDA the importance of continuing program services and providing certainty to farmers and ranchers amid the passage of this bill. Therefore, the Managers intend for USDA to continue to operate the existing conservation programs as necessary through the current fiscal year using existing regulations while the Department works to expediently develop the regulations needed to implement the amendments made by this Title. The Managers further intend for existing regulations to be used for the interim administration of EQIP and CSP while the revisions to these programs are being implemented.

(32) *Farmland Protection and Farm Viability Program*

The House bill repeals FPP with transition language for current contracts and easements. The bill also allows the Secretary to use ACEP funds. It includes an effective date of October 1, 2013. (Section 2704)

The Senate amendment allows the use of prior year CCC funds for contracts entered into before October 1, 2012. It does not allow the use of ACEP funds. No conforming amendment for heading. (Section 2704)

The Conference substitute adopts the Senate provision with technical and clarifying amendments providing authority for the Secretary to continue the necessary administrative

actions and utilize prior year funding to fulfill the commitment and obligations of agreements, contracts, and easements entered into prior to date of enactment. (Section 2704)

(33) *Grassland Reserve Program*

The House bill repeals GRP with transition language for current contracts, agreements and easements. (Section 2705)

The Senate amendment allows the use of prior year CCC funds for contracts entered into before October 1, 2012. (Section 2705)

The Conference substitute adopts the Senate provision with technical and clarifying amendments providing authority for the Secretary to continue the necessary administrative actions and utilize prior year funding to fulfill the commitment and obligations of agreements, contracts, and easements entered into prior to date of enactment. (Section 2705)

(34) *Agricultural Water Enhancement Program*

The House bill repeals the Agricultural Water Enhancement Program (AWEP) with transition language for current contracts and agreements. (Section 2706)

The Senate amendment allows the use of prior year CCC funds for contracts entered into before October 1, 2012. (Section 2706)

The Conference substitute adopts the Senate provision with technical and clarifying amendments providing the authority for the Secretary to continue the necessary administrative actions and utilize prior year funding to fulfill the commitment and obligations of agreements, contracts, and easements entered into prior to date of enactment. (Section 2706)

With the continuation and consolidation of AWEP authorities in the RCPP, the Managers intend the Secretary to continue assistance to agricultural producers that address irrigation and water management challenges across various regions of the country. The Managers urge NRCS to continue to give priority to cost-sharing proposals which incorporate irrigation management systems that involve water metering, soil moisture monitoring, proven irrigation delivery systems, and telemetry to ensure accurate water use measurement and management. The Managers urge NRCS to consider multiple producer applications or applications submitted on behalf of entities representing a group of producers to encourage greater participation in the program and maximize the benefits of water management.

(35) *Wildlife Incentive Program*

The House bill repeals WHIP with transition language for current contracts. It allows use of EQIP funds. (Section 2707)

The Senate amendment allows the use of prior year CCC funds for contracts entered into before October 1, 2012. EQIP funds may be used but only after prior year funding is exhausted. (Section 2707)

The Conference substitute adopts the Senate provision with technical and clarifying amendments providing authority for the Secretary to continue the necessary administrative actions and utilize prior year funding to fulfill the commitment and obligations of agreements, contracts, and easements entered into prior to date of enactment. (Section 2707)

(36) *Great Lakes Basin Program*

The House bill repeals the Great Lakes Basin Program with an effective date of October 1, 2013. (Section 2708)

The Senate amendment includes the same provision. (Section 2708)

The Conference substitute adopts the House provision with an amendment of the effective date.

The Managers recognize that the Great Lakes Basin Program has been an important and successful program for 22 years that has implemented over 400 projects that have reduced soil erosion and improved water quality in Great Lakes watersheds. Since 2008, the program has supported implementation of both the Great Lakes Regional Collaboration (GLRC) and the Great Lakes Restoration Initiative (GLRI) by directing resources to priority watersheds. The Managers intend the program to continue serving this purpose for the duration of the GLRI. (Section 2708)

(37) *Chesapeake Bay Watershed Program*

The House bill repeals the Chesapeake Bay Watershed Program with transition language for current contracts, agreements, and easements. The bill allows use of RCPP funds. (Section 2709)

The Senate amendment allows the use of prior year CCC funds for contracts entered into before October 1, 2012. (Section 2709)

The Conference substitute adopts the Senate provision with technical and clarifying amendments. (Section 2709)

The Managers recognize that the Chesapeake Bay Watershed Program established in 2008 complemented other conservation programs by enhancing their reach and effectiveness within the tributary watersheds. Since 2008, the program has supported farm level implementation of conservation practices benefiting water quality by improving nutrient management, reducing sedimentation, and restoring riparian areas. With the consolidation of the Chesapeake Bay Watershed Program into the Regional Conservation Partnership Program, the Managers intend the RCPP to continue assistance to agricultural producers consistent with the purposes of the Chesapeake Bay Watershed Program.

(38) *Cooperative Conservation Partnership Initiative*

The House bill repeals the Cooperative Conservation Partnership Initiative with transition language for current contracts and agreements. It allows the use of RCPP funds. (Section 2710)

The Senate amendment allows the use of prior year CCC funds for contracts entered into before October 1, 2012. (Section 2710)

The Conference substitute adopts the Senate provision with technical and clarifying amendments. (Section 2710)

The Managers recognize that the CCPI established in 2008 was built on successful partnership approaches in previous Farm Bills and encouraged the Secretary to work with specific priority regions across the country. As such, the Managers expect the Secretary to build from those lessons learned when and where those projects were most successful.

(1) *General authority*

The House bill clarifies that Title II emergency and nonemergency assistance is to be implemented by the Administrator of the U.S. Agency for International Development (USAID). The objectives of Title II programs are modified to include building resilience to mitigate food crises and reducing the need for future emergency aid. (Section 3001)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 3001)

The Managers modified the general authorities in Title II of the Food for Peace Act to place a greater emphasis on projects which focus on building resiliency in the recipient population where food shortfalls and droughts are common. This change is intended to prompt USAID to require measurable outcomes in multiyear projects in order to reduce dependency on foreign aid.

(2) *Support for eligible organizations*

The House bill amends section 202(e)(1) of the Food for Peace Act by reducing the maximum allowable cash assistance available for administrative costs in non-emergency programs from 13% to 11% of the total funds made available for the program. (Section 3002)

The Senate amendment amends Section 202(e)(1) to increase the maximum allowable cash assistance available for administrative costs in non-emergency programs from 13% to 15% of the total funds made available for the program. It also allows funds to be used for activities that “enhance” food aid projects. (Section 3001)

The Conference substitute adopts the Senate provision with an amendment. The amendment increases the maximum allowable cash assistance available for administrative costs to 20% of the total funds made available for the program. The amendment also revises the list of purposes for which the cash assistance may be used. (Section 3002)

The Managers expect that additional funds made available under this provision will provide increased flexibility to USAID. The Managers understand that an array of programs and tools are needed to balance the diverse and complex food aid demands of various countries and regions. As such, the Managers sought to provide additional cash assistance to accompany current monetization policy. The increased flexibility gained by additional cash assistance will allow USAID to better respond and prioritize food aid needs in real time and is intended to assist in the transition of programs from emergency interventions to programs which build resiliency in instances of protracted humanitarian crises.

(3) *Food aid quality*

The House bill amends section 202(h) of the Food for Peace Act by requiring the Administrator to consult with the Secretary in performing the requirements of this subsection related to food aid quality by establishing a mechanism for USDA and USAID to evaluate food aid commodities and implement appropriate changes; by instructing the agencies to update program guidance on the use of new commodities; and by limiting the available funding for these purposes to \$1 million. (Section 3003)

The Senate amendment replaces and expands Section 202(h)(1) to require that the Administrator use funds available to carry out Title II to assess types and quality of agricultural commodities donated as food aid; adjust products and formulation as necessary to meet nutrient needs of target populations; test prototypes; adopt new specifications or improve existing specifications for micronutrient food aid products based on the latest development in food and nutrition science; develop new program guidance for eligible organizations to facilitate improved matching of products to purposes; develop improved guidance on how to address nutritional efficiencies among long-term recipients of food aid; and evaluate the performance and cost-effectiveness of new/modified food products and program approaches to meet nutritional needs of vulnerable groups. It also extends authority to fund this section for fiscal years 2014 through FY2018. (Section 3002)

The Conference substitute adopts the Senate provision. (Section 3003)

In May 2011, the Government Accountability Office (GAO) completed a report which cites deficiencies in the nutrition and quality controls of U.S. food aid commodities. Included in that report are recommendations that USAID review food aid packaging, track food aid quality throughout the supply chain, and ensure that available food aid commodities meet the nutritional needs of recipients. The Managers expect USAID to set verifiable goals and to maximize strong public-private partnerships with food manufacturers and other stakeholders to more quickly address the deficiencies highlighted in the May 2011 report by using currently available studies on food aid quality and nutrition. The Managers encourage USAID to establish multi-year approaches to the procurement of high-value products. Longer term procurement, to the extent practicable, is expected to encourage investment of specialized equipment needed to deliver critical products in a timely and cost-effective manner. In recognition of the importance associated with close collaboration between USDA and USAID on approving new products, the Managers expect both agencies to adopt clear guidelines to facilitate the swift adoption of new products in order to quickly capture the benefits of the research and testing under this section.

(4) *Food Aid Consultative Group*

The House bill amends Section 205 of the Food for Peace Act by reauthorizing the Food Aid Consultative Group (the “Group”) through December 31, 2018. Section 205 is also amended by adding representatives from the processing sector to the Group. The provision further requires the Administrator to consult with the Group on the implementation of food aid quality provisions and requires the Administrator to provide the Group at least 45 days for review and comment before a proposed regulation handbook or guideline, or revision thereof, becomes final. (Section 3005)

The Senate amendment reauthorizes FACG through December 31, 2018. (Section 3004)

The Conference substitute adopts the House provision. (Section 3005)

The Managers note that while USAID places significant burdens for the success of programs upon implementing partners and other stakeholders, feedback from these groups through the Food Aid Consultative Group (FACG) is not adequately incorporated into program guidelines. Before new guidance is finalized, the Managers expect USAID to give sufficient notice to stakeholders when changes are made to the Food for Peace Guidelines and require new guidance to be promulgated in a timely manner after any changes to the Food for Peace Act.

(5) *Oversight, monitoring, and evaluation*

The House bill amends Section 207 (c) by requiring that all regulations and revisions to agency guidance necessary for implementation of the Federal Agricultural Reform and Risk Management Act be issued within 270 days of enactment.

The provision removes authority for purchasing new computer systems, removes obsolete reporting requirements, and provides \$10 million per year for monitoring and evaluation. Further, the provision requires a report on the extent of monitoring and evaluation required by eligible organizations participating in Food for Peace programs. (Section 3006)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment provides \$17 million per year for monitoring and evaluation for each of fiscal years 2014 through 2018, and permits up to \$500,000 of those funds in each fiscal year to be used for maintaining information technology systems. (Section 3006)

The Managers understand that monitoring is essential to ensuring that USAID's food aid programs in developing countries are implemented as intended. As such, the Managers want to convey their strong support for the Famine Early Warning Systems Network (FEWS Net). FEWS Net is an integral component of our nation's ability to effectively and efficiently respond to crisis situations worldwide.

The Managers also expect USAID to complete development of IT systems without additional Food for Peace resources. Funding is continued for additional monitoring and evaluation of programs at a level which reflects resources available for Food for Peace programs. The Managers note that in 2009 the GAO concluded that monitoring of programs was inconsistent and that program management was not modified to reflect information gained from the monitoring and evaluation conducted by or for USAID. The Managers expect USAID to make improvements in program guidance based on the monitoring and evaluation conducted.

(6) *General monetization provisions*

The House bill amends section 403 of the Food for Peace Act by requiring USDA and USAID to seek information on the potential benefits of monetization to local economies. The provision clarifies that implementing partners should sell monetized commodities at "fair market value." The Secretary and the Administrator are also instructed to coordinate assessments which guide the use of monetization to ensure consistency across programs. The provision requires USAID to issue a report detailing the use of funds made available for implementing partners, including funds for administrative and indirect costs. (Section 3008)

The Senate amendment amends Section 403 of the Food for Peace Act to require that the rate of return for a commodity monetized (sold in recipient countries) be at least 70 percent. The "rate of return" is defined as equal to the proportion that the proceeds the implementing partners generate through monetization bears to the cost to the federal government to procure and ship the commodities to a recipient country for monetization. (Section 3007)

The Conference substitute adopts the House provision with an amendment. The amendment strikes the clarification regarding monetizing commodities at fair market value and the provision requiring that the Secretary and Administrator coordinate assessments. The amendment revises the report on use of funds to require that the Administrator report on the amount of funds spent on each project; how the funds were used; the rate of return on monetized

commodities; and for rates of return less than 70 percent, the reason for such rate of return. (Section 3008)

In June 2011, GAO reported on inefficiencies and adverse impacts of monetization. The Managers agree that both USDA and USAID should have consistent policies governing both agencies' monetization activities. The Managers expect USAID to consider the full impact of monetization when considering a proposal under Food for Peace. The Managers note existing requirements for USDA and USAID to approve only those sales which will not disrupt the usual marketing and processing of commodities in the recipient country. The Managers support the use of a variety of food assistance modalities in responding to emergency and non-emergency food aid needs, including the use of monetized in-kind commodities. However, the Managers are aware of concerns with lack of accountability and efficiency, including low rates of return realized on monetized commodities. As such, the report requested in this Act seeks to enhance transparency and increase accountability while ensuring rates of return which reflect reasonable market prices on monetized commodities. This is a part of the Managers' larger effort to provide greater flexibility to USAID and USDA so the agencies have the ability to use the most effective food assistance tool in each situation.

(7) *Additional prepositioning sites and testing*

The House bill allows the Administrator discretion to establish additional prepositioning sites based on the results of assessments of need, technology, feasibility, and cost. Funding for prepositioning is increased to \$15,000,000 per year. (Section 3009)

The Senate amendment allows funds to be used for the testing of food aid shipments. (Section 3009)

The Conference substitute adopts the House provision. (Section 3009)

The Managers note the rapid response which was possible due to prepositioned commodities when USAID responded to a natural disaster in 2013 in the Philippines. The Conference substitute clarifies existing authority for USAID to consider additional prepositioning sites, and the Managers expect that additional funds ensure USAID will be able to effectively deploy and manage critical commodities ahead of any future crisis. The Managers also note USAID's efforts to field additional food aid products and expect prepositioning these products will be useful in responding quickly to acute humanitarian needs.

(8) *Annual report on food aid programs and activities*

The House bill amends section 407(f) of the Food for Peace Act by requiring the annual report regarding food aid programs and activities to include information on the actual beneficiaries of the programs and by specifying the report include the McGovern-Dole International Food for Education and Child Nutrition Program. (Section 3010)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 3010)

(9) *Funding*

The House bill amends section 412 of the Food for Peace Act by reducing the authorization for appropriations from \$2.5 to \$2 billion per year. (Section 3012)

The Senate amendment contains no comparable provision.
The Conference substitute adopts the Senate position.

(10) *Safebox funding*

The House bill requires a minimum of \$400 million be expended for nonemergency assistance in each of fiscal years 2014 through 2018. (Section 3012)

The Senate amendment repeals Section 412(e) and requires that of funds made available under the Food for Peace Act, not less than 20% nor more than 30% shall be expended for nonemergency food aid under Title II. Further, the amount made available to carry out nonemergency food aid programs under Title II shall not be less than \$275 million for any fiscal year. (Section 3011)

The Conference substitute adopts the Senate provision with an amendment. The amendment sets the minimum level of nonemergency assistance at \$350,000,000. (Section 3012)

The Managers affirm the importance of maintaining strong development programs in support of building resilient communities and reducing dependency on foreign assistance. The Managers expect this flexibility to help USAID efficiently and effectively allocate funds in a timely manner. By including a percentage structure to be applied to annual appropriations, the managers intend to provide USAID the flexibility to respond to urgent situations when needed or to allocate additional funds for development in years without significant emergency needs.

(11) *Farmer-to-Farmer program*

The House bill provides for the Farmer-to-Farmer program not less than the greater of \$15,000,000 or 0.5 percent of the funds made available to carry out the Act. (Section 3014)

The Senate amendment provides for the Farmer-to-Farmer program not less than the greater of \$10,000,000 or 0.6 percent of the funds made available to carry out the Act. (Section 3014)

The Conference substitute adopts the House provision with an amendment. The amendment provides not less than the greater of \$15,000,000 or 0.6% of the funds made available to carry out this Act for the Farmer-to-Farmer program. The amendment adds a GAO report to review the program and provide recommendations to improve the monitoring and evaluation of the program. (Section 3014)

(12) *Flexibility of CCC funds*

The Senate amendment revises Section 406 of the Food for Peace Act to permit the use of funds available under the Act to pay costs of up to 20% of activities conducted in recipient countries by nonprofit voluntary organizations, cooperative, or intergovernmental organizations. (Section 3008)

The House bill contains no comparable provision.
The Conference substitute adopts the House position.

(13) *Coordination of foreign assistance programs report*

The Senate amendment strikes the language requiring a report on improved procurement planning. (Section 3012)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 3015)

(14) Prohibition on assistance for North Korea

The Senate amendment states that Title II funds cannot be used to provide assistance to North Korea. The President can waive this funding prohibition if the President determines and certifies to the House and Senate Agriculture Committees, the House Foreign Affairs Committee and the Senate Foreign Relations Committee that the waiver is in the national interest of the United States. (Section 3015)

The House bill contains no comparable provision.

The Conference substitute adopts the House position.

(15) Export Credit Guarantee programs

The House bill amends section 211 of the Agricultural Trade Act of 1978 by reauthorizing funding for the Export Credit Guarantee Program through 2018. (Section 3101)

The Senate amendment extends funding through fiscal year 2018 and reduces the amount of allowable credit guarantees to \$4.5 billion. (Section 3101)

The Conference substitute adopts the House provision with an amendment. The amendment removes outdated language applicable to previous fiscal years and allows the Secretary to implement the program in a manner consistent with WTO obligations by including language authorizing the Secretary to adjust the program; reducing the maximum tenor for loan guarantees made available under the program to 24 months; striking a provision requiring that the Secretary maximize the amount of credit guarantees made available each fiscal year; and by striking a provision restricting the Secretary's ability to adjust program fees. (Section 3101)

The Managers affirm the importance of export programs that yield mutual benefits for both American agriculture and international trading partners. The Managers are aware of outstanding questions generated by the World Trade Organization dispute WTO/DS267, and the Conference substitute includes reforms to improve existing programs. It is the Managers' strong intent that any discretion provided to the Administration with regard to dispute WTO/DS267 be used to reach a negotiated solution to the dispute.

(16) Food for Progress

The Senate amendment permits use of funds available under the Food for Peace Act to pay costs of up to 20% of activities conducted in recipient countries by nonprofit voluntary organizations, cooperative, or intergovernmental organizations. It requires that the rate of return for a commodity monetized (sold in recipient countries) be at least 70%. The "rate of return" is defined as equal to the proportion that the proceeds the implementing partners generate through monetization bears to the cost to the federal government to procure and ship the commodities to a recipient country for monetization. (Section 3201)

The House bill contains no comparable provision.

The Conference substitute adopts the House position.

(17) *Spiny Dogfish study*

The House bill requires the Secretary of Agriculture to conduct a study on the market for the U.S. Atlantic Spiny Dogfish. (Section 3205)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 3205)

(18) *Global Crop Diversity Trust*

The House bill amends section 3202(c) of the Food, Conservation, and Energy Act of 2008 by reauthorizing USAID to make a contribution of up to \$50 million over 5 years to the Global Crop Diversity Trust. (Section 3206)

The Senate amendment reauthorizes U.S. contribution to the Global Crop Diversity Trust for fiscal years 2014-2018 at current levels. (Section 3206)

The Conference substitute adopts the Senate provision. (Section 3206)

(19) *Undersecretary for Foreign Agricultural Services*

The House bill amends Subtitle B of the Department of Agriculture Reorganization Act of 1994 by adding a new section allowing USDA to establish the position of Under Secretary for Foreign Agricultural Services, which would be appointed by the President with the advice and consent of the Senate. (Section 3207)

The Senate amendment requires the Secretary, in consultation with the House and Senate Agriculture Committees and House and Senate Appropriations Committees to propose a plan for reorganization of the trade functions of USDA, including the establishment of an Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs. The Secretary is required to report on the plan 180 days after the farm bill's enactment, and within one year of submission of the report, the Secretary shall implement the reorganization plan including establishment of the Under Secretary position. (Section 3209)

The Conference substitute adopts the Senate provision. (Section 3208)

The Managers recognize that international trade is critically important to the economic vitality of the U.S. agriculture and food industry and a major engine of U.S. economic growth. Trade currently accounts for more than 25 percent of U.S. farm receipts, and the production from one out of every three acres planted is exported. Our vast and efficient export system, including handling, processing and distribution of our food and agricultural products, creates millions of U.S. jobs and helps feed hundreds of millions all over the globe. Our \$32 billion net trade balance in agriculture and food products in 2012 represented the single largest contribution to our balance of payments.

The trade organizational structure at USDA has remained unchanged since it was last reorganized in 1978. Over this period, the value and nature of U.S. agriculture exports has changed dramatically. In 1978, U.S. agriculture exports totaled \$29 billion, whereas in 2012 they reached \$136 billion. Meanwhile, over the last 30 years the challenges that U.S. agriculture faces in global markets have increased and markedly changed from primarily tariff barriers to phytosanitary and other non-tariff trade barriers.

The Managers agree that an Under Secretary for Trade and Foreign Agricultural Affairs will provide a singular focus on trade and foster more effective coordination of transparent, rules-based trade policies in other USDA agencies. Such a position will bring unified, high level representation to key trade negotiations with senior, foreign officials and within the Executive Branch. Furthermore, the creation of this Under Secretary position will help streamline management, create greater efficiencies and enhance emphasis in the Office of the Under Secretary responsible for key domestic programs.

Given the importance of this provision, the Managers expect USDA to keep Congress regularly informed as to the progress on the preparation of the reorganization report and, once completed, its efforts to implement the reorganization plan within the statutory deadlines.

(20) *USDA certificates of origin*

The House bill requires the Secretary of Agriculture to seek to ensure that USDA certificates of origin are accepted by any country with which the United States has entered into a Free Trade Agreement providing preferential duty treatment. (Section 3208)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate position.

(21) *Local and regional food aid procurement projects*

The Senate amendment establishes a local and regional procurement program with appropriations of \$60 million authorized for each of fiscal years 2014 through 2018. Preference in carrying out this program may be given to eligible organizations that have, or are working toward, projects under the McGovern-Dole International Food for Education and Child Nutrition Program. (Section 3207)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes appropriations of \$80,000,000 for each of fiscal years 2014 through 2018. (Section 3207)

The Managers further note that the Local and Regional Procurement (LRP) pilot program authorized by Section 3206 of the Food, Conservation, and Energy Act of 2008 was completed, with 23 field-based projects carried out in 2009-2011 by the UN World Food Program and PVOs. A study of the projects was undertaken by a consortium of PVOs participating in the pilot and economists at Cornell University, as well as an independent study conducted as required in the legislation. The statutorily required study found that in the majority of circumstances, food aid commodities procured locally or regionally were both less costly for some commodities and delivered more quickly than comparable commodities sourced in the United States and shipped to the study countries. However, the Managers note the absence of any comparison to prepositioned commodities when reviewing timeliness of deliveries. The Managers further note on page 1 of the study, that “LRP may pose risks for local markets and vulnerable households”, indicating care should be taken in pursuing the most appropriate areas in which to implement LRP projects. In support of the broader emphasis on building resiliency, the Managers expect USDA to give priority to projects with the greatest long-term developmental benefits.

Section 3207 extends the LRP pilot program into an authorized program to improve U.S.

international food assistance, by providing a new, more flexible programming tool. The Managers intend for the new program to complement existing food aid programs, especially the McGovern-Dole program, and to fill in nutritional gaps for targeted populations or food availability gaps generated by unexpected emergencies. To be eligible for this program, such gaps should be readily addressable by procurement from local or regional food supplies. In order to facilitate meeting the latter objective, some portion of available funds should be reserved for dispersal during the second half of each fiscal year, to be available to address emergencies occurring after program proposal deadlines expire. If, as certified by the Administrator, no such emergencies occur, the conference substitute provides authority for the Secretary to award reserved funds to augment projects approved earlier in the fiscal year.

(22) *Donald Payne Horn of Africa Food Resilience Program*

The Senate amendment establishes a pilot program to effectively integrate all U.S.-funded emergency and long-term development activities that aim to improve food security in the Horn of Africa. It authorizes \$10 million to carry out the pilot project, subject to appropriations, and also requires the USAID Administrator to report to appropriate committees of Congress on the outcomes of the project. (Section 3208)

The House bill contains no comparable provision.

The Conference substitute adopts the House position.

Title IV—Nutrition

(1) *Preventing payment of cash to recipients of supplemental nutrition assistance benefits for the return of empty bottles and cans used to contain food purchased with benefits provided under the program*

The House bill prevents the use of benefits to pay for substantial bottle deposits that can be returned for a cash refund. (Section 4001)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 4001)

(2) *Retail food stores*

The House bill requires retailers to provide perishable items in at least three of the staple food categories. (Section 4002(a)) The House bill requires that retailers will be responsible for purchasing and paying for point-of-sale equipment and supplies and terminates the use of manual vouchers except in cases of disasters or other similar situations and requires parties providing electronic benefit transfer services to maintain unique terminal identification numbers throughout the Supplemental Nutrition Assistance Program (SNAP) routing system. Retailers are also required to maintain a unique business identification number. (Section 4002(b)) The House bill amends section 7 of the Act by removing outdated language related to the use of coupons (Section 4002(c)), and amends section 9 of the Act by allowing the Secretary to consider the location of applicants in areas with significantly limited access to food when approving retailers. The House bill also adds and strengthens requirements about the adequacy of the store's Electronic Benefits Transfer (EBT) service. (Section 4002(d))

The Senate amendment requires that retailers will be responsible for purchasing and paying for point-of-sale equipment and supplies and terminates the use of manual vouchers except in cases of disasters or other similar situations. The Senate amendment requires parties providing electronic benefit transfer services to maintain unique terminal identification numbers throughout the SNAP routing system. The Senate amendment removes outdated language related to the use of coupons and allows the Secretary to consider the location of applicants in areas with significantly limited access to food when approving retailers. The Senate amendment gives USDA authority to consider a store's depth of stock, variety of staple food items, and the sale of excepted items when approving a retailer. (Section 4006(b))

The Conference substitute adopts the Senate provision with an amendment. The amendment strikes the language providing USDA authority to consider a store's depth of stock, variety of staple food items, and the sale of excepted items when approving a retailer. The amendment requires that retailers offer for sale on a continuous basis a variety of at least seven foods in each of the four categories of staple foods categories. The amendment requires that point of sale systems set and enforce sales restrictions based on item eligibility through scanning or product lookup entry and deny benefit tenders for manually entered sales of ineligible items. The amendment also requires that retailer purchase invoices and other program-related records be made available for auditing. (Section 4002)

The conference substitute reduces fraud at retail stores by requiring a more rigorous standard for stores to become eligible to process SNAP benefits. Section 4002 requires participating retailers to stock perishable items in at least three of the four staple food categories: dairy products; meat, poultry, or fish; fruits or vegetables; and bread or cereals. Currently, a store stocking as few as twelve food items, many of which have limited nutritional value, could be eligible to be a SNAP retailer. To address this, the conference substitute requires retailers to stock, at a minimum, seven food items in each of the staple food categories to be eligible. The Managers intend for this requirement to serve as a minimum requirement and do not intend in any way to discourage or prevent more robust depth of stock. The Managers remain concerned with retailers that meet the minimum of the existing regulations as a way to gain entry into SNAP for the sole purpose of expanding sales of excepted items, including liquor and tobacco, which is decidedly contrary to the intent of the program.

To further combat fraud, this section places additional preventative control requirements on EBT systems and provides USDA the authority to inspect additional invoice and other program-related records. The Managers intend for these measures to be implemented in a way that reduces fraud without reducing access, stigmatizing SNAP participants, or requiring overly burdensome recordkeeping. Specifically regarding the new EBT system requirements, the Managers expect that USDA will work to ensure that these changes will not result in a considerable increase in transaction errors, will not prevent split transactions, will not increase delays in check-out lines, and will not otherwise increase instances in which SNAP participants are differentiated from other retail customers. Regarding purchase invoices and other program-related records, the Managers believe that retention for not longer than 36 months is an appropriate requirement, and is consistent with requirements in other federal nutrition assistance programs.

This section also requires SNAP retailers to pay 100 percent of the cost of electronic benefit transfer (EBT) machines, with some exemptions, and restricts states from issuing manual vouchers for SNAP unless the Secretary deems it necessary for emergency purposes. By including this provision, the Managers are targeting fraud within the program, and do not intend

for credit card companies, banks, or others to impose any additional fees in regard to the acceptance of SNAP EBT benefits. Additionally, the Managers expect the Secretary to work with retailers and relevant stakeholders in developing regulations to implement a unique terminal identification system. Credit card associations are considering implementation of this practice across the entire retail industry in the near future, and it is imperative that the Secretary work with SNAP-approved retailers to ensure there are no additional costs or burdens that are duplicative or inconsistent with common commercial practices. The Managers acknowledge that many small businesses and direct-to-consumer retailers continue to face challenges related to the cost of utilizing EBT and advanced technologies.

Having placed new requirements on retailers, the Managers are concerned by the unpredictable and growing variation in the timeline for retailer application approvals. The Managers encourage the Secretary to work with retailers in the licensing approval process in a timely manner.

The Managers recognize that current SNAP EBT transactions running on the QUEST network do so efficiently and at minimal or no cost to the retailer. The Managers encourage USDA to continue to work with the states to ensure that all retailers maintain the ability to use the QUEST network and do so without being assessed new or added fees for its use.

Recognizing that issuance of SNAP benefits to all participants on the same date within a month creates many challenges both for suppliers and retailers, the Managers encourage the Secretary to work with states to stagger the monthly issuance of SNAP benefits across an entire month.

The Managers support preserving food access in food shortage areas and encourage the Secretary to give broad consideration to the impacts additional requirements will have on food access in food deserts or other areas with limited food access.

The Managers also encourage the Secretary to continue to identify innovative ways in which to assist stores that do provide critical food access to SNAP recipients in improving inventory standards and stocking a robust supply of staple food items.

The Managers also recognize that, in remote communities in non-contiguous states, it is not unusual for there to be only one retail food store in operation. These retail stores are typically located in communities that are connected neither to the rest of the state's road network nor to a major electrical grid. Food is typically transported to the community via small aircraft, and diesel generators generally provide electrical power to such communities, posing challenges for such stores to operate adequate refrigeration and freezing equipment to store perishable foods. The Managers intend for the Secretary to consider all of the aforementioned unique criteria when evaluating applications by retail food stores located in remote communities in non-contiguous states that are either applying to participate in the SNAP program or currently participate in the program.

(3) *Food distribution program on Indian reservations*

The House bill reauthorizes the Traditional and Locally-Grown Food Fund in the Food Distribution Program on Indian Reservations (FDPIR). (Section 4004) The House bill requires USDA to study the feasibility of a demonstration project for Tribes administering nutrition assistance programs in lieu of states. (Section 4041)

The Senate amendment requires USDA to study the feasibility of a demonstration project for Tribes to administer nutrition assistance programs in lieu of states. The Senate amendment

allows Tribes to substitute local, tribal foods for up to five percent of their FDPIR entitlement commodities. (Section 4002)

The Conference substitute adopts the Senate provision with an amendment.

The amendment provides \$1,000,000 to conduct the study. The amendment strikes the provision stating that up to five percent of entitlement commodities may be used for purchasing local and tribal foods and directs the Secretary to carry out a demonstration project for the purchase of traditional and local foods. (Section 4004)

The Managers recognize that federal regulations and certification requirements can often be burdensome for small producers, especially those on reservations. Often located in remote locations, producers on reservations may not be close to the Agricultural Marketing Service (AMS) inspectors necessary for certification needed to provide fruits, vegetables, and other agricultural commodities to federal nutrition programs. Costs, including payments for inspector travel time, make certification unachievable for many producers on reservations. As a result, federal nutrition program recipients lose access to locally-produced, fresh commodities, and producers lose access to a local market that would assist economic development on reservations. To address this issue, the Managers encourage the Secretary to work with Tribal Organizations to enable the use of accredited third party certifiers; existing infrastructure on reservations, such as extension agents; or properly trained and certified Tribal employees or officers to certify producers on reservations.

(4) *Updating program eligibility*

The House bill restricts categorical eligibility for SNAP to only those households receiving cash assistance through other low-income assistance programs. (Section 4005)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate position.

(5) *Exclusion of medical marijuana from excess medical expense deduction*

The House bill prohibits medical marijuana from being treated as a medical expense for purposes of income deductions. (Section 4006)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 4005)

Currently, eighteen States have state statutory provisions that allow for the prescription of medicinal marijuana to patients in limited circumstances. Five states had previously allowed for the deduction of medicinal marijuana as an allowable medical expense when calculating SNAP benefits. In July 2012, USDA issued guidance to states, reaffirming its long-standing policy that households may not receive a medical deduction for medicinal marijuana. Because the Controlled Substance Act (21 U.S.C. 801 et seq) currently classifies marijuana as a Schedule I controlled substance that has no currently accepted medical use and cannot be prescribed for medicinal purposes, the Managers expect that the Secretary will continue to administer this provision in accordance with current practice and procedures for illegal substances under federal law.

(6) *Standard Utility allowances based on the receipt of energy assistance payments*

The House bill provides that only Low Income Home Energy Assistance Program (LIHEAP) payments above \$20 would trigger a standard utility allowance (“SUA”) deduction. (Section 4007)

The Senate amendment provides that only LIHEAP payments above \$10 would trigger a SUA deduction. (Section 4003)

The Conference substitute adopts the House provision. (Section 4006)

(7) *Repeal of work program waiver authority*

The House bill requires all able-bodied adults to meet applicable work requirements by eliminating the ability of the Secretary to grant waivers for states in areas of high unemployment. The House bill maintains states’ ability to provide an exemption from the work requirements for 15 percent of their Able-Bodied Adults Without Dependents (ABAWD) population. (Section 4009)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate position.

(8) *Technology modernization for retail food stores*

The House bill requires the Secretary of Agriculture to implement a pilot program to test the feasibility of allowing retailers to accept SNAP benefits through mobile transactions. (Section 4012)

The Senate amendment requires the Secretary of Agriculture to conduct demonstration projects to authorize redemption of SNAP benefits online and with mobile technologies. By 2016, the Secretary shall allow redemption by these processes in all states unless the results of the demonstrations indicate these activities will not be beneficial to the program. (Section 4008)

The Conference substitute adopts the Senate provision. (Section 4011)

(9) *Mandating State immigration verification*

The House bill requires states to use an electronic immigration status verification system to verify applicants’ immigration status. (Section 4015)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 4015)

(10) *Data exchange standardization for improved interoperability*

The House bill establishes requirements, consistent with other means tested programs, for the electronic content and format of data used in the administration of SNAP. (Section 4016)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 4016)

The Conference substitute expands upon the bipartisan work begun by the Committee on Ways and Means Human Resources Subcommittee to allow data both within and across key federal assistance programs to operate more efficiently. These standardization activities promote transparency, flexibility, and consistency so data can be shared across the various information technology platforms established by federal and state agencies, increasing administrative

efficiency and reducing improper payments. This provision is not intended to provide additional authority to standardize data but to drive the process to occur across multiple federal agencies. As identity theft and manipulation based fraud is on the rise in the United States, the Managers direct the Secretary to carefully analyze the possibility of identity theft and manipulation-based fraud on SNAP participants and to ensure that the Secretary is taking necessary steps to protect program beneficiaries' personally identifiable information against unauthorized disclosure.

(11) *Pilot projects to improve Federal-State cooperation in identifying and reducing fraud in the supplemental nutrition assistance program*

The House bill requires USDA to implement a pilot program to allow states to operate EBT retailer fraud investigation programs. (Section 4017)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 4017)

(12) *Prohibiting government-sponsored recruitment activities.*

The House bill prevents USDA from conducting recruitment activities, advertising the SNAP program through television, radio and billboard advertisements and from entering into agreements with foreign governments to promote SNAP benefits. The section further prevents states from being reimbursed for similar activities. (Section 4018)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 4018)

The Managers do not intend to prohibit activities that provide basic program information including rights, program rules, client responsibilities, and benefits. The Managers acknowledge that certain vulnerable populations such as elderly, homeless, or disabled individuals may require additional assistance in applying for SNAP. The Managers do not intend to preclude any specialized services for these populations.

(13) *Performance bonus payments*

The House bill eliminates the performance bonuses provided to states for effectively administering SNAP. (Section 4019)

The Senate amendment requires states to reinvest bonus payments to prevent fraud and abuse and improve the administration of the SNAP program. (Section 4012)

The Conference substitute adopts the Senate provision. (Section 4021)

(14) *Funding of employment and training programs*

The House bill reduces the formula-funded allocation to state agencies to carry out employment and training programs from \$90 million to \$79 million per year. (Section 4020)

The Senate amendment provides \$90 million in mandatory funds in FY2014, FY2015, FY2016, and FY2017. The Senate amendment reduces mandatory funding to \$80 million for 2018 and each fiscal year thereafter. (Section 4013)

The Conference substitute adopts the Senate provision with an amendment. The amendment provides \$90 million per year in mandatory funds. (Section 4022)

(15) *Monitoring employment and training programs*

The House bill requires that the Secretary of Agriculture implement monitoring and performance measures for state employment and training programs. The section requires that the Secretary of Agriculture, in consultation with the Secretary of Labor, develop reporting measures for participants in employment and training programs and that states report annually on such measures. The section further provides that if a state agency's performance is inadequate, the Secretary of Agriculture may require the state agency to modify its employment and training plan. (Section 4021)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 4022)

(16) *Cooperation with program research and evaluation*

The House bill requires entities that participate in SNAP to cooperate with the Department of Agriculture and its agents in conducting evaluations and studies authorized under the Act. (Section 4022)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 4023)

(17) *Pilot projects to reduce dependency and increase work requirements and work effort under supplemental nutrition assistance program*

The House bill requires USDA to conduct a pilot project to identify best practices for employment and training programs to raise the number of work registrants who obtain unsubsidized employment, increase their earned income, and reduce their dependence on public assistance. (Section 4023)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment incorporates certain provisions of the House language into the pilot project described in (32), below. (Section 4022)

(18) *Authorization of appropriations*

The House bill reauthorizes appropriations for SNAP and related programs through FY2016. (Section 4024)

The Senate amendment reauthorizes appropriations for SNAP and related programs through FY2018. (Section 4014)

The Conference substitute adopts the Senate provision. (Section 4024)

(19) *Review, report, and regulation of cash nutrition assistance program benefits provided to Puerto Rico*

The House bill ensures that no funds made available to the Commonwealth of Puerto Rico may be used to provide nutrition assistance in the form of cash. (Section 4025)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment directs the Secretary to conduct a review of, and report on, the provision of nutrition assistance in the form of cash in Puerto Rico. The Secretary is directed to phase out the provision of cash assistance by FY 2021. Notwithstanding the phase-out, the Secretary may approve a plan that provides cash to certain categories of participants if the Secretary determines that discontinuation of cash benefits will cause significant adverse effects. (Section 4025)

Since 1982, Puerto Rico has operated the Nutrition Assistance Program (NAP) from federal funds received as a block grant instead of the Supplemental Nutrition Assistance Program (SNAP). Under the terms of the block grant, Puerto Rico has had broad authority in its administration of these funds, and currently permits up to 25 percent of benefits to be issued in the form of cash. Permission to issue benefits in cash was granted in 2001, intended to alleviate concerns regarding lack of EBT access in Puerto Rico.

With advancement in technologies and the institution of a Commonwealth-wide sales tax in 2006, the vast majority of food retailers in Puerto Rico now accept EBT unless they choose not to. With this change in EBT capability and the Managers' ongoing interest in ensuring that each dollar of nutrition funding be used to reduce food insecurity, rigorous review and phase out of the use of cash benefits is necessary.

However, as noted in the 2010 study conducted by Insight Policy research on behalf of the Food and Nutrition Service (FNS), *Supplemental Nutrition Assistance Program in Puerto Rico: A Feasibility Study*, "It is difficult to determine what the full impact of a completely non-cash allotment would be on Puerto Rico retailers and participants." Recognizing this and that there are factors in Puerto Rico that complicate the ability of program participants to access nutrition through EBT redemption, the Managers have directed the Secretary to review the situation. The Managers expect the Secretary to consider all relevant factors in exercising the discretion provided in exempting program participants or categories of participants that may be harmed by the discontinuation of cash benefits.

(20) *Assistance for community food projects*

The House bill provides an additional \$10 million per fiscal year for Community Food Projects and directs that \$5 million be used for incentives. (Section 4026)

The Senate amendment continues support for Community Food Projects while incorporating an increased food insecurity focus, along with hunger-free communities goals. Grants under this program are subject to a 50 percent matching requirement and periodic effectiveness reports. The Senate amendment eliminates the Healthy Urban Food Enterprise Development Center and Innovative Programs for Addressing Common Community Problems provisions. Funding remains at \$5 million in annual mandatory funds. (Section 4015)

The Conference substitute adopts the Senate provision with an amendment. The amendment provides \$9 million in annual mandatory funds. (Section 4026)

(21) *Emergency food assistance*

The House bill provides an additional \$70 million in FY2014 and FY2015 and an additional \$20 million per fiscal year thereafter for Emergency Food Assistance. Inflation adjustments remain in place. (Section 4027)

The Senate amendment increases funding by \$54 million over 10 years. Entitlement commodity funding increases are in the first five years of the budget window: +\$22 million for FY2014, +\$18 million for FY2015, +\$10 million for FY2016, +\$4 million for FY2017. Inflation adjustment between years remains in place. (Section 4016)

The Conference substitute adopts the House provision with an amendment. The amendment provides an increase in funding of \$50 million for fiscal year 2015, \$40,000,000 for fiscal year 2016, \$20,000,000 for fiscal year 2017, and \$15,000,000 for fiscal year 2018. Funding for fiscal year 2019 and each fiscal year thereafter will be indexed from the fiscal year 2018 funding level. (Section 4027)

The Managers strongly encourage the Secretary to review potential bonus and surplus removal purchases on a real-time basis and adjust the timing of mandatory food purchases and deliveries to address periods when bonus and specialty crop deliveries are expected to be low. Having a more balanced delivery of both mandatory and bonus food purchases will enable emergency feeding organizations to better serve those in need.

The Managers also intend for the Secretary to consider the cost of regulatory changes on the operation of emergency feeding operations in order to prevent such regulatory changes from adversely affecting the services provided by the emergency feeding organizations. The Managers encourage the Secretary to work with emergency feeding organizations to address these concerns.

Recognizing that some food banks also provide Commodity Supplemental Food Program (CSFP) commodities, the Managers understand the importance of CSFP as a critical nutrition program. Currently, CSFP provides nutritious food, often in the forms of food boxes for home delivery, that are designed to meet the dietary needs of seniors, women and children in 39 states, two Indian tribal organizations, and the District of Columbia. In fiscal year 2013, 97 percent of the recipients were elderly individuals with an annual income at or below \$14,937. CSFP serves a unique niche by providing nutritious commodities to homebound seniors who are at severe risk for hunger.

The Managers fully support the continued operation of the program and recognize the need for expansion of the CSFP to reach additional elderly Americans at severe risk for hunger. The Managers note that there are six states that have currently been approved by USDA for entry into CSFP, subject to the availability of appropriations. Provided that sufficient funds are appropriated by Congress, the Managers encourage the Secretary to approve all remaining states for participation and to take action to reach all seniors at severe risk for hunger in all participating states and other jurisdictions.

(22) *Nutrition education*

The House bill adds “promoting physical activity” as an allowable use of funding. (Section 4028) The House bill reduces funding for FY2014 from \$401 million to \$372 million and then adjusts for inflation in subsequent years.

The Senate amendment adds “promoting physical activity” as an allowable use of funding. (Section 4017)

The Conference substitute adopts the Senate provision. (Section 4028)

(23) *Retail food store and recipient trafficking*

The House bill provides USDA \$5 million annually in additional mandatory funding to track and prevent SNAP trafficking. (Section 4029)

The Senate amendment provides USDA \$5 million in FY2014 in additional mandatory funding to track and prevent SNAP trafficking using data mining technologies. The Senate amendment also authorizes \$12 million subject to appropriations for each year FY2014-FY2018. (Section 4018)

The Conference substitute adopts the Senate provision with an amendment. The amendment provides one-time mandatory funding of \$15 million in FY 2014 to remain available until expended, and an authorization of \$5 million per year. (Section 4029)

(24) *Tolerance level for excluding small errors*

The House bill prevents the Secretary from excluding payment errors greater than \$25 from improper payments calculations. (Section 4031)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment sets the tolerance level for excluding payment errors from improper payment calculations at \$37 and indexes the level to the thrifty food plan. (Section 4019)

(25) *Commonwealth of the Northern Mariana Islands pilot program*

The House bill requires the Secretary of Agriculture to conduct a study to assess the capabilities of the Commonwealth of the Northern Mariana Islands (CNMI) to operate the SNAP program in the same manner it is operated in the states. The section requires that if, following the study, the Secretary of Agriculture determines that it is feasible for the CNMI to operate the SNAP program in the same manner it is operated by the states, the Secretary of Agriculture shall establish a pilot program in CNMI for such purposes. (Section 4032)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment provides that if the Secretary does not conduct a pilot with the funds provided in this section, the funds shall be used for program administration within CNMI. (Section 4031)

(26) *Annual State report on verification of SNAP participation*

The House bill requires states to submit an annual report to the Secretary sufficient to show that the state is verifying that its SNAP recipients are not receiving benefits in more than one state, no benefits are being paid to deceased individuals, and no benefits are being paid to previously disqualified individuals. (Section 4033)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment sets the penalty for failure to comply at up to 50 percent of the state's administrative match. The amendment provides that the Secretary is to complete a study on methods to prevent payment of benefits to recipients in multiple states and report to Congress on how to implement the results of the study. (Section 4032)

(27) *Termination of existing agreement*

The House bill terminates the existing agreement for SNAP Outreach between USDA FNS and the Mexican government. (Section 4034)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 4211)

(28) *Service of traditional foods in public facilities*

The House bill grants the Secretary of Agriculture authority to permit the donation, preparation and consumption of traditional Native food in public facilities primarily serving Alaska Natives and American Indians. (Section 4035)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment makes technical and clarifying revisions, including ensuring that food safety laws apply to the donation, preparation, and consumption of foods provided under this section. (Section 4033)

(29) *Testing applicants for unlawful use of controlled substances*

The House bill allows states to conduct drug testing on SNAP applicants at state expense as a condition for receiving benefits. (Section 4036)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate position.

(30) *Eligibility disqualifications for certain convicted felons*

The Senate amendment bars individuals convicted of specified federal crimes (including murder, rape, certain crimes against children), and state offenses determined by the Attorney General to be substantially similar, from receiving SNAP. The Senate amendment still allows the disqualified ex-offender's household members to apply for and potentially receive benefits. The Senate amendment requires the state agency to collect, in writing, information on SNAP applicants' convictions. (Section 4020)

The House bill is similar to the Senate amendment but specifies that restrictions will only apply to individuals with convictions after the date of enactment. (Section 4037)

The Conference substitute adopts the House provision with an amendment. The amendment provides that the restrictions only apply to an individual convicted of the stated crimes if the individual is not in compliance with the terms of their sentence. (Section 4008)

(31) *Expungement of unused SNAP benefits*

The House bill requires a state agency to expunge SNAP benefits that have not been accessed by a household after a period of 60 days. (Section 4038)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate position.

(32) *Pilot projects to promote work and increase State accountability in SNAP*

The House bill creates a pilot program to allow states to engage able-bodied parents in Temporary Assistance for Needy Families (TANF)-type work and job training as part of receiving SNAP benefits. The House bill provides that employment and training (E&T) cost share funds are only available to states that adopt the work provisions within this section. (Section 4039)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment directs the Secretary to carry out a pilot program in up to ten states to develop and test methods, including operating work programs that engage able-bodied adults in TANF-type work and job training requirements, for employment and training programs and services to raise the number of work registrants who obtain unsubsidized employment, increase the earned income of the registrants, and reduce the reliance of the registrants on public assistance. \$200 million in mandatory funds are provided to operate the pilots.

States must commit to participate in the evaluation described in this section, collaborate with the state workforce board, and not supplant existing employment and training funds. The Secretary is required to select a range of pilot projects in various geographic areas, including projects that require mandatory participation and voluntary participation, as well as projects that target groups of individuals with varying skills and work experience.

States that require mandatory participation in work activities are provided specific authority to sanction individuals for failure to participate. The Secretary is required to establish standards for certain employment activities to ensure that failure to work for reasons beyond an individual's control shall not result in ineligibility. Various protections currently provided in SNAP E&T law are incorporated into the program, including ensuring that individuals subject to mandatory work requirements be offered a corresponding work or training activity, individuals be provided adequate transportation and childcare, and that elderly, disabled and those responsible for the care of children under the age of six are exempt from work requirements. (Section 4022)

The Managers recognize the need for better data and outcomes from current E&T programs. To further improve the accountability of the SNAP E&T program, the conference substitute demands outcomes by requiring states to set performance goals relating to enhancement of skills, training, work, or experience that leads to work, for SNAP participants. In addition, states must report annually on these goals.

The Managers also recognize that the best way to improve the lives of beneficiaries is through sustainable employment and increased income. Therefore, the Managers direct the Secretary to operate up to ten pilot projects to develop and improve innovative approaches to raise the number of beneficiaries who obtain unsubsidized employment and decrease the need for nutrition assistance. The Managers intend that all state expenses, including for wrap-around services, related to the pilot projects may be reimbursed out of the funds provided under section 16(h)(1)(F)(viii).

The Managers expect the Secretary to approve pilot projects that test a range of strategies to ensure Congress is provided data on the effectiveness of various employment and training programs. This range should include those that require mandatory participation in a program and are subject to sanctions for non-participation, and those that allow individuals to volunteer to participate in the programs. All pilots shall be subject to the protections and conditions of

participation and duration of ineligibility provided under section 6(d) of the Food and Nutrition Act (including household ineligibility provided under paragraph (B)).

The Managers recognize that a number of states are currently operating innovative and effective employment and training programs and expect the Secretary to test the ability to expand and replicate such programs. The Managers also recognize that some states have developed effective employment and training programs through the TANF Program and encourage the Secretary to test similar mandatory employment and training programs that transition beneficiaries to stable employment.

(33) Improved wage verification using the National Directory of New Hires

The House bill requires all states to data-match with the National Directory of New Hires. (Section 4040)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment clarifies that states are only required to data-match at the time of certification. (Section 4013)

(34) Farmers' market nutrition program

The House bill expands the program purposes to allow additional at-risk populations to be served and by requiring the Secretary to specify terms and conditions to encourage expanding the participation of small scale farmers in federal nutrition programs. The House bill requires that 50 percent of the funds be reserved for seniors. (Section 4046)

The Senate amendment reauthorizes and continues to provide Commodity Credit Corporation (CCC) mandatory funding of \$20.6 million annually through FY2018. (Section 4202)

The Conference substitute adopts the Senate provision. (Section 4203)

(35) Pilot project for canned, frozen, or dried fruits and vegetables

The House bill expands the forms of fruits and vegetables made available to students through the Fresh Fruit and Vegetable Program to include canned, frozen, and dried. (Section 4048)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment reauthorizes the Fresh Fruit and Vegetable program without revision. The amendment adds a new section creating a pilot project in schools participating in the Fresh Fruit and Vegetable Program in not less than five states to evaluate the impact of allowing schools to offer all forms of fruits and vegetables as part of the Program. \$5 million in mandatory funding is provided to carry out the pilot project. (Section 4214)

The Managers recognize that the Fresh Fruit and Vegetable Program (FFVP) has been highly effective in increasing consumption of fruits and vegetables among low income students. Studies have shown that children participating in FFVP have a statistically significant (15 percent) increase in consumption of fruits and vegetables. The Managers do not intend to minimize the effectiveness of the current FFVP by establishing pilots for all forms. The

Managers expect USDA to determine interested schools in an efficient manner and to implement the pilot at the start of the 2014 school year. The Managers expect USDA to quickly inform schools of the ability to participate in the pilot and to develop criteria based on recent school nutrition regulations and the Dietary Guidelines for Americans. Recognizing that food packaging technologies include processes such as shelf-stable cups and pouches that allow for safe handling while maximizing quality and nutrient retention, the Secretary should ensure that this program does not exclude these additional packaging methods. The Managers encourage USDA to work closely with participating schools to gather information on the types of schools that participate, identify how the pilot program is implemented in those schools, determine continued interest in participating in such a program, and learn from students and teachers about students' attitudes and actual behavior during the pilot program. The Managers intend for USDA to conduct a robust evaluation of the outcomes of these pilots, and the Secretary shall provide periodic updates to the House and Senate Committees on Agriculture on the implementation, operation, and evaluation of this pilot.

(36) Additional authority for purchase of fresh fruits, vegetables, and other specialty food crops/encouraging locally and regionally grown and raised food

The House bill includes a pilot program that would allow five states to use the fresh fruit and vegetable funding for their own local sourcing of produce. (Section 4049) The House bill allows USDA to permit school food authorities with low annual commodity entitlement values to substitute local foods entirely or partially for USDA provided foods. The House bill gives USDA discretion to establish cost-neutral farm-to-school demonstration projects. (Section 4050)

The Senate amendment continues the "DoD Fresh Program" through FY2018. (Section 4201) The Senate amendment requires USDA to conduct demonstration projects "to facilitate the purchase of unprocessed and minimally processed locally grown and locally raised agricultural products" for schools that participate in the National School Lunch and Breakfast program. (Section 4208)

The Conference substitute adopts the House provision with an amendment. The amendment directs the Secretary to carry out a pilot project in not more than eight states that provides the selected states flexibility in procuring unprocessed fruits and vegetables by allowing the states to use multiple suppliers and products and by allowing geographic preference. (Sections 4201 and 4202)

The Managers acknowledge that USDA is already conducting pilot projects in two states for the purpose of developing new methods for local procurement. The Conference substitute pilots are intended to complement these efforts. The Managers expect the Secretary to select states with a variety of in-state agricultural economies, noting that states, such as Vermont, Oregon, and New York, have demonstrated an assortment of local procurement practices. The Managers expect the Secretary to work with the selected states in order to maximize flexibility for geographic preferences, including allowing schools to specifically request local products as long as competition is maintained, during procurement. Further, the Managers expect the Secretary to tailor the pilots to state specific needs regarding the size and structure of school systems and enactment of reporting requirements.

(37) Review of public health benefits of white potatoes

The House bill requires the Secretary to conduct a review of the economic and public health benefits of white potatoes on low-income families at nutritional risk. (Section 4051)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate position.

(38) *Review of sole-source contracts in Federal nutrition programs*

The House bill directs USDA to conduct a study on sole-source contracting in federal nutrition programs to evaluate the effects such contracts have on program participation, program goals, non-program consumers, retailers and free market dynamics. (Section 4053)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 4212)

(39) *Purchase of Halal and Kosher food for emergency food assistance program*

The House bill requires USDA to facilitate purchases of Kosher and Halal foods within the Emergency Food Assistance Program. (Section 4054)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 4207)

(40) *Quality control standards*

The Senate amendment strikes the Secretary's authority to waive quality control (QC) penalties. (Section 4011)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4020)

(41) *Food Insecurity Nutrition Incentive*

The Senate amendment amends the hunger-free community grants to establish "incentive grants" for projects that incentivize SNAP participants to buy fruits and vegetables. The Senate amendment limits federal cost share to 50 percent and provides \$100 million in mandatory funding over five years. The Senate amendment provides discretionary authority of \$5 million per year. (Section 4204)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment renames the program the Food Insecurity Nutrition Incentive. (Section 4208)

The Managers intend for these grants to improve access to and reduce the cost of fruits and vegetables for SNAP recipients. The Managers intend for the grants to test new methods and technologies that facilitate the purchase of fresh fruits and vegetables by SNAP recipients from a variety of sources, including direct to consumer markets. The Managers encourage the Secretary to consult with non-profit organizations with experience conducting similar programs on the design and implementation of the incentive grants.

(42) *Pulse crop products*

The Senate amendment creates a pilot project to purchase pulse crops (dry beans, dry peas, lentils, and chick peas) and pulse crop products for schools. The Senate amendment authorizes up to \$10 million in discretionary appropriations. (Section 4206)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4213)

(43) *Dietary Guidelines for Americans*

The Senate amendment requires that the guidelines include specifications for pregnant women and children under the age of two years, by no later than the 2020 edition. (Section 4207)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4204)

(44) *Multiagency task force*

The Senate amendment requires USDA to establish a multiagency task force to provide guidance to the commodity distribution programs. The task force must be composed of at least four members, representing FNS's Food Distribution Division, Agricultural Marketing Service (AMS), Farm Service Agency (FSA), and Food Safety and Inspection Service (FSIS). The task force is to report to Congress not later than one year after convening. (Section 4209)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4205)

(45) *Food and agriculture service learning program*

The Senate amendment creates a Food and Agriculture Service Learning Program with statutory purposes that include: increasing capacity for food, garden, and nutrition education; complementing the work of the federal farm-to-school grants; and coordinating with the related National Institute of Food and Agriculture (NIFA) work. USDA is to evaluate the program regularly and report the results to congressional committees of jurisdiction. \$25 million is authorized to be appropriated and is to remain available until expended. 20 percent of funds are set aside for NIFA for particular purposes, and funding is to "supplement not supplant" current efforts. (Section 4210)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment places the program under the jurisdiction of the National Institute of Food and Agriculture (NIFA) and structures it as a competitive grant program. Further, the amendment deletes the "Definitions" subsection and removes the 20 percent funding set-aside previously designated to NIFA for housing, training, and overseeing participants. (Section 4209)

Title V—Credit

(1) *Persons Eligible for Real Estate Loans*

The House bill adds "and such other legal entities as the Secretary deems appropriate". It also requires that an owner-operator own at least 75 percent of an embedded entity and gives the

Secretary authority to set the appropriate ownership level. It also gives authority to the Secretary to define the acceptable experience necessary to qualify for direct farm ownership loans. (Section 5001)

The Senate amendment is similar to the House provision but does not require 75 percent ownership of an embedded entity, and does not explicitly require that a farmer prove “sufficient” credit is obtainable elsewhere. (Section 3101)

The Conference substitute adopts the House provision.

(2) *Conservation Loan and Loan Guarantee Program*

The House bill gives USDA discretion to allow alternative legal entities to qualify for conservation loans and increases the maximum conservation loan guarantee to 90 percent. It additionally authorizes the conservation loan program through FY 2018. (Section 5002)

The Senate amendment gives USDA similar discretion, by reference. (Section 3103)

The Conference substitute adopts the House provision with an amendment. The amendment increases the amount of the conservation loan guarantee from 75 percent to 80 percent. For socially disadvantaged farmers or ranchers and beginning farmers and ranchers, the conservation loan guarantee is increased to 90 percent. The program is authorized to be appropriated \$150,000,000 through fiscal year 2018. (Section 5002)

(3) *Down payment loan program*

The House bill increases the maximum down payment loan to 45 percent of \$667,000. (Section 5003)

The Senate amendment is the same as the House bill. (Section 3107)

The Conference substitute adopts the House provision. (Section 5005)

(4) *Mineral rights*

The House bill eliminates the requirement that mineral rights be appraised. (Section 5004)

The Senate amendment is the same as current law. (Section 3105)

The Conference substitute adopts the House provision. (Section 5004)

(5) *Operating loans, Persons who are eligible*

The House bill gives USDA discretion to allow alternative legal entities to qualify for farm operating loans and allows an embedded entity of a borrower to be deemed eligible for an operating loan if the entity borrower owns at least 75 percent of the embedded entity. (Section 5101)

The Senate amendment is the same as the House bill. (Section 3201)

The Conference substitute adopts the House provision. (Section 5101)

(5.1) *Term Limits on Direct Loans*

The House bill is the same as current law.

The Senate amendment extends direct loan term limits to ten years and allows borrowers to earn back eligibility, one year in the program for every year out. (Section 3201)

The Conference substitute adopts the House provision with an amendment. The amendment maintains current law but requires the Secretary of Agriculture to submit an annual report to Congress that details the status of the Department's direct farm operation loan program, and the impact of term limits on direct loan borrowers. (Section 5104)

(5.2) *Term Limits on Guaranteed Loans*

The House bill is the same as current law.

The Senate amendment removes the provision.

The Conference substitute adopts the Senate provision. (Section 5107)

(6) *Operating loans, rural residency requirements*

The House bill eliminates the rural residency requirement for youth loans. (Section 5102)

The Senate amendment is the same as current law.

The Conference substitute adopts the House provision. (Section 5102)

(7) *Personal liability of youth loan borrower*

The House bill gives USDA the option to waive personal liability for youth loans if default is due to circumstances beyond the borrower's control. (Section 5103)

The Senate amendment allows a borrower who defaults on a youth loan to still qualify for educational loans. (Section 3201)

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes the Secretary of Agriculture to, on a case by case basis, provide debt forgiveness of a youth loan if the borrower was unable to repay the loan due to circumstances beyond the control of the borrower. The debt forgiveness provided by this section shall not be used by other Federal agencies in determining eligibility of the borrower for any loan made or guaranteed by that agency. In no case shall a delinquent borrower or a borrower provided debt forgiveness be denied a loan or loan guarantee from the Federal government to pay for educational expenses of the borrower. (Section 5103)

(8) *Microloans*

The House bill authorizes the Secretary to make operating loans of \$35,000 to eligible borrowers with a total microloan indebtedness of \$70,000 to any borrower. It also authorizes intermediary lending projects and exempts microloans from counting toward direct loan limits. The bill applies limited resource loan rates to beginning and veteran farmers or ranchers. (Section 5104)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment sets the total indebtedness level at \$50,000. It also authorizes the Secretary to conduct a pilot project to contract with community development financial institutions to make or

guarantee microloans and to provide business, financial and marketing services to borrowers. The Secretary is limited to \$10 million worth of loans through the new pilot project in any fiscal year. (Section 5106)

To further clarify, the Conference substitute authorizes the Department of Agriculture to establish cooperative lending pilot projects to aid administration of microloans. The Managers believe that the Farm Service Agency should maintain its mission focus on direct lending, and consider the agency's existing staffing and expertise when determining how to operate a pilot. The Managers expect the Secretary to carefully review intermediaries' loan loss reserve funds, underwriting standards, and other factors that preserve program integrity. Therefore, the Conference substitute provides that when carrying out this pilot program, the Department should utilize community financial institutions that have been approved by the Department of the Treasury in order to maximize the effectiveness of U.S. government resources.

(9) *Emergency loans eligibility*

The House bill gives USDA discretion to allow alternative legal entities to qualify for an emergency loan. Additionally, it allows an embedded entity of a borrower to be deemed eligible for an operating loan if the entity borrower owns at least 75 percent of the embedded entity. (Section 5201)

The Senate amendment is the same as the House bill. (Section 3301)

The Conference substitute adopts the House provision. (Section 5201)

(10) *Beginning Farmer and Rancher individual development pilot program*

The House bill authorizes current law through 2018. (Section 5301)

The Senate amendment is the same as the House bill. (Section 3428)

The Conference substitute adopts the Senate provision. (Section 5301)

(11) *Eligible Beginning Farmers and Ranchers*

The House bill expands the definition of a qualified beginning farmer or rancher to include "or other such legal entity". It also changes the acreage ownership limitation from 30 percent of the median acreage of farms in the county to 30 percent of the average acreage of farms in the county. (Section 5302)

The Senate amendment replaces "median" with "average" in the definition and has the same 30 percent limitation, but does not give USDA discretion to allow alternative legal entities to qualify as a beginning farmer or rancher. (Section 3002)

The Conference substitute adopts the House provision with an amendment. The amendment includes language that will ensure that any legal entity included in the definition of beginning farmer or rancher for purposes of qualifying for USDA loans (including cooperatives, corporations, partnerships, joint operations, or other such legal entities as the Secretary considers appropriate), will have members, stockholders, partners, or joint operators who all qualify individually as beginning farmers. This provision is meant to ensure that any priorities given to beginning farmers or ranchers are restricted to individual beginning farmers or ranchers or entities comprised entirely of beginning farmers or ranchers. (Section 5303)

(12) *Loan Authorization Levels*

The House bill reauthorizes the Secretary's ability to make loans under each subtitle through 2018. (Section 5303)

The Senate amendment is the same as the House bill. (Section 3431)

The Conference substitute adopts the House provision. (Section 5304)

(13) *Beginning Farmer and Rancher, priorities*

The House bill adds a new priority for beginning farmer and rancher direct loans to those applicants who apply under the down payment loan program or with joint financing arrangements. (Section 5304)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment establishes a floating interest rate with a floor of 2.5 percent for joint financing arrangements (arrangements where the direct farm ownership loan does not exceed 50 percent of any total loan). (Section 5003)

The Managers intend for modifications to the interest rates for joint financing arrangements (in Sec. 307(a)(3)(D) of the Con Act) to encourage Beginning Farmer and Rancher borrowers to first rely on the down payment loan program (in Sec. 310E of the Con Act) for their ownership credit needs. They should then look to joint financing arrangements, and lastly, to the Direct Farm Ownership Loan programs. This will help maximize the number of borrowers served by prioritizing programs that incorporate public-private partnerships or personal investments

(14) *Loan Fund Set-Asides*

The House bill reauthorizes the loan fund set asides through 2018. (Section 5305)

The Senate amendment is the same as the House bill. (Section 3431)

The Conference substitute adopts the Senate provision. (Section 5304)

(15) *Conforming amendment*

The House bill strikes "section 302 (a)(2) or 311 (a)(2)" and inserts "section 302 (a)(1)(B) or 311 (a)(1)(B)". (Section 5306)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 5306)

(16) *Agricultural Mediation programs*

The House bill reauthorizes the state agricultural mediation programs through 2018. (Section 5401)

The Senate amendment is the same as the House. (Section 5101)

The Conference substitute adopts the Senate provision. (Section 5401)

(17) *Loans to Purchasers of Highly Fractionated Land*

The House bill authorizes the use of a revolving loan fund for purchasers of highly fractionated land. (Section 5501)

The Senate amendment includes the House language, updates references to other laws, and requires interagency consultation between USDA and the Department of the Interior. Additionally, it simplifies appraisals for purchasers of highly fractionated land by requesting only one appraisal recognized by USDA or the Department of the Interior. (Section 5102 and Section 5103)

The Conference substitute adopts the Senate provision with an amendment. The amendment strikes the requirement that USDA consult with the Department of Interior. (Sections 5402 and 5403)

It is the intent of the Managers that the Department should consult with the Secretary of the Interior when determining regulations and procedures to define eligible purchasers of highly fractionated land relevant to provisions (Sections 5402 and 5403) in this Title.

(18) Compensation disclosure by farm credit system institutions

The Senate amendment requires the Farm Credit Administration to review rules regarding compensation packages of senior officers in order to improve compensation disclosure. (Section 5104)

The House bill contains no comparable provisions.

The Conference substitute adopts the Senate provision. (Section 5404)

The Managers support reasonable transparency practices at Farm Credit System (FCS) institutions that support stockholders' understanding of the operation of those institutions. The Managers also recognize that the Farm Credit Act clearly authorizes the Farm Credit Administration (FCA) to require appropriate disclosure from FCS institutions, including disclosures describing compensation practices. The Farm Credit Act does not explicitly contemplate stockholder voting on specific issues such as compensation, and the Managers are concerned such actions could interfere with the explicit responsibility and duty of the board. Therefore, the Agency should take this into consideration as it reviews its regulation.

(19) Emergency loan, equine farmers

The House bill is the same as current law.

The Senate amendment does not mention equine farmers and ranchers (nor in Sec. 3301). (Section 3002)

The Conference substitute adopts the House provision. (Section 5201)

(20) Repayment Requirements for Farm Ownership Loans

The House bill is the same as current law.

The Senate amendment is substantially similar to current law. (Section 3105)

The Conference substitute adopts the House provision.

(21) Limited-Resource Loans

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3106)
The Conference substitute adopts the House provision.

(22) *Beginning Farmer and Socially Disadvantaged Farmer Contract Land Sales Program*

The House bill is the same as current law.
The Senate amendment is the same as current law. (Section 3108)
The Conference substitute adopts the Senate provision.

(23) *Loans to gleaners*

The Senate amendment creates a pilot program to support Healthy Foods for the Hungry. It authorizes individual loans of between \$500 and \$5,000 to gleaners and other regular farm operating loan borrowers for the purpose of assisting the borrowers in providing food for the hungry. The program is funded from within the farm operating loan program, up to a maximum total of \$500,000 for the entire program. (Section 3201)

The House bill contains no comparable provision.
The Conference substitute amends and moves this section to Title IV. (Section 4026)

(24) *Direct loans, locally produced agriculture products*

The Senate amendment adds the assistance of a farmer in the production of a locally or regionally produced agricultural food product as a new purpose for direct loans. (Section 3202 (a)(11))

The House bill contains no comparable provision.
The Conference substitute adopts the House provision.

Pertaining to (24), (25), (25.1), and (25.2) of this conference report, the Managers affirm the Department's authority to directly lend to and guarantee loans for producers of local/regional foods. Congress expects the Department to incorporate information on local/regional markets and food production into its loan officer training and into any borrower or potential borrower outreach. The Managers also intend that valuations of local/regional food under Section 5105 will be incorporated into this training and outreach. Given the potential for price premiums paid for local/regional food, the valuation is an important part of understanding the markets for local/regional foods. The Managers expect the Secretary to develop a publically available and defensible methodology for assessing and factoring local food price premiums into loan decisions made by the Department.

(25) *Loan officers, training for loans to local/regional farmers*

The Senate amendment requires the Secretary to train loan officers in pricing of local and regional food production. (Section 3202(e)(1))

The House bill contains no comparable provision.
The Conference substitute adopts the House provision.

(25.1) *Valuation for local/regional crops for purposes of lending*

The Senate amendment requires the Secretary to develop valuation methods for local/regional food for purposes of lending to local/regional food producers. (Section 3202(e)(2))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 5105)

(25.2) *Outreach for lending to local/regional food producers*

The Senate amendment requires the Secretary to develop an outreach strategy to provide loans to local/regional food producers. (Section 3302(e)(3))

The House bill contains no comparable provision.

The Conference substitute adopts the House provision.

(26) *Emergency loans, commercial fishermen*

The Senate amendment adds commercial fishermen to the list of eligible borrowers for emergency loans. (Section 3301(a))

The House amendment contains no comparable provision.

The Conference substitute adopts the House provision.

(27) *Hazard insurance, poultry farmers exception*

The Senate amendment omits any exception for poultry farmers in the hazard insurance requirement. (Section 3301(d))

The House bill contains no comparable provision.

The Conference substitute adopts the House provision.

(28) *Basic Terms for Loans*

The House bill is the same as current law.

The Senate amendment does not include section 307(a)(5)(B).

The Conference substitute adopts the House position.

The Managers of the House Agriculture Committee and the Senate Committee on Agriculture, Nutrition, and Forestry believe it is important to periodically review and update statutory language such as the Consolidated Farm and Rural Development Act and will do so as time allows.

(29) *Guaranteed Farmer Loans*

The House bill is the same as current law.

The Senate amendment is substantially similar to current law though it eliminates coordination with the state in (i). (Section 3402)

The Conference substitute adopts the House provision.

(30) *Administrative Provisions*

The House bill is the same as current law.

The Senate amendment does not include Section 309 (b)-(g) (the Federal Credit reform Act of 1990 rendered these provisions – no longer a revolving fund). Also does not include section 309(i).

The Conference substitute adopts the House provision.

(31) *Soil Conservation District Loans*

The House bill is the same as current law.

The Senate amendment does not include Section 314.

The Conference substitute adopts the House provision.

(32) *Interest rate, term of loan, and line of credit*

The House bill is the same as current law.

The Senate amendment does not include section 316(b) except for the first two sentences that provide the operating loan at seven years. (Section 3411)

The Conference substitute adopts the House provision.

(32.1) *Line of Credit Loans, Qualifying Commodities*

The House bill is the same as current law.

The Senate amendment does not include Section 316 (c)(5)(B) which made line of credit loans available to commodities eligible for price support programs before the 1996 Farm Bill.

The Conference substitute adopts the House provision.

(33) *Purpose for emergency loans*

The House bill is the same as current law.

The Senate amendment does not include Section 321(b)(3).

The Conference substitute adopts the House provision.

(34) *Considerations for making emergency loans*

The House bill is the same as current law.

The Senate amendment does not include Section 322(a) nor 322(b).

The Conference substitute adopts the House provision.

(35) *Emergency Credit Revolving Fund*

The House bill is the same as current law.

The Senate amendment does not include Section 326.

The Conference substitute adopts the House provision.

(36) *Liquidation of loans become part of the Emergency Credit Revolving Fund*

The House bill is the same as current law.

The Senate amendment does not include Section 327.

The Conference substitute adopts the House provision.

(37) *General Powers all loan programs*

The House bill is the same as current law.

The Senate amendment does not include Section 331(a), but see “Section 3403” below.

The Conference substitute adopts the House provision.

(38) *Timing for the processing of farm loan applications*

The House bill is the same as current law.

The Senate amendment does not include Section 333A(d)-(e), but instead includes Section 3403 as follows:

“Section 3403. Provision of information to borrowers.

“Approval Notification – The Secretary shall approve or disapprove an application for a loan or loan guarantee made under this subtitle, and notify the applicant of such action, not later than 60 days after the date on which the Secretary has received a complete application for the loan or loan guarantee.

“(b) List of Lenders.—The Secretary shall make available to any farmer, on request, a list of lenders in the area that participate in guaranteed farmer program loan programs established under this subtitle, and other lenders in the area that express a desire to participate in the programs and that request inclusion on the list.

“(c) Other Information.—

“(1) In general.—On the request of a borrower, the Secretary shall make available to the borrower—

“(A) a copy of each document signed by the borrower;

“(B) a copy of each appraisal performed with respect to the loan; and

“(C) any document that the Secretary is required to provide to the borrower under any law in effect on the date of the request.

“(2) Rule of construction.—Paragraph (1) shall not supersede any duty imposed on the Secretary by a law in effect on January 5, 1988, unless the duty directly conflicts with a duty under paragraph (1).”

The Conference substitute adopts the House provision.

(39) *Rules and Regulations for Debt Service and Margin Requirements*

The House bill is the same as current law.

The Senate amendment does not include Section 339(b) or Section 339(e).

The Conference substitute adopts the House provision.

(40) *Notice of Loan Service Programs*

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3404)

The Conference substitute adopts the House provision.

(41) *Planting and Production History Guidelines*

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3405)

The Conference substitute adopts the House provision.

(42) *Special Conditions and Limitations on Loans*

The House bill is the same as current law.

The Senate amendment is similar to current law though it deletes the word “sufficient”. It also combines the provisions of Section 333 and 333A in current law. (Section 3406)

The Conference substitute adopts the House provision.

(43) *Graduation of Borrowers*

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3407)

The Conference substitute adopts the House provision.

(44) Debt Adjustment and Credit Counseling

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3408)

The Conference substitute adopts the House provision.

(45) Security Servicing

The House bill is the same as current law.

The Senate amendment is substantially similar to current law. (Section 3409)

The Conference substitute adopts the House provision.

(46) Contracts on Loan Security Properties

The House bill is the same as current law.

The Senate amendment is substantially similar to current law. (Section 3410)

The Conference substitute adopts the House provision.

(47) Debt Restructuring and Loan Servicing

The House bill is the same as current law.

The Senate amendment is substantially similar to current law. (Section 3411)

The Conference substitute adopts the House provision.

(48) Relief for Mobilized military Reservists from Certain Agricultural loan obligations

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3412)

The Conference substitute adopts the House provision.

(49) Interest Rate Reduction Program

The House bill is the same as current law.

The Senate amendment is substantially similar to current law though it restricts the program to loans under this “subtitle”. (Section 3413)

The Conference substitute adopts the House provision.

(50) Rules and Regulations for Debt Service and Margin Requirements

The House bill is the same as current law.

The Senate amendment does not include Section 339(b) or 339(e).

The Conference substitute adopts the House provision.

(51) Homestead Property

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3414)

The Conference substitute adopts the House provision.

(52) Transfer of Inventory Land

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3415)

The Conference substitute adopts the House provision.

(53) Target Participation Rates

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3416)

The Conference substitute adopts the House provision.

(54) Compromise or adjustment of debts or claims by guaranteed lender

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3417)

The Conference substitute adopts the House provision.

(55) Waiver of Mediation Rights by Borrowers

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3418)

The Conference substitute adopts the House provision.

(56) Borrower Training

The House bill is the same as current law.

The Senate amendment is substantially similar to current law. It eliminates the “(as determined by the appropriate county committee)”. (Section 3419)

The Conference substitute adopts the House provision.

(57) Loan Assessments

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3420)

The Conference substitute adopts the House provision.

(58) Supervised Credit

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3421)

The Conference substitute adopts the House provision.

(59) Market Placement

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3422)

The Conference substitute adopts the House provision.

(60) Recordkeeping of Loans by Gender of Borrower

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3423)

The Conference substitute adopts the House provision.

(61) Crop Insurance Requirement

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3424)

The Conference substitute adopts the House provision.

(62) Loan and Loan Servicing Limitations

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3425)

The Conference substitute adopts the House provision.

(63) Short Form Certification of Farm Program Borrower Compliance

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3426)

The Conference substitute adopts the House provision.

(64) Underwriting Forms and Standards

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3427)

The Conference substitute adopts the House provision.

(65) Farmer Loan Pilot Projects

The House bill is the same as current law.

The Senate amendment authorizes the Secretary to conduct pilot projects of limited scope and duration to evaluate processes and techniques that may improve the efficiency and effectiveness of the programs carried out by this subtitle. (Section 3429)

The Conference substitute adopts the Senate provision. (Section 5302)

(66) Prohibition on use of Loans for Certain Purposes

The House bill is the same as current law.

The Senate amendment is the same as current law. (Section 3430)

The Conference substitute adopts the House provision.

(67) Repeal of the application of the Bankhead Jones Act

The House bill is the same as current law.

The Senate amendment outlines an AGRICULTURAL CREDIT INSURANCE FUND. The fund established pursuant to section 11(a) of the Bankhead-Jones Farm Tenant Act (60 Stat. 1075, chapter 964) shall be known as the Agricultural Credit Insurance Fund (referred to in this section as the 'Fund', unless the context otherwise requires) for the discharge of the obligations of the Secretary under agreements insuring loans under this subtitle and loans and mortgages insured under prior authority. (Section 3401)

The Conference substitute adopts the House provision.

(68) Definitions

The House bill is the same as current law.

The Senate amendment contains the definition of the terms "farmer", "beginning farmer or rancher", "United States", "direct loan", "farmer program loan", "qualified beginning farmer", "debt forgiveness", "rural area", "borrower", "loan service program", and "primary loan servicing program". Additionally, it does not include the definitions of the terms "owner-operator", "insured", "contract of insurance", "joint operation", and "preservation loan servicing program". (Section 3002)

The Conference substitute adopts the House provision.

(69) Limitations for insured loans and guaranteed loans

The House bill is the same as current law.

The Senate amendment does not include Section 344.

The Conference substitute adopts the House provision.

(70) Maximum amounts for loans authorized, long-term cost projections

The House bill is the same as current law.

The Senate amendment does not include Section 346(a).

The Conference substitute adopts the House provision.

(71) Other Federal agencies provisions of technical assistance to farmer with loans

The House bill is the same as current law.

The Senate amendment does not include Section 347.

The Conference substitute adopts the House provision.

(72) Debt for nature

The House bill is the same as current law.

The Senate amendment defines the terms “highly erodible land” and “wildlife” in Section 3002, but does not include definitions for the terms “governmental entity” and “recreational purposes”. (Section 3002)

The Conference substitute adopts the House provision.

(73) Purposes of farm loan programs

The House bill is the same as current law.

The Senate amendment does not include Section 350.

The Conference substitute adopts the House provision.

(74) Debt restructuring and loan servicing

The House bill is the same as current law.

The Senate amendment does not include Section 353(f) or (h).

The Conference substitute adopts the House provision.

(75) Rural Development and Farm Loan Program Activities

The House bill is the same as current law.

The Senate amendment is the same as current law – included in (Section 3913).

The Conference substitute adopts the House provision.

(76) Payment of Interest as a condition of loan servicing for borrowers

The House bill is the same as current law.

The Senate amendment does not include Section 372.

The Conference substitute adopts the House provision.

(77) Making and Servicing of Loans by Personnel of State, County or Area Committees

The House bill is the same as current law.

The Senate amendment does not include Section 376.

The Conference substitute adopts the House provision.

(78) Eligibility of Employees of State, County, or Area Committee for loans and loan Guarantees

The House bill is the same as current law.

The Senate amendment does not include Section 377.

The Conference substitute adopts the House provision.

Title VI—Rural Development

(1) Water, Waste Disposal, and Wastewater Facility Grants

The House bill reauthorizes the authorization of appropriations for fiscal years 2014 through 2018. (Section 6001)

The Senate amendment is the same as the House. (Section 6001)

The Conference substitute adopts the House provision. (Section 6001)

(2) Rural Business Opportunity Grants

The House bill reauthorizes the authorization of appropriations for fiscal years 2014 through 2018. (Section 6002)

The Senate amendment authorizes appropriations of \$65,000,000 for fiscal years 2014 through 2018 and combines the Rural Business Enterprise Grant and RBOG programs. (Section 6001)

The Conference substitute adopts the Senate provision with an amendment. The amendment strikes Sections 310B(c) and 306(a)(11) in the Con Act and replaces them with the Rural Business Development Grant authority, allocating not more than 10 percent of amounts appropriated for the purposes previously authorized under the Rural Business Opportunity Grant authority. (Section 6012)

The Managers made an effort to streamline and consolidate programs whenever possible. The conference substitute combines two existing programs, the Rural Business Opportunity Grants program and the Rural Business Enterprise Grants program, into a single program to be known as the Rural Business Development Grants program. The Managers intend for this new program to function in a manner similar to its predecessors and to award competitive grants to public agencies and non-profit community development organizations for business development, planning, technical assistance, or job training in rural areas.

(3) *Elimination of Reservation of Community Facilities Grant Program Funds*

The House bill repeals the reservation of funds. (Section 6003)

The Senate amendment does not include the reservation of funds. (Section 6001)

The Conference substitute adopts the House provision. (Section 6002)

(4) *Utilization of Loan Guarantees for Community Facilities*

The House bill authorizes the Secretary to utilize loan guarantees for community facilities to the maximum extent possible. (Section 6004)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 6004)

(5) *Rural Water and Wastewater Circuit Rider Program*

The House bill authorizes the Secretary to continue a national rural water and wastewater circuit rider program. Additionally, the bill authorizes appropriations of \$20,000,000 for each fiscal year. (Section 6005)

The Senate amendment authorizes appropriations of \$25,000,000 for each fiscal year.

The Conference substitute adopts the House provision. (Section 6003)

(6) *Tribal College and University Essential Community Facilities*

The House bill authorizes appropriations of \$5,000,000 for fiscal years 2014 through 2018. (Section 6006)

The Senate amendment authorizes appropriations of \$10,000,000 for fiscal years 2014 through 2018. Additionally, the amendment authorizes the Secretary to establish the maximum percentage of the cost of the project covered by this grant and limits the amount of non-Federal support to no more than 5 percent of the total cost of the project. The amendment also establishes grant priorities, the maximum grant amount, grant rate and local share requirements applicable to these grants. (Section 6001)

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the authorization of appropriations through 2018. (Section 6005)

(7) *Essential Community Facilities Technical Assistance and Training*

The House bill authorizes technical assistance and training for essential community facilities. Additionally, the bill reserves not less than 3 nor more than 5 percent of any funds appropriated to carry out each of the community facilities programs authorized under subsection 306(a). (Section 6007)

The Senate amendment authorizes technical assistance to applicants and participants for community facilities programs. Additionally, under the amendment, the Secretary may not use more than 3 percent of the amount of funds made available to participants for a fiscal year for a community facilities program to provide technical assistance. (Section 6001)

The Conference substitute adopts the House provision. (Section 6006)

The Managers understand that rural communities, primarily due to limited staffing, often need technical assistance when developing funding applications. The conference substitute authorizes as much as 5 percent of the funding available through the Community Facilities Loan and Grant Program for technical assistance to help smaller communities in the development of their applications to the program.

(8) *Emergency Imminent Community Water Assistance Grant Program*

The House bill authorizes appropriations of \$27,000,000 for fiscal years 2014 through 2018. (Section 6008)

The Senate amendment authorizes appropriations of \$35,000,000 for fiscal years 2014 through 2018. (Section 6001)

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the authorization of appropriations through 2018. (Section 6007)

(9) *Household Water Well Systems*

The House bill authorizes appropriations of \$5,000,000 for fiscal years 2014 through 2018. (Section 6009)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 6009)

(10) *Rural Business and Industry Loan Program*

The House bill amends subsection 310B(a) to include working capital as a loan purpose. Additionally, paragraph 310B(g)(7) is amended to authorize the Secretary, when determining whether a cooperative organization is eligible for a guaranteed business and industry loan, to take accounts receivable as security for obligations, and a borrower may use accounts receivable as collateral to secure a loan. (Section 6010)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment clarifies that the additional loan purpose is the financing of working capital. (Section 6010)

The Managers recognize the importance of “Main Street” businesses to rural communities, and that the recent economic downturn has reduced the affordability of credit in rural areas, putting considerable strain on these small businesses. The Conference substitute addresses this issue through changes to the Business & Industry (B&I) Loan Program intended to ensure working capital is an eligible use of funds.

The Conference substitute also provides flexibility for the Secretary to consider accounts receivable for the purposes of collateral to allow lenders to help meet the capital needs of

small businesses in rural areas. The Managers encourage USDA to examine additional ways to guarantee lending to small brick-and-mortar, community-owned businesses, such as an increased loan guarantee percentage for smaller loans, a streamlined process for making B&I loans of less than \$250,000, and making operating lines of credit eligible as a program use.

Additionally, the Managers encourage USDA to better coordinate with the Small Business Administration on outreach to rural lenders related to the B&I loan guarantee program.

(11) Rural Cooperative Development Grants

The House bill authorizes appropriations of \$40,000,000 for fiscal years 2014 through 2018. (Section 6011)

The Senate amendment authorizes appropriations of \$50,000,000 for fiscal years 2014 through 2018 and an interagency working group to foster cooperative development and ensure coordination with Federal agencies and cooperative organizations.

The Conference substitute adopts the House provision with an amendment. The amendment authorizes appropriations of \$40,000,000 for each fiscal year 2014 through 2018 and an interagency working group to foster cooperative development and ensure coordination with Federal agencies and cooperative organizations. (Section 6013)

(12) Locally or Regionally Produced Agricultural Food Products

The House bill authorizes a reservation of funds through fiscal year 2018 of not less than 5 percent and not more than 7 percent of the funds made available to carry out subsection (g), business and industry direct and guaranteed loans. (Section 6012)

The Senate amendment authorizes a reservation of funds for fiscal years 2014 through 2018, not less than 5 percent of the total amount of funds made available to carry out subsection (e), loans to private business enterprises and business and industry direct and guaranteed loans. (Section 6001)

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the reservation of funds through 2018. (Section 6014)

(13) Intermediary Relending Program

The House bill moves the authorization of the Intermediary Relending Program (IRP) to the Consolidated Farm and Rural Development Act (Con Act). Additionally, it authorizes \$10,000,000 for fiscal years 2014 through 2018. (Section 6013)

The Senate amendment moves authorization of IRP to the Con Act. Additionally, it authorizes \$50,000,000 for fiscal years 2014 through 2018. (Section 6001)

The Conference substitute adopts the Senate provision with an amendment. The amendment prohibits the Secretary from making IRP loans under another authority, authorizes appropriations of \$25,000,000 for each fiscal year 2014 through 2018, and eliminates another authority for the program. (Section 6017)

(14) Rural College Coordinated Strategy

The House bill authorizes the Secretary to develop a rural community college coordinated strategy across the Rural Development mission area. (Section 6014)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 6018)

The Managers recognize the contributions that rural community and technical colleges make in the development of a well-trained workforce in rural communities. These institutions serve over 3.5 million students, and train sixty-percent of first responders and allied health

care providers in rural communities. The Managers expect the Secretary to work closely with the rural community and technical colleges to create a coordinated strategy which would guide the investments USDA already makes through rural development programs. Noting that a number of programs have varying eligibility criteria and purposes, the Managers expect the Secretary to look across the entire suite of rural development programs when creating a coordinated strategy to help deploy the most appropriate resources for each of the needs identified in consultation with representatives from the rural community and technical colleges. These investments should continue to utilize appropriate authorities under both the Rural Electrification Act and the Consolidated Farm and Rural Development Act, including investments in technology and facilities, to better serve rural students.

(15) *Rural Water and Waste Disposal Infrastructure*

The House bill authorizes the Secretary, with respect to water and waste disposal direct and guaranteed loans, to encourage to the maximum extent practicable, private or cooperative lenders to finance rural water and waste disposal facilities by maximizing the use of loan guarantees in communities where the population exceeds 5,500, maximizing the use of direct loans where the impact on rate payers will be material when compared to a loan guarantee, in the case of projects that require interim financing above \$500,000 requiring those projects to initially seek such financing from a private or cooperative lender and determining if existing direct borrowers can refinance with a private or cooperative lender prior to providing a new direct loan. (Section 6015)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 6019)

The Managers note that there is over \$3 billion in pending applications for water and wastewater projects throughout rural America. Reauthorization of water infrastructure programs is a vital component to rural economic development. Access to water systems promotes the health of rural communities and attracts businesses to invest in communities which are well supported by critical infrastructure. To address the current backlog, the Conference substitute directs USDA to maximize the use of guarantees through private or cooperative lenders for projects for larger communities. The Managers expect these provisions to leverage available funds to serve more communities than might otherwise be served solely through direct loans.

(16) *Simplified Applications*

The House bill requires the Secretary, to the maximum extent practicable, to develop a simplified application process for covered programs authorized by the Con Act. It also requires a report to Congress on implementation of the simplified applications. (Section 6016)

The Senate amendment requires the Secretary to expedite the process of creating user-friendly and accessible application forms and procedures prioritizing programs and applications at the individual level. It also requires the Secretary to offer a simplified application form and process for project proposals requesting less than \$50,000 for VAPG. (Section 6001)

The Conference substitute adopts the House provision. (Section 6020)

(17) *Grants for NOAA Weather Radio Transmitters*

The House bill authorizes appropriations of \$1,000,000 for fiscal years 2014 through 2018. (Section 6017)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 6022)

(18) *Rural Microentrepreneur Assistance Program*

The House bill authorizes appropriations of \$20,000,000 for fiscal years 2014 through 2018. (Section 6018)

The Senate amendment allots the CCC \$3,000,000 funds for each of fiscal years 2014 through 2018 to be available until expended. Additionally, the amendment defines Microenterprise Development Organization to include an organization that is a collaboration of rural nonprofit entities serving a region or State, if one lead nonprofit entity is the sole underwriter of all loans and is responsible for associated risks. The amendment defines the term “training” to mean teaching broad business principles or general business skills in a group or public setting and the term “technical assistance” to mean working with a business client in a one-to-one manner. The amendment requires 15 percent matching funds, the form of which can be community development block grants. (Section 6001)

The Conference substitute adopts the House provision with an amendment. The amendment authorizes of funds from the Commodity Credit Corporation \$3,000,000 for each fiscal year 2014 through 2018 and reauthorizes the authorization of appropriations through 2018. (Section 6023)

(19) *Delta Regional Authority*

The House bill authorizes appropriations of \$12,000,000 for fiscal years 2014 through 2018. It also extends the termination of authority until October 1, 2018. (Section 6019)

The Senate amendment authorizes appropriations of \$30,000,000 for fiscal years 2014 through 2018. The termination extension is the same as the House. (Section 6001)

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the Authority through 2018 and the authorization of appropriations for fiscal years 2014 through 2018. (Section 6026)

(20) *Northern Great Plains Regional Authority*

The House bill authorizes appropriations of \$2,000,000 for fiscal years 2014 through 2018 and extends the termination of authority. (Section 6020)

The Senate amendment authorizes appropriations of \$30,000,000 for fiscal years 2014 through 2018, has a similar termination of authority provision as the House, and amends the annual audit requirement. (Section 6001)

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the authority through 2018 and the authorization of appropriations for fiscal years 2014 through 2018, as well as requires an annual audit only if funds are appropriated to the subtitle. (Section 6027)

(21) *Rural Business Investment Program*

The House bill authorizes appropriations of \$20,000,000 for fiscal years 2014 through 2018. (Section 6021)

The Senate amendment authorizes appropriations of \$25,000,000 through fiscal year 2018 and requires each rural business investment company to meet capital requirements as provided by the Secretary. (Section 6001)

The Conference substitute adopts the House provision. (Section 6028)

(22) *Definitions, “Section 3002””, apply to both Credit and RD in rewrite*

The Senate amendment rewrote and reorganized portions of the Consolidated Farm and Rural Development Act. (Section 6001)

The House bill is the same as current law.
The Conference substitute adopts the House provision.

(23) *Water and Waste Disposal Loans, Loan Guarantees, and Grants*

The Senate amendment rewrote and reorganized portions of the Consolidated Farm and Rural Development Act. (Section 6001)

The House bill is the same as current law.

The Conference substitute adopts the House provision.

(24) *Water and Waste Facility Loans and Grants to Alleviate Health Risks and Alaska Water*

The Senate amendment authorizes water and waste facility loans and grants to alleviate health risks and give the Secretary the authority to give priority to applications from eligible entities that provide services to colonias, the residents of Indian reservations, rural or native villages in Alaska and Native Hawaiian Home Lands. The amendment authorizes appropriations for grants at \$60,000,000 for each fiscal year and for loans at \$60,000,000 for each fiscal year. In addition to the match requirement from the State of Alaska for grants awarded to its rural or native villages, grants to native tribal health consortiums and public agencies shall require a match from the State in which the project shall occur. (Section 6001)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the authorization of appropriations through 2018. (Section 6008)

(25) *Solid Waste Management Grants*

The Senate amendment authorizes solid waste management grants and authorizes appropriations of \$10,000,000 for each fiscal year 2014 through 2018. (Section 6001)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes appropriations of \$10,000,000 for each fiscal year 2014 through 2018. (Section 6011)

(26–31) *Consolidated Farm and Rural Development Act*

The Senate amendments rewrote and reorganized portions of the Consolidated Farm and Rural Development Act. (Section 6001)

The House bill is the same as current law.

The Conference substitute adopts the House provisions.

(32) *Delta Health*

The Senate amendment authorizes appropriations of \$3,000,000 for fiscal years 2014 through 2018. (Section 6001)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the authorization of appropriations for each fiscal year 2014 through 2018. (Section 6024)

(33) *Value-Added Agricultural Product Market Development Grants*

The Senate amendment allows the Secretary to award grants and gives independent producers direction regarding grantee strategies. The amendment states that priority is given

to projects that contribute to increasing opportunities for operators of small and medium sized farms. Priority is given to projects at least ¼ of the recipients of which are beginning farmers or socially disadvantaged farmers. The Secretary shall provide substantial weight to these priorities. (Section 6001)

The House bill contains no comparable provision.

The Conference substitute adopts the House provision.

(34) *Appropriate Technology Transfer for Rural Areas Program*

The Senate amendment authorizes the Appropriate Technology Transfer for Rural Areas program, and authorizes appropriations of \$5,000,000 for each fiscal year 2014 through 2018. (Section 6001)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the authorization of appropriations for each fiscal year 2014 through 2018. (Section 6015)

(35) *B&I Loans*

The Senate amendment rewrote and reorganized portions of the Consolidated Farm and Rural Development Act.

The House bill is the same as current law.

The Conference substitute adopts the House provision.

(36) *General Provisions for Loans and Grants*

The Senate amendment rewrote and reorganized portions of the Consolidated Farm and Rural Development Act.

The House bill is the same as current law.

The Conference substitute adopts the House provision.

(37) *Regional Authority*

The Senate amendment authorizes a regional priority, including a reservation of funds from funding available for functional categories, for projects that are part of a multijurisdictional development plan. (Section 6001)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes a priority for specific rural development programs only if an eligible application is carried out solely in a rural area (as described for its functional category) and also supports development plans on a multijurisdictional basis. A higher priority shall be awarded to applications that support multijurisdictional development plans with particular attributes. A ten percent reservation of funds is made available from funding available for functional categories. Any approved application may be amended to qualify for the reservation of funds. All funding, including the reservation of funds, is available to certain approved applications. (Section 6025)

The Managers expect rural entities to utilize Rural Development programs in a manner that supports projects and initiatives that develop long-term community and economic growth strategies. Traditionally, rural development programs have been used to meet an immediate need. The Managers recognize that it is essential that versatile programs such as the Community Facilities Loan and Grant Program are available to rural residents to address pressing needs and concerns, and the Managers want to ensure that the programs authorized

in this title continue to provide that type of assistance. The Managers also understand that regional plans cannot always address every need, and expect USDA will only devote funds specifically to regional projects beyond the funds set aside for this purpose if such can be done without preventing the funding of otherwise eligible projects in areas where regional plans have not been developed or the applicant does not feel it is in their best interest to pursue a regional approach.

To the extent possible, the Managers encourage USDA to work with rural communities to consider how they might use Rural Development resources to address multi-jurisdictional needs, by leveraging federal, state, local or private funding, or otherwise capitalize upon the unique strengths of the rural area to support successful community and economic development. The Managers recognize the work conducted by the national network of 540 multi-jurisdictional regional planning and development organizations to develop such plans and expect that, where possible, USDA will ensure any priority given to applications under this section to rely on these plans. Further, the Managers expect that priority will be given only to proposals that are consistent with an adopted regional economic or community development plan.

The Managers believe that projects that reflect the characteristics described above can help to maximize the impact of resources available at all levels of government and ultimately help rural communities reach their full potential. For these reasons, the conference substitute has provided the Secretary with the discretion to prioritize applications for funding that reflect an applicant's efforts to maximize resources and support strategic community and economic development and reserved funding within select programs for this purpose.

(38) *Rural Development Insurance Fund*

The Senate amendment rewrote and reorganized portions of the Consolidated Farm and Rural Development Act.

The House bill is the same as current law.

The Conference substitute adopts the House provision.

(39) *Rural Economic Area Partnership Zones*

The Senate authorizes the Secretary to carry out rural economic area partnership zones in effect on the date of enactment of this Act. It also authorizes the Secretary to designate additional rural economic area partnership zones. (Section 6001)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes the Secretary to carry out rural economic area partnership zones in effect on the date of enactment of this Act. (Section 6016)

(40) *Rural Development Partnership*

The Senate amendment authorizes the State Rural Development Partnership. It does not include the Coordinating Committee in the Partnership. It outlines that the purposes of the Partnership are to be accomplished in a manner that maximizes collaborative public-and-private-sector cooperation and minimizes regulatory redundancy. The Coordinating Panel includes representatives from State rural development councils and shall facilitate effective communication among members of the Partnership. It also authorizes Federal agencies to enter into cooperative agreements with and provide grants and other assistance to State rural development councils and authorizes State rural development councils, but does not include a

duty to work with the Coordinating Committee on strategies. It authorizes an annual plan and report to the Secretary and authorizes appropriations of \$5,000,000 for each fiscal year 2014 through 2018. Federal agencies are authorized to enter into several types of agreements with State rural development councils and terminates such authority on Sept. 30, 2018. (Section 6001)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the National Rural Development Partnership through 2018. (Section 6021)

(41–76) *Consolidated Farm and Rural Development Act*

The Senate amendment rewrote and reorganized portions of the Consolidated Farm and Rural Development Act. (Section 6001)

The House bill is the same as current law.

The Conference substitute adopts the House provisions.

(77) *Energy Efficiency*

The House bill authorizes the Secretary to make loans to borrowers for the purpose of relending to ultimate consumers for energy efficiency. It also authorizes the Secretary, acting through the Rural Utilities Service, to make loans and grants from the Cushion Credit subaccount. (Section 6101)

The Senate amendment authorizes a Rural Energy Savings Program to create jobs, promote rural development, and help rural families and small businesses achieve cost savings by providing loans to qualified consumers to implement durable cost-effective energy efficiency measures. The program provides 0% interest rate loans to eligible Rural Utilities Service borrowers to fund loans to qualified consumers to implement energy efficiency measures. (Section 6203)

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes a Rural Energy Savings Program to create jobs, promote rural development, and help rural families and small businesses achieve cost savings by providing loans to qualified consumers to implement durable cost-effective energy efficiency measures. The program provides 0% interest rate loans to eligible Rural Utilities Service borrowers to fund loans to qualified consumers. The amendment strikes the authority for Fast Start Demonstration projects and rulemaking requirements as well as authorizes appropriations of \$75,000,000 for each fiscal year 2014 through 2018. (Section 6205)

The Managers have authorized this new authority as an addition to any other authority the Secretary may have to offer loans.

(78) *Fees for Certain Loan Guarantees*

The House bill authorizes the Secretary, at the request of the borrower, to charge an upfront fee to cover the cost of an electrification base load generation loan guarantee equal to the cost of the loan guarantee. (Section 6102)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 6101)

(79) *Rural Utilities Service Contracting Authority*

The House bill amends current law to update its reference to the “Rural Utilities Service”, reflect the current authorization of cooperative agreements and not allow a contract funded

by a borrower to be considered a public contract within the meaning of title 41 of the U.S. Code. (Section 6103)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(80) *Access to Broadband Telecommunications Services in Rural Areas*

The House bill amends paragraph (c)(2) of the Rural Electrification Act of 1936 to provide the highest priority to applicants that offer to provide broadband service to the greatest proportion of households that would otherwise not have a service provider. It authorizes a priority to applicants where the application is not predominantly for business service only, but offers to provide broadband service to at least 25 percent of customers that are commercial interests. Additionally, it amends paragraph (d)(5) to require the Secretary to publish a notice for each application describing the application including the amount and type of support requested and a list of the census block groups or tracts proposed to be so served. It amends subsection (d) to require the Secretary to establish a process where an incumbent service provider who provides broadband service to a remote rural area may submit to the Secretary information regarding the broadband services that a provider offers in a proposed service territory so that the Secretary may assess whether the application is an eligible project. The bill also amends subsection (e) to require the Secretary, when considering the technology needs of customers in a proposed service territory, to take into consideration the upgrade or replacement cost for the construction or acquisition of facilities and equipment in the territory. Lastly, the House bill reauthorizes the authorization of appropriations and the termination of authority through fiscal year 2018. (Section 6106)

The Senate amendment amends paragraph (c)(2) to provide the highest priority to applicants that offer to provide broadband service to the greatest proportion of households that would otherwise not have broadband service that meets a minimum acceptable level. It authorizes a priority to projects that serve rural communities with a population of less than 20,000, experiencing outmigration, with a high percentage of low-income residents and which are isolated. It also authorizes evaluation periods each fiscal year to compare applications and prioritize awards to rural communities that do not have residential broadband service that meets a minimum acceptable level. Paragraph (d)(8) requires the Secretary to post on the RUS website information that identifies an applicant, the amount and type of support requested by each applicant and a list of the census block groups or proposed service territory. It amends paragraph (d)(5) to require the Secretary to publish a notice of each application describing the estimated number and proportion relative to the service territory of households without terrestrial-based broadband service. Paragraph (d)(8) requires the Secretary to allow broadband service providers to submit information about the broadband services that the providers offer in the groups or tracts in the list of the census block groups or proposed service territory so that the Secretary may assess whether the application is an eligible project. It authorizes appropriations for \$50,000,000 through fiscal year 2018 and program authority through fiscal year 2018.

Additionally, the amendment amends subsection (l) (as redesignated) to authorize from amounts made available for each fiscal year a set aside of at least 1 percent for oversight and implementing accountability measures.

It also amends Section 601 of the Rural Electrification Act of 1936 by authorizing a grant program for facilities and equipment for broadband service in rural areas, and amends paragraph (b)(3) to define “rural area” as any area described in section 3002 of the

Consolidated Farm and Rural Development Act. It amends subsection (b) to define the term “ultra-high speed service”.

It also amends clause (d)(1)(A)(i) to require an eligible entity to demonstrate the ability to furnish, improve in order to meet a minimum acceptable level of broadband service, or extend service to all or part of an unserved rural area or an area below a minimum acceptable level of broadband service or to demonstrate the ability to carry out a project under a pilot program that provides a proposed service territory with ultra-high speed service. Clause (d)(2)(A)(i) is amended to authorize assistance only if not less than 25 percent of the households in the proposed service territory are unserved or have service levels below a minimum acceptable level. Clause (d)(2)(A)(ii) is amended to authorize assistance only if broadband service is not provided in any part of the proposed service territory by 2 or more incumbent service providers. Subparagraph (d)(2)(B) is amended to authorize an increase or decrease to the 25 percent requirement under certain circumstances. Clause (d)(2)(C)(i) is amended to provide an exception to the 3 or more incumbent service provider requirement if the incumbent service provider is upgrading broadband service to a minimum acceptable level of service. Clause (d)(2)(C)(ii) is amended to not apply the exception to the 3 or more incumbent service provider requirement if the project is being carried out under a pilot program to provide a proposed service territory with ultra-high speed service, unless an incumbent is providing ultra-high speed service. Subparagraph (d)(2)(C) is amended to require a market survey be certified by an affected community and demonstrated on a broadband map. Paragraph (d)(4) is amended to authorize pilot programs to address areas that are unserved or have service levels below a minimum acceptable level of service, or provide a proposed service territory with ultra-high speed service.

It amends subsection (d) to authorize certain reporting requirements by the entity receiving assistance to the Secretary including the use by the entity of the assistance and the progress towards fulfilling the objective of the assistance. The Secretary is required to maintain a fully searchable database accessible on the Internet and at no cost to the public that contains information regarding applicants and data regarding entities receiving assistance. The Secretary must also establish written procedures for all broadband programs administered by the Secretary. The Secretary may also establish additional report and information requirements for recipients to ensure compliance. The Secretary is also authorized, if no broadband service provider submits information in regard to whether an application submitted meets the eligibility requirements in the program, to consider the number of providers in the group or tract to be established.

Subsection (e) is amended to define the minimum acceptable level of broadband service as at least 4-Mbps downstream transmission capacity and a 1-Mbps upstream transmission capacity. The Senate amendment authorizes the Secretary to adjust the minimum acceptable level of service and consider whether the broadband service is fixed or mobile. Paragraph (g)(2) is amended to authorize the Secretary to establish a limited initial deferral period or comparable terms necessary to achieve the financial feasibility and long-term sustainability of the project. Subsection (j) is amended to require the Administrator to report on the number of loans applied for and provided, including any loan terms or conditions for which the Secretary provided additional assistance to unserved areas and the overall progress towards fulfilling the goal of improving the quality of rural life by expanding rural broadband access, as demonstrated by metrics. It amends Section 601 by authorizing the Secretary to require address-level broadband buildout data.

The Conference substitute adopts the Senate provision with an amendment. The amendment requires the Secretary to establish at least 2 evaluation periods each year to compare applications to the program and prioritize applications for all or part of rural communities that do not have residential service that meets the minimum acceptable level of broadband service defined as at least 4-Mbps downstream and 1-Mbps upstream transmission capacity, as reviewed and adjusted by the Secretary. Priority is also authorized for applicants that offer to provide service, not predominantly for businesses, where at least 25 percent of the customers would be commercial interests. The highest priority shall be given to applicants that offer to provide broadband service to the greatest proportion of unserved households or households that do not have service that meets the minimum acceptable level of service as defined. The Secretary is directed to give equal consideration to all qualified applicants, whether or not they are a previous USDA borrower in the program.

The amendment requires eligible entities to demonstrate the ability to furnish, improve in order to meet the minimum acceptable level of broadband service as defined or extend service to an unserved rural area or an area below the minimum acceptable level of broadband service as defined. An eligible project, in general, requires not less than 15 percent of the households in the proposed service territory to be unserved or have service levels below the minimum acceptable level of broadband service as defined. The incumbent service provider requirement for project eligibility will not apply if an incumbent service provider is upgrading broadband service for an existing service territory to meet the minimum acceptable level of broadband service as defined. Information submitted for the market survey requirement must be certified or demonstrated with address-level data or the National Broadband Map.

The amendment requires the Secretary to promptly provide a fully searchable database on the RUS website that contains certain information regarding applications received and entities receiving assistance. The Secretary will require any entity receiving assistance to submit a semiannual report for 3 years after completion of the project including certain information. The Secretary is also directed, to the maximum extent practicable, to establish written procedures for all broadband programs administered by the RUS to recover funds from loan defaults, deobligate any awards, re-award funds and minimize overlap among programs. The Secretary is directed to allow broadband service providers to submit information concerning the service that they offer in relation to applications received and information posted on the RUS website in order to assess whether the application is eligible and, if no information is received, to consider the number of providers by using the most current National Broadband Map or other data. The amendment authorizes the Secretary to consider whether the recipient is or would be serving an unserved area or one with service levels below the minimum acceptable level of broadband service as defined when determining the terms and conditions of a loan or loan guarantee, and if such determination is made, the Secretary may establish a limited initial deferral period. The Secretary is also required to submit in his annual report information that includes any loan terms or conditions for which the Secretary provided additional assistance to unserved areas, as well as overall progress towards expanding rural broadband access as demonstrated by metrics. The amendment authorizes a study of the ways that data collected under USDA broadband programs could be shared with the FCC to support the national Broadband Map. The amendment reauthorizes the program and authorization of appropriations through 2018.

It also authorizes the Rural Gigabit Network Pilot Program to provide grants, loans or loan guarantees to furnish or extend ultra-high speed service to rural areas, with an authorization of appropriations of \$10,000,000 for each of fiscal years 2014 through 2018. (Sections 6104 and 6105)

Through the Broadband Program, USDA provides funds for the construction, improvement, and acquisition of facilities and equipment needed to provide broadband service in rural communities. The conference substitute directs the program to target funds to rural communities currently unserved or without a minimum acceptable level of broadband service.

The conference substitute provides that equal consideration should be given to all qualified applicants, including those that have not previously received loans or loan guarantees. The Managers expect this provision not to be interpreted in a manner that would compel the agency to make loans, regardless of the technology utilized, to provide broadband service in geographic areas in which it has an outstanding telecom or broadband loan. Further, the Managers also expect the agency to have in place processes that ensure that all incumbent service providers, particularly those with existing agency loans, are made aware of all applications in their service areas along with a mechanism for these companies to provide the agency with relevant information on the impact of the proposal. Finally, the managers intend that the provision in subsection (c)(2)(C) be interpreted by the Secretary as not reducing the priority of applications for loans or loan guarantees from applicants with an existing loan or loan guarantee under this program to the extent that the application for additional financing is designed to ensure the financial viability of the project and reduce the risk of loss for the Secretary and taxpayers with respect to the existing loan or loan guarantee.

The Managers expect the Secretary, when reviewing the minimum broadband speed, to provide updates in the Federal Register through a notice only, and not through a formal rulemaking process.

The Managers are aware of concerns about network security and data surety, especially as broadband networks expand in part due to efforts supported by this program to promote wider broadband coverage throughout the country. The House Permanent Select Committee on Intelligence has released an investigative report on network security issues in recent months, and the Managers encourage the Department to take reports such as this one into consideration as it administers this program.

The Conference substitute adopts provisions which encourage USDA to consider the number of business subscribers in a potential project. With economic development at the core of the broadband loan program, the Managers expect USDA to consider the benefits to the community of projects which will provide sufficient levels of service for business connections, both in main-street establishments and those businesses which are operated out of the owner's residence.

The conference substitute also makes the application process more transparent and strengthens the reporting requirements for successful applicants to ensure the public can access information as to how program funding is utilized.

(81) *Definition of Rural Area*

The Senate amendment amends current law to define the term "rural area" as any area described in clause 3002(28)(A)(i) of the Consolidated Farm and Rural Development Act, as amended by Section 6001. That clause defines "rural" and "rural area" to mean any area

other than a city or town that has a population of greater than 50,000 inhabitants. (Section 6101)

The House bill has no comparable provision.

The Conference substitute adopts the House provision.

(82) *Distance Learning and Telemedicine*

The House bill authorizes appropriations of \$65,000,000 for fiscal years 2014 through 2018. (Section 6201)

The Senate amendment authorizes appropriations of \$100,000,000 through fiscal year 2018. (Section 6201)

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes appropriations of \$75,000,000 for each fiscal year 2014 through 2018. (Section 6201)

(83) *Value-Added Agricultural Market Development Program Grants*

The House bill authorizes \$50,000,000 of the funds of the Commodity Credit Corporation and reauthorizes appropriations through fiscal year 2018. (Section 6202)

The Senate amendment reauthorizes appropriations through fiscal year 2017. It also amends section 231(b)(6) to authorize priority for projects that contribute to increasing opportunities for veteran farmers or ranchers. (Section 6207)

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes a priority to operators of small and medium sized farms and ranches, beginning farmers and ranchers, socially disadvantaged farmers or ranchers and veteran farmers or ranchers when awarding grants to eligible independent producers. The amendment also authorizes a priority to projects that create or increase marketing opportunities for those same groups when awarding grants to eligible agricultural producer groups, cooperatives and majority-controlled producer-based ventures. The amendment also authorizes \$63,000,000 in mandatory funding on the date of enactment of this Act and reauthorizes the authorization of appropriations through 2018. (Section 6203)

The conference substitute includes \$63 million in mandatory funding for the Value-Added Agricultural Product Market Development Grant Program. The Managers are aware of the increasing interest of local and regional supply chains and food hubs in securing assistance through the program. Mid-tier value chains that include independent producers or farm cooperatives and businesses controlled by producers as full partners in marketing and pricing strategy decisions already have funds reserved for them under the program. The Managers encourage the Department to define those eligible for the mid-tier value chain reserved fund to include food distribution networks and centers that coordinate agricultural production and the aggregation, storage, processing, distribution, or marketing of locally or regionally produced agricultural products, provided that such entities and networks are otherwise eligible.

The Managers recognize the importance of ensuring a diverse portfolio of projects which help to build markets for farmers and farmer cooperatives. While the conference substitute maintains set-asides established in the 2008 Farm Bill designed to encourage the participation of selected groups, the Managers are cognizant of concerns expressed by some stakeholders that program funds have been too narrowly targeted. The Managers urge USDA to ensure the program funds a range of projects. In particular, the Managers recognize that farmer cooperatives efficiently spread the benefits of the VAPG among a large number of producers in the aggregate. Cooperatives by their nature bring many producers together who

individually do not have the size, expertise and resources to take advantage of the value chain beyond the farm gate, and they give them the opportunity to profit from those down-stream activities. Therefore, funds invested and the benefits of projects generated by cooperatives through the VAPG are distributed to a wide number of producers. Likewise, by investing in initiatives of cooperatives, such projects lower the overall costs to the government in program administration per individual farmer that benefits. Therefore, the Managers encourage USDA to view cooperatives as a priority in administering the VAPG.

(84) *Agriculture Innovation Center Demonstration Program*

The House bill allots \$1,000,000 authorization of appropriations for fiscal years 2014 through 2018. (Section 6203)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 6204)

(85) *Program Metrics*

The House bill requires the Secretary to collect data regarding economic activities created through grants and loans, including any technical assistance provided as a component of the grant or loan, and measure the short and long term viability of award recipients and any entities to whom those recipients provide assistance using award funds under certain covered programs. It also requires the Secretary to submit a periodic report to Congress. (Section 6204)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment requires the Secretary to collect data regarding economic activities created through grants and loans, including technical assistance, and measure the short and long term viability of award recipients and any entities to whom those recipients provide assistance using award funds under certain covered programs. The amendment requires the Secretary to submit a periodic report to Congress with information including the percentage increase of employees and the number of business starts and clients served. (Section 6209)

In recognition of GAO recommendations to measure the effectiveness of rural development programs, the Managers expect the Secretary to collect data regarding economic activity created through the loans and grants provided to rural communities. The Managers expect these efforts will create a harmonized baseline of information for effective use by USDA and Congress. It is the intent of the Managers that this collected information be integrated with program changes and rulemaking. Through implementation of this section, the Managers expect USDA to create a universal form or appropriate type of notice to ensure applicants are aware of the reporting requirements and will be prepared to provide the information in a timely manner.

(86) *Study of Rural Transportation Issues*

The House bill authorizes an updated version of the study described in Section 6206 to be reported to Congress. It also amends the study to include the sufficiency of infrastructure along waterways of the U.S. and the impact on the movement of agricultural goods, as well as the benefits derived through upgrades and repairs to locks and dams. (Section 6205)

The Senate amendment reauthorizes the study in Section 6206 to be reported to Congress. It also requires a triennial update of the study. (Section 6205)

The Conference substitute adopts the House provision. (Section 6206)

The Managers agree that collecting information to determine the status of critical river infrastructure is an important component of updating the study, but expect USDA to seek available information from the Army Corps of Engineers, or any other appropriate Federal entity, to the greatest extent practicable in order to expedite the collection of data and to minimize the time and cost of implementing this section.

(87) *Certain Federal Actions not to be Considered Major*

The House bill states that an action by the Secretary that does not involve the provision of Federal dollars or a Federal loan guarantee shall not be considered a major Federal action in the case of a loan, loan guarantee, or grant program in the rural development mission area of USDA. (Section 6206)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

The Managers intend for the Secretary, acting through the Rural Utilities Service, to act in accordance with 7 C.F.R. 1794.3 as finalized in 1998, consistent with applicable law.

(88) *Telemedicine and Distance Learning Services in Rural Areas*

The House bill amends subsection 2333 (d) to authorize a priority based on whether the applicant is located in a designated health professional shortage area. (Section 6207)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(89) *Definition of Rural Area for Purposes of the Housing Act of 1949*

The Senate amendment amends section 520 of the Housing Act of 1949 so that any area with a population of less than 35,000 that has been deemed to be a “rural area” for purposes of this title any time prior to or after October 1, 1990, and any time during the period between January 1, 2000, and ending on December 31, 2010, shall continue to be so deemed until the 2020 Census data is received by USDA. (Section 6202)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 6208)

(90) *Funding of Pending Rural Development Loan and Grant Applications*

The Senate amendment funds pending rural development loan and grant applications according to the terms and conditions in Section 6029 from Commodity Credit Corporation funds in the amount of \$150,000,000, to remain available until expended. (Section 6204)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 6210)

(91) *Agriculture Transportation Policy*

The Senate amendment amends Section 203 of the Agricultural Marketing Act of 1946 to direct the Secretary to participate in all proceedings of the Surface Transportation Board that may establish freight rail transportation policy affecting agriculture and rural America. (Section 6206)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes the Secretary to make complaint to or petition the Surface Transportation Board. (Section 6202)

Title VII—Research

*SUBTITLE A—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING
POLICY ACT OF 1977*

(1) Option to be included as Non-Land-Grant College of Agriculture

The House bill authorizes a Hispanic-serving Agricultural College and University and any institution eligible to receive funds under the McIntire-Stennis Cooperative Forestry Act of 1962 to opt out of their respective designation in order to qualify as a Non-Land-Grant College of Agriculture. (Section 7101)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment allows a Hispanic-serving agricultural college and university and any institution eligible to receive funds under the McIntire-Stennis Cooperative Forestry Act to opt out of their respective designation in order to qualify as a Non-Land-Grant College of Agriculture. The amendment also requires a NLGCA institution to offer a baccalaureate or higher degrees in the study of food and agricultural sciences and the Secretary to establish a process for NLGCA designation. (Section 7101)

The Managers do not take a position on how an institution should be designated, but have provided the Hispanic Serving Agricultural Colleges and Universities, as well as institutions eligible to receive funding under the McIntire-Stennis Cooperative Forestry Research Program, with the option to choose whether to be designated as such or to opt out of their designation for purposes of access to program funding eligibility. The Managers believe institutions with degree programs in the agricultural sciences that may automatically qualify as a Hispanic Serving Institution or as a McIntire-Stennis Cooperative Forestry Research institution should not be precluded from being able to opt out of those programs in favor of qualifying as a Non-Land-Grant College of Agriculture.

(2) Specialty Crop Committee

The House bill authorizes the current annual report to include recommendations regarding the improvement of quality and taste of processed specialty crops and programs that would improve remote sensing. (Section 7103)

The Senate amendment authorizes the current annual report to include an analysis of alignment of Specialty Crop Committee recommendations with specialty crop research initiative grants, requires membership on the Specialty Crop Committee to reflect diversity in the specialty crops represented and that the Specialty Crop Committee to consult on an ongoing basis with diverse sectors of the specialty crop industry. (Section 7102)

The Conference substitute adopts the Senate provision, including Section 12212, with an amendment. The amendment requires that the Specialty Crop Committee membership reflect diversity in the specialty crops represented, that the annual report include recommendations regarding the improvement of quality and taste of processed specialty crops, programs that would improve remote sensing, and an analysis of alignment of committee recommendations with specialty crop research grants and that the specialty crops committee to consult with diverse sectors of the specialty crop industry. The amendment also establishes a Citrus Disease Subcommittee and its duties. (Section 7103)

The Managers intend the NAREEEAB and Specialty Crop Committee to consult with industry groups on agricultural research, extension, education, and economics, and to make recommendations to the Secretary and Congress based on that consultation.

In creating the NAREEEAB and Specialty Crop Committee, Congress intended for these entities to recommend policies, to identify short and long-term national priorities for REE programs, and to evaluate program results and effectiveness among other assigned duties. Congress has since added multiple duties and consultative functions to the Board's mandate. In doing so, the Managers are aware that the work load and learning curve of the volunteer members is high. It has become apparent to the Managers that it can take several years for new board members to become comfortable not only with the diverse subject matter under review, but likewise the law and administrative functions they are required to evaluate. While the statute defines the length of a board member's individual term, Congress has never intended for board members to be subject to a limit on the number of terms they can serve. Unfortunately, the Managers have become aware that USDA has instituted an arbitrary term limit policy on advisory board members that inhibits the individual members and the advisory board's effectiveness. The Managers strongly encourage the Secretary to reverse this policy.

The Managers recognize the interest in growing agricultural commodities in less traditional production areas. As such, the Managers encourage the Secretary in consultation with the NAREEEAB, in both the intramural research carried out by the Agricultural Research Service and in the competitive grants programs carried out through AFRI and other authorities, to carry out and fund research into the unique situations facing producers in urban areas. These unique situations may include reclaiming land previously used for industrial purposes or neglected residential areas, and addressing needs such as the remediation of soils to make them capable of producing agricultural commodities for human consumption.

(3) *Veterinary Services Grant program*

The House authorizes a Veterinary Services Grant program to award competitive grants to develop, implement and sustain veterinary services. (Section 7104)

The Senate amendment authorizes a Veterinary Service Grant program to award competitive grants to develop, implement and sustain veterinary services. The amendment authorizes the Secretary to develop additional grant preferences and requires a 25 percent match requirement unless waived by the Secretary. (Section 7103)

The Conference substitute adopts the House provision. (Section 7104)

Our veterinary workforce is responsible for ensuring that the food we eat is safe, but the nation faces a critical shortage in the public, private, industrial and academic sectors. Our nation's large-animal veterinarians are truly on the front lines of food safety, public health, animal health and national security. The demand for large-animal veterinarians is increasing, and the lack of these specialists in many areas of the country will continue to put our agricultural economy and the safety of our food supply at risk.

Since the fall of 2000, the House and Senate Agriculture Committees have worked on ways of resolving the serious veterinary shortage problem confronting many rural communities. With the passage of the National Veterinary Medical Service Act in December of 2003, a program was authorized to incentivize large animal veterinarians to practice in communities that USDA designated as veterinarian shortage areas. With this program in place, large animal veterinarians are able to apply on a competitive basis for educational loan repayment assistance in exchange for their commitment to practice in shortage areas.

To the extent that the loan program is successful, it is important to consider that this was just the first step. While this assistance will be very helpful in attracting veterinarians to these communities, gaps remain in veterinarian recruitment, attracting and training technical support

staff, and simply meeting the long-term costs of operating veterinarian practices in these communities.

The Veterinarian Services Investment Act is meant to address these secondary needs and is designed to complement the loan repayment program to help large animal veterinarians become established in these rural communities.

The Conference substitute recognizes and addresses a real problem in rural America by authorizing grants to address workforce shortages based on the needs of underserved areas. For example, grants could be used to recruit veterinarians and veterinary technicians in shortage areas and communities, expanding and establishing practices in high-need areas. The program could also establish mobile portable clinics and televet services and establish education programs, including continuing education, distance education, and increase recruitment in veterinary science.

(4) *Policy Research Centers*

The House bill requires the Secretary, acting through the Office of the Chief Economist, to make competitive grants to or enter into cooperative agreements with eligible recipients that possess a history of providing unbiased, nonpartisan economic analysis to Congress. The provision authorizes other public research institutions and organizations as eligible recipients. The Secretary is directed to give a preference to policy research centers that have extensive databases, models and demonstrated experience in providing Congress with agricultural market projections, rural development and agricultural policy analysis and baseline projections at the farm, multiregional, national, and international levels. The bill also authorizes appropriations of \$5,000,000 for each fiscal years 2014 through 2018. (Section 7106)

The Senate amendment requires the Secretary, acting through the Office of the Chief Economist, to enter into agreements with eligible recipients that possess a history of providing unbiased, nonpartisan economic analysis to Congress. The amendment authorizes other public research institutions and organizations as eligible recipients. The Secretary is directed to give a preference to policy research centers that have extensive databases, models and demonstrated experience in providing Congress with agricultural market projections, rural development and agricultural policy analysis and baseline projections at the farm, multiregional, national, and international levels, including information, analysis and research relating to drought mitigation. The amendment also authorizes appropriations of \$10,000,000 for fiscal year 2013 and each fiscal year thereafter and authorizes funding for activities including developing theoretical applied and research methods. (Section 7015)

The Conference substitute adopts the Senate provision with an amendment. The amendment requires the Secretary, acting through the Office of the Chief Economist, to make competitive grants or cooperative agreements with eligible recipients and to award a preference to policy research centers with extensive databases, models and demonstrated experience in providing Congress with various types of information or drought mitigation information, analysis and research. The amendment also authorizes funding for applied research methods and authorizes appropriations of \$10,000,000 for each of fiscal years 2014 through 2018. (Section 7106)

The Managers recognize the invaluable role that the Drought Monitor, produced at the National Drought Mitigation Center, in coordination with USDA and the National Oceanic and Atmospheric Administration, plays on several fronts. The conference substitute includes the provision of information, analysis and research relating to drought mitigation as one of the

preferences for funding under this section. The Managers expect that the Drought Monitor will continue to be available for use in determining eligibility for Federal disaster response programs, as well as providing invaluable information for other segments of government, agricultural producers and the sectors that support agricultural production.

(5) *Human Nutrition Intervention and Health Promotion Research program*

The House bill repeals section 1424. (Section 7107)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7108)

The Conference substitute builds upon the efforts from 2008, either repealing or allowing unfunded and unused program authorities to expire with fiscal year 2013, and combining, consolidating and streamlining authorities to make a more concentrated and effective use of limited funding. The remaining authorities are extended through fiscal year 2018 with few changes.

(6) *Pilot research program to combine medical and agricultural research*

The House bill repeals section 1424A. (Section 7108)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7109)

(7) *Continuing animal health and disease research programs*

The House bill authorizes appropriations of \$15,000,000 for each fiscal year 2014 through 2018. (Section 7110)

The Senate amendment reauthorizes appropriations through fiscal year 2018. (Section 7108)

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes and allocates the authorization of appropriations through 2018 between the capacity program in current law and the newly authorized competitive grant program. (Section 7111)

The Managers have heard concerns from stakeholders that there has been a lack of emphasis on animal science by USDA. Additional focus needs to be placed on critical issues facing animal agriculture. Advancements in animal science will play an important role in meeting a growing global demand for food while making efficient use of natural resources, strengthening the competitiveness of American agriculture and addressing critical animal health issues. The expansion of Section 1433 includes a competitive mechanism that will enable the Department to better focus resources on key animal science priorities.

The Managers appreciate the efforts brought forward by the Farm Animal Integrated Research 2012 (FAIR 2012) priority setting process which identified food security, one health and stewardship as key focal areas for future investments in animal science. The Managers encourage the Department to use these focal areas and the underlying priorities identified in FAIR 2012 as a starting point and to regularly consult with industry when developing requests for proposal under the new competitive component of Section 1433.

(8) *Research on national or regional programs*

The House bill repeals section 1434. (Section 7111)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

The Conference substitute reauthorizes many critical agricultural research programs. In so doing, the Managers recognize the need to streamline the authorities in this title and permitted some authorities that had not received funding in recent years to expire.

(9) *Grants to upgrade agriculture and food science facilities and equipment at insular area land-grant institutions*

The House bill authorizes grants to support tropical and subtropical agricultural research, including pest and disease research and reauthorizes appropriations through fiscal year 2018. (Section 7113)

The Senate amendment reauthorizes appropriations through fiscal year 2018. (Section 7110)

The Conference substitute adopts the House provision. (Section 7113)

(10) *National research and training virtual centers*

The House bill repeals section 1448. (Section 7114)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7114)

(11) *Competitive grants program for Hispanic agricultural workers and youth*

The House bill authorizes the award of competitive grants to provide for training in the food and agricultural sciences of Hispanic agricultural workers and Hispanic youth working in the food and agricultural sciences. (Section 7116)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7116)

(12) *Research equipment grants*

The House bill declares repeals section 1462A. (Section 7118)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7118)

(13) *Auditing, reporting, bookkeeping, and administrative requirements*

The House bill states that notwithstanding any other provision of law, the Secretary may retain not more than 4 percent of amounts made available for agricultural research, extension, and teaching assistance programs for the administration of those programs authorized under this Act or any other Act, except for peer panel expenses or any other provision that contains a limitation of less than 4 percent. The Secretary is authorized, to the maximum extent practicable and for the purposes of supporting ongoing research and information dissemination activities, to enter into grants, contracts, cooperative agreements, or other legal instruments with former Department of Agriculture agricultural research facilities. The Secretary is also authorized, for the purposes of receiving support for agricultural research, to enter into grants, contracts, cooperative agreements or other legal instruments with agricultural research organizations. (Section 7121)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment authorizes the Secretary to enter into agreements with former USDA agricultural research facilities. (Section 7121)

Agricultural research, extension, and education programs serve the food and agriculture sector, consumers of American agricultural products, and rural communities throughout the United States. Research programs and funding are primarily delivered by two agencies at USDA: the Agriculture Research Service (ARS), which focuses on `intramural' research and basic research; and the National Institute of Food and Agriculture (NIFA) which was created by the 2008 Farm Bill to restructure, combine and improve `extramural' research functions at USDA to make better use of limited funds.

The Managers are concerned about the increasing use of assessments, fees, and higher indirect costs rates imposed on its university partners by ARS. These university partners play a major role in achieving ARS research priorities and objectives. In a time of scarce budgetary resources, ARS must ensure limited research dollars are maximized and administrative costs are reduced to the fullest extent possible. In recent years, ARS has imposed a variety of administrative assessments on its university partners, effectively reducing funds intended for important research projects. The Managers expect ARS to operate within historical administrative cost parameters, namely by imposing a total indirect cost rate not exceeding four percent. All administrative assessments, fees, dues, or charges, of any type, must be included within this overall administrative cost cap. ARS must administer its programs more efficiently to ensure valuable research funds are maximized so it may continue to maintain a robust agricultural research enterprise. The Managers encourage ARS to continue university research partnerships to ensure our nation's premier educational and clinical institutions play a major role in achieving ARS and congressional research objectives.

The Managers encourage the Secretary, acting through ARS, to continue and expand the Agricultural Technology Innovation Partnership (ATIP). The Managers recognize the success of the ATIP initiative in facilitating technology transfer from USDA to the private sector, and particularly encourage the Secretary to support the further development of public-private partnerships to provide venture development training, promote the sustainability of soil health for multiple agricultural uses, and expand the National Nutrient Database to facilitate a healthier food supply.

The Managers encourage the Secretary to review and assess technological solutions for the disposal of acid whey associated with the production of certain dairy products. The Managers recognize that USDA and the ARS can maximize resources through public-private partnerships to develop technologies to effectively process acid whey in an effort to address concerns of the dairy and food industries.

(14) Special authorization for biosecurity planning and response

The House bill authorizes authorization of appropriations of such sums as necessary through fiscal year 2013 and \$10,000,000 for fiscal years 2014 through 2018. (Section 7126)

The Senate amendment amends the authorization of appropriations of such sums as necessary through fiscal year 2013 and \$20,000,000 for each fiscal year 2014 through 2018. (Section 7119)

The Conference substitute adopts the Senate provision. (Section 7126)

(15) Matching funds requirement

The House bill authorizes the requirement of matching funds from the recipient of competitive grants under certain covered laws. The recipient shall provide, from sources other than funds provided through the grant, funds or in-kind contributions or a combination of both to

match at least 100 percent of the amount of the grant. The match requirement shall not apply to grants awarded to a research agency of the USDA, an entity eligible to receive funds under a capacity and infrastructure program as defined in the Department of Agriculture Reorganization Act of 1994 or to the partner of such eligible entity. (Section 7128)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment requires at least a 100 percent match from the recipient of competitive grants under certain covered laws but exempts grants awarded to a research agency of the USDA and entities, including their partners, that are eligible to receive capacity funds. The amendment authorizes the Secretary to waive the match requirement if the grant involves research or extension activities that the NAREEE Advisory Board has determined is a national priority specific to a statutory purpose of the program under which the grant is awarded. The match policy will apply to new grants awarded after October 1, 2014. (Section 7128)

The use of matching funds has proven to be an effective tool in leveraging limited Federal resources with commitments from those benefitting from agricultural research and extension. Unfortunately, concerns about the consistency of USDA's application of these policies have been brought to the attention of the Managers.

Efforts by the Congress to develop a comprehensive policy on research and extension matching funds originated during the development of the 2008 farm bill. At the time, it was noted that as research programs have been authorized or modified, the incorporation of matching requirements was done in a subjective manner. An effort was initiated during the 2008 farm bill conference to harmonize the matching requirements, but due to the complexity of the task and time constraints, the effort was dropped with the understanding that the Congress and USDA would undertake a stakeholder process designed to provide recommendations in advance of the 2012 farm bill. Unfortunately that process never materialized after passage of the 2008 bill.

The House Agriculture Committee maintained an interest in engaging stakeholders in a discussion about how to harmonize these policies to improve consistency and transparency in their application. Several requests were made for suggestions on how best to approach this issue and the consensus seemed to be that the Committee should propose a discussion draft. The language included in the 2012 House Committee legislation was the result of technical assistance received by the USDA and was meant to begin this discussion.

As part of the discussion that commenced following release of the 2012 House Agriculture Committee farm bill draft, several comments were received and a consensus was formed regarding an effort to utilize matching fund policies to leverage Federal investment, while at the same time reducing the administrative and accounting burden on USDA and grant recipients.

The Conference substitute recognizes the value of matching funds, but likewise takes into account the long-standing Federal investment in research, extension and teaching capacity and infrastructure programs (as defined in Sec. 251(f)(1)(C) of the Department of Agriculture Reorganization Act of 1994). Whereas the 2012 House draft bill allowed for capacity and infrastructure program funds to be utilized in meeting the matching requirement for competitive research and extension grants, the resulting accounting burden was deemed to be counterproductive. In the conference substitute, eligibility to receive capacity and infrastructure program funds is deemed to be sufficient to authorize a blanket exemption from competitive grant matching requirements. Likewise, any individual grant awarded to multiple recipients

would be exempt from matching requirements if at least one of the recipients is eligible to receive capacity and infrastructure program funds from USDA.

The Conference substitute includes a provision requiring the Secretary to establish an ongoing process through which institutions may apply for designation as a Non-Land Grant College of Agriculture. The Managers expect the Secretary to take all reasonable steps for the purposes of ensuring additional institutions that meet the criteria can be designated as a Non-Land Grant College of Agriculture.

Additionally, the conference substitute provides the Secretary the authority to issue a waiver of the matching funds requirement for competitively awarded grants that support research or extension activities that the National Agricultural Research, Extension, Education, and Economics Advisory Board has deemed to be a national priority. The Managers expect the national priorities identified by the Board to be consistent with the priorities established in the authorizing statute for the various agricultural research, education and extension programs

(16) Sense of Congress regarding expansion of the Land Grant program

The House bill provides a Sense of Congress that land-grant programs should be expanded to include enhanced funding and additional institutions should be considered. (Section 7129)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment designates Central State University as a land grant institution, but prohibits the University from receiving formula funds for two years. (Section 7129)

(17) Education grants program for Alaska and Hawaiian Native serving institutions

The Senate amendment eliminates grants without regard to any requirement for competition and reauthorizes appropriations through 2018. (Section 7106)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 7107)

SUBTITLE—FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT OF 1990

(18) Sustainable agriculture technology development and transfer

The House bill authorizes authorization of appropriations of \$5,000,000 for fiscal years 2014 through 2018. (Section 7203)

The Senate amendment amends authorization of appropriations of such sums as necessary for fiscal years 2014 through 2018. (Section 7203)

The Conference substitute adopts the House provision. (Section 7203)

(19) National Agricultural Weather Information System

The House bill repeals Title XVI. (Section 7206)

The Senate amendment authorizes appropriations of \$1,000,000 for fiscal years 2014 through 2018. (Section 7206)

The Conference substitute adopts the Senate provision. (Section 7206)

The Managers are aware that advanced weather forecasts, using systems such as Tropospheric Airborne Meteorological Data Reporting, have been utilized by various Federal

agencies for nearly a decade. The Managers support advanced forecasting in that it enhances U.S. meteorological forecasting systems, which are particularly useful in agricultural weather forecasts. The Managers therefore encourage continued use of these systems.

(20) *Rural Electronic Commerce Extension Program*

The House bill repeals section 1670. (Section 7207)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7207)

(21) *Agricultural Genome Initiative*

The House bill repeals Section 1671. (Section 7208)

The Senate amendment authorizes the Secretary to encourage awards to consortia of eligible entities. (Section 7207)

The Conference substitute adopts the Senate provision. (Section 7208)

(22) *High-priority research and extension initiatives*

The House bill repeals high-priority research and extension areas in subsections (e), (f) and (i). Pollinator protection is reauthorized through fiscal year 2018 and an annual report is amended to address honey bee health disorders and best management practices. A coffee plant health initiative is authorized as well as the authorization of appropriations through 2018. Section 7405(b)(2)(C) addresses research needs regarding cervidae and Section 6405 authorizes a Pulse Health Initiative. (Section 7209)

The Senate amendment repeals certain high-priority research and extension areas. Pollinator protection is reauthorized through fiscal year 2018. A cervidae initiative, a Corn, Soybean Meal, Cereal Grains, and Grain Byproducts Research and Extension priority, Forestry Products Advanced Utilization Research, Training Coordination for Food and Agriculture Protection, and Farm Animal Agriculture Integrated Research are authorized as well as the authorization of appropriations through 2018. (Section 7208)

The Conference substitute adopts the Senate provision with an amendment. The amendment reauthorizes the authorization of appropriations through 2018, strikes certain high-priority research and extension areas, authorizes a coffee plant health initiative, a corn and soy meal high-priority research and extension area, a pulse crop health initiative, and training coordination for food and agriculture protection. Pollinator protection is reauthorized and amended to include health and population status surveillance. The amendment also authorizes Forestry products advanced utilization research in Section 7310. (Section 7209 and 7310)

The Managers recognize that it is in the economic interest of agricultural producers and American consumers to ensure a healthy, sustainable population of native and managed pollinators, including managed honey bees. Pollinators are essential to the production of an estimated one-third of the human diet and to the reproduction of at least 80 percent of flowering plants. Insect-pollinated agricultural commodities result in significant income for agricultural producers and account for about \$20 billion in U.S. agricultural output yearly.

The Managers remain concerned about the decline in the health and viability of managed honey bees due in part to a loss of appropriate habitat. As a result, the conference substitute continues to include a priority for creating pollinator habitat utilizing the Title II conservation programs. The Managers remain committed to pollinator protection activities, including the granting of priority treatment to conservation program applicants who commit to providing

pollinator habitat. The Managers expect the Secretary to continue to utilize conservation programs to create, restore and enhance native and managed pollinator habitat quantity and quality, and specifically encourage the Secretary to ensure that conservation programs are resulting in sufficient high-quality pollinator habitat for managed honey bees--habitat that includes common alfalfa and sweet clover varieties utilized effectively in farm bill conservation programs.

The Conference substitute also continues the authorization for research on pollinator protection, and adds a consideration for honey bee health disorders and best management practices related to colony collapse disorder to the annual report that the Secretary is required to submit to Congress. The Managers also recognize the need to assist honey bee producers who suffer from disasters in the commodity title with the funding provided for the emergency assistance program that includes honey bees. Additionally, the Managers are aware that specialty crop producers groups are working collaboratively with institutions of higher learning on research and education activities. The Managers applaud these actions and encourage the Secretary to support their efforts.

The Cooperative Extension system is a nationwide, non-formal educational network. Each state, territory, and the District of Columbia has an office at its land-grant universities and a network of local or regional offices which are staffed by experts who provide practical, research-based education to agricultural producers, small business owners, youth, consumers, and others in rural and urban communities. The Managers encourage the Secretary to ensure that Cooperative Extension is effectively utilized to deliver the educational component of USDA programs. The Secretary is also encouraged to engage in discussions with other federal departments and agencies to consider ways to use the Cooperative Extension to deliver education for other federal programs as practicable.

In addition, the Managers recognize the unique knowledge and information that the Cooperative Extension system experts provide to various groups regarding farm and food systems. As mentioned, this education and information is disseminated through a network of local or regional offices, and when the Secretary utilizes the Cooperative Extension to deliver the educational component of the various programs at the Department, to the extent practicable, the Rural Development mission area programs should be included.

During the creation of the Reservation Extension Agent Program, the Congress required the Secretary to consult with Native American farmers and ranchers in establishing Extension programs on Indian reservations and tribal jurisdictions. The Managers understand that changes in the operation of grant programs have impacted this consultation, and expect that the Secretary would find ways to continue the dialogue on the operation of these Extension programs with the populations that they are serving.

The Conference substitute moves the Forestry Products Advanced Utilization Research Initiative provision from High Priority Research and includes it as a separate provision in the Agricultural Research, Extension, and Education Reform Act of 1998. The Managers intend for this provision to address research needs of the forestry sector and their respective regions. The Conference substitute directs the Secretary to ensure that this program is administered in coordination with the U.S. Forest Service Research and Development Program and the Forest Products Laboratory. The Managers encourage the U.S. Forest Service Research and Development Program to contribute funding to carry out this initiative. The Managers also recognize the benefits the Land Grant System can offer this initiative in terms of developing and disseminating science-based tools through research and extension activities.

(23) *Nutrient management research and extension initiative*

The House bill repeals section 1672A. (Section 7210)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7210)

(24) *Organic agriculture research and extension initiative*

The House bill eliminates the funds transfer, encourages farm business management, authorizes \$20,000,000 in mandatory funding for each fiscal year 2014 through 2018 and reauthorizes appropriations for 2014 through 2018. (Section 7211)

The Senate amendment eliminates the funds transfer and authorizes \$16,000,000 in mandatory funding for each fiscal year 2014 through 2018. (Section 7209)

The Conference substitute adopts the House provision with an amendment. The amendment authorizes competitive grant purposes, including farm business management, reauthorizes the authorization of appropriations and authorizes \$20,000,000 of Commodity Credit Corporation funds for each fiscal year 2014 through 2018. (Section 7211)

The Conference substitute provides additional funding for the Organic Research and Education Initiative. One of the primary activities necessary to encourage continued market growth, improved food safety and risk management for both of these industries is adequate dedicated research support. The Managers recognize that research is one of the primary means by which the Farm Bill provides assistance to organic farmers, so conference substitute increases funding beyond the levels in the 2008 Farm Bill, consistent with increased market needs.

The Managers encourage the USDA to explore technology that meets the requirements of the National Organic Program and that can control weeds and pests while maintaining healthy water resources.

(25) *Agricultural bioenergy feedstock and energy efficiency research and extension initiative*

The House bill repeals section 1672C. (Section 7212)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7212)

(26) *Centers of excellence*

The House bill moves the authority in subsection 1672(i) requiring the Secretary to prioritize any center of excellence established for specific agricultural commodities for the receipt of funding for any competitive research or extension program administered by the Secretary. A center of excellence is composed of 1 or more eligible entities specified in subsection (b)(7) of the Competitive, Special, and Facilities Research Grant Act that provide financial or in-kind support to the center. Certain criteria will be considered for recognition as a center of excellence and where practicable, the criteria for consideration shall include efforts to improve teaching capacity and infrastructure at colleges and universities. (Section 7214)

The Senate amendment moves the authority in subsection 1672(i) providing that the Secretary may prioritize regional centers of excellence established for specific agricultural commodities for the receipt of funding and authorizes appropriations of \$10,000,000 for fiscal years 2014 through 2018. (Section 7211)

The Conference substitute adopts the House provision with an amendment. The amendment authorizes the Secretary to prioritize centers of excellence established for the

purposes of carrying out research, extension, and education activities relating to the food and agricultural sciences for the receipt of funding for any competitive research or extension program. (Section 7214)

With limited resources to invest in critical programs, the Managers considered multiple options by which Federal funds can be leveraged to improve overall program effectiveness. With the recognition that multiple institutions and organizations participate in projects of similar interest, the Managers have sought to incentivize the formation of formal partnerships and other organizational structures as Centers of Excellence. The conference substitute directs that such centers that meet established criteria be granted priority in receipt of competitive research and extension grants.

The Managers would recommend that USDA establish procedures to implement this provision in accordance with appropriate regulatory procedures in order to allow interested stakeholders to gain a firm understanding of USDA's implementation of the provision.

(27) *Red Meat Safety Research Center*

The House bill repeals section 1676. (Section 7215)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7215)

(28) *Assistive Technology Program for Farmers with Disabilities*

The House bill authorizes appropriations of \$6,000,000 for fiscal year 2013 and \$3,000,000 for each fiscal year 2014 through 2018. (Section 7216)

The Senate amendment authorizes appropriations of \$6,000,000 for fiscal year 2013 and \$5,000,000 for each fiscal year 2014 through 2018. (Section 7212)

The Conference substitute adopts the Senate provision. (Section 7216)

SUBTITLE C—AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION
REFORM ACT OF 1998

(29) *Coordinated program to improve visibility of small and medium size dairy, livestock and poultry operations*

The House bill repeals section 407. (Section 7303)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(30) *Fusarium Graminearum*

The House bill authorizes appropriations of such sums as necessary through fiscal year 2013 and \$7,500,000 for each fiscal year 2014 through 2018. (Section 7304)

The Senate amendment authorizes appropriations of \$10,000,000 for each fiscal year 2014 through 2018. (Section 7303)

The Conference substitute adopts the Senate provision. (Section 7303)

(31) *Bovine Johne's Disease Control Program*

The House bill repeals section 409. (Section 7305)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7304)

(32) *Specialty Crop Research Initiative*

The House bill authorizes research in plant breeding, genetics and genomics to include other methods and also authorizes handling and processing. It authorizes the Secretary to award competitive grants on the basis of an initial scientific peer review and a final funding determination made by the Secretary based on a review and ranking for merit, relevance and impact conducted by a panel of specialty crop industry representatives for the specific crop. \$50,000,000 of mandatory monies is authorized for fiscal years 2014 and 2015, \$55,000,000 for fiscal years 2016 and 2017, and \$65,000,000 for fiscal year 2018 and each fiscal year thereafter and the authorization of appropriations is reauthorized for 2014 through 2018. Section 6128 provides a universal match policy that applies to this provision. (Section 7307)

The Senate amendment authorizes the Secretary to consult with the Specialty Crops Committee during the peer and merit review process. \$25,000,000 of mandatory monies is authorized for fiscal year 2014, \$30,000,000 for fiscal years 2015 and 2016, \$65,000,000 for fiscal year 2017 and \$50,000,000 fiscal year 2018 and each fiscal year thereafter. The amendment also eliminates the non-federal funds limitation on the match requirement. (Section 7305)

The Conference substitute adopts the House provision with an amendment. The amendment authorizes the initiative to address research in genomics and other methods as well as efforts to improve handling and processing. The Secretary is directed to award competitive grants on the basis of a scientific peer review and a review and ranking for merit, relevance and impact and to consult each fiscal year with the Specialty Crops Committee and report to Congress the results of the consultation and the committee's review of the grants awarded in the previous year, including the Citrus Disease subcommittee's consultation and grant review in Section 1408(g) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977.. The amendment also authorizes \$80,000,000 of Commodity Credit Corporation funds for discal year 2014 and each fiscal year thereafter and reauthorizes the authorization of appropriations for each year 2014 through 2018.

The amendment also adopts the Senate amendment, Section 12212, with an amendment, authorizing an Emergency Citrus Disease Research and Extension Program with a reservation of Commodity Credit Corporation funds authorized for SCRI of \$25,000,000 for fiscal year 2014 through 2018, available and reserved until expended, and an authorization of appropriations of \$25,000,000 for each fiscal year 2014 through 2018. (Section 7306)

The Managers are aware of concerns that the current merit review process for competitive research grants generally and the Specialty Crops Research Initiative can provide a significantly better approach to evaluating the relevancy of the proposed research projects through industry participation. The conference substitute incorporates amendments to strengthen the merit review process to address these shortcomings.

As the Secretary implements the amendments to sections 103 and 412 of the Agricultural Research, Extension, and Education Reform Act of 1998; and section 1408A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, the Managers intend the Secretary to institute a grant review process that will consist of a scientific peer review and a merit/relevance review of proposals to be conducted by panels of industry representatives for the specific crop or livestock species being evaluated to assess industry relevance.

While the Managers do not specify the order of review between scientific peer review and merit/relevance review, it is understood that there exists an initial preference among industry, academia and the Department that merit/relevance review should be sequenced first. If the Secretary chooses to sequence merit/relevance review prior to scientific peer review, the Managers expect future modifications to the overall process to be guided by an ongoing evaluation to be conducted by the National Agricultural Research, Extension, Education, and Economics Advisory Board, and the Specialty Crop Committee (for merit/relevance review related to the Specialty Crop Research Initiative). The advisory committee review of this process should occur before and after each annual funding cycle. The results of these reviews should be made publicly available and forwarded to the House Committee on Agriculture, the Senate Committee on Agriculture, Nutrition and Forestry, and the Appropriations Subcommittees on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies in the House and Senate.

The Managers further understand that the Department is considering a pre-proposal process to conduct an enhanced merit/relevance review. While a pre-proposal process is neither authorized nor prohibited, the Managers expect that if the Secretary uses his discretion to pursue this process, this too would be evaluated as part of the ongoing review of program effectiveness.

In order to sufficiently evaluate the pre-proposals for merit/relevance, the Managers expect the submission must include: the process used to obtain stakeholder input to identify the industry need and proposed project objectives; the problem, rationale, significance, and hypotheses; how the proposed research approach will address each objective; the process to be used for continued stakeholder engagement to achieve project objectives; how the project will translate results into delivery of usable information to the entire stakeholder community in a timely fashion; and documentation of the relevance of the Principal Investigator(s) scientific background to project objectives.

Applicants submitting project pre-proposals that are found to rank high on merit/relevance review would then be invited to submit full proposals for scientific peer review conducted by a panel of subject matter experts from Federal agencies, non-Federal entities, and the industry. Among those project proposals that pass scientific peer review, final awards determinations should, to the maximum extent practicable, emphasize the results of the merit/relevance review process.

The Managers encourage the Secretary to prioritize competitive grants to address imminent threats which may impact the future of specialty crop production in this country.

The Conference substitute provides additional funding for the Initiative. One of the primary activities necessary to encourage continued market growth, improved food safety, and risk management is adequate dedicated research support. The Managers recognize that research is one of the primary means by which the Farm Bill provides assistance to specialty crop producers, so the reported bill significantly increases funding beyond the levels in the 2008 Farm Bill, consistent with increased market needs.

The U.S. citrus industry has been devastated by huanglongbing, an invasive disease also known as citrus greening disease, which has been spread by a foreign pest known as the Asian Citrus Psyllid. Citrus greening poses an imminent threat to the viability of this multibillion dollar industry in several states and promises to ravage the rest of the U.S. citrus producing sector if a cure or effective treatment is not found expeditiously. USDA has already affirmed this emergency with the citrus quarantine for Florida, Alabama, Georgia, Hawaii, Louisiana, and Mississippi as well as parts of California, South Carolina, and Arizona in October 2012. Citrus

greening spreads quickly, and because of its dormancy period, surrounding groves are often already destroyed by the time the disease has been discovered.

The conference substitute establishes a research program dedicated to discovering or developing a cure or effective treatment for citrus greening and any other diseases and pests, domestic or invasive, that emerge to threaten the U.S. citrus producing and processing industry. The Managers recognize the need to target research toward citrus greening in a sustained and adequately funded manner. The urgent need to find a cure or effective treatments for citrus greening that will be useful in all of the major citrus-producing states of Arizona, California, Florida, and Texas is paramount. This urgency should guide the Department's operation of this program.

The Managers also recognize the importance of ensuring close collaboration between the Department, the industry stakeholders described in this section, and the relevant entities engaged in scientific research under this program. The Managers intend that the Department will consult closely and regularly with the industry stakeholders in the formulation, consideration, and approval of research projects performed under this program and will give great weight to input from these stakeholders. Those persons selected to serve as industry stakeholders should be chosen in a manner that reflects the views and interests of the commercial citrus-producing sectors in the major citrus-producing states.

(33) *National Swine Research Center*

The House bill repeals section 612. (Section 7309)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7308)

(34) *Studies of agricultural research, extension and education*

The House bill repeals Subtitle C of title VI. (Section 7311)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7311)

SUBTITLE D— OTHER LAWS

(35) *Equity in Educational Land-Grant Status Act of 1994*

The House bill adds Aaniih Nakota College, College of the Muscogee Nation, Keweenaw Bay Ojibwa Community College, and Navajo Technical College and removes Crownpoint Institute of Technology, Fort Belknap College, and Si Tanka/Huron University to the authority and updates the names of Chief Dull Knife College and Sisseton Wahpeton College. The bill reauthorizes appropriations through fiscal year 2018 and requires certification that research will be performed under a cooperative agreement with ARS or at least one other land grant college or university (exclusive of another 1994 Institution), at least one non-land grant college of agriculture or at least one cooperating forestry school. (Section 7402)

The Senate amendment adds the same institutions as the House bill and updates the name of the Sisseton Wahpeton College, reauthorizes appropriations through fiscal year 2018 and requires the same certification as the House provision.

Amends subsection (a)(2)(A)(ii) to except 1994 Institutions as provided under section 3(b)(3) of Smith-Lever, and for programs for children, youth and families at risk and for Federally recognized tribes implemented under section 3(d) of that Act (subsection (b)). (Section 7402)

The Conference substitute adopts the House provision. (Section 7402)

The Managers remain concerned about the agency's operation of FRTEP as if it were a 3(d) program. The Reservation Extension Agent Program was not authorized under Section 3(d) of the Smith-Lever Act. While this may have made administration of grants easier for the agency, it has led to confusion and unintended consequences. The Managers encourage the agency to follow congressional intent when implementing programs, old and new.

(36) *Carbon cycle research*

The House bill repeals section 221. (Section 7404)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

The Managers encourage the Agricultural Research Service to continue their field studies around the country to assess how biochar affects crop productivity and soil quality. Preliminary studies show promising results of how hardwood biochar can improve soil structure and the ability of sandy soils to retain water.

(37) *Competitive, Special, and Facilities Research Grant Act*

The House bill reauthorizes appropriations through fiscal year 2018. The provision authorizes priority areas on plant-based foods that are major sources of nutrients of concern, the research and development of surveillance methods, vaccines, vaccination delivery systems or diagnostic test for pests and diseases in wildlife reservoirs, the identification of animal drug needs, conservation practices and technologies addressing nutrient loss and improving water quality, and the economic costs of adopting conservation practices and technologies to improve water quality. The bill requires the Secretary to establish procedures under which State or Federal commodity promotion entities may directly submit proposals for requests for applications to address issues related to established priorities and award grants to eligible entities that submit proposals. Eligible entities are amended to include foundations. The Inter-regional research project number 4 is amended to include pesticides for use on specialty crops. Subsection (k) is repealed. (Section 7405)

The Senate amendment reauthorizes appropriations through fiscal year 2018. Section 7208(6) authorizes the Pulse Health Initiative, including an authorization of appropriations of \$25,000,000 for fiscal years 2014 through 2018. Sec. 12101 amends Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 to establish a wildlife reservoir zoonotic disease initiative to provide grants for research and development of surveillance methods, vaccines, vaccination delivery systems, or diagnostic tests for covered diseases. Sec. 7308 authorizes four regional integrated pest management centers to provide research and extension programs, outreach, and response to information needs, among other purposes. The amendment also requires that not less than 30 percent of funding be made available for integrated research, extension and education activities and requires the Secretary to submit a report to Congress regarding streamlining the AFRI grant application process. (Section 7404)

The Conference substitute adopts the House provision with an amendment. The amendment authorizes appropriations through 2018, and adds priority areas to the competitive grant program and foundations to the list of eligible entities. The amendment also directs the

Secretary to establish procedures under which a commodity promotion board or a State commodity board (or its equivalent) may submit to the Secretary for consideration proposals for requests for applications that address issues related to the priority areas of this grant program. Grants will not be funded under this authority unless the grant is matched with an equal contribution of funds from the entities submitting proposals for requests for applications. The Inter-regional research project number 4 is amended to include specialty crops. (Section 7404)

The Agriculture and Food Research Initiative (AFRI) is the premier competitive research and extension grants program within the USDA. The AFRI program was established in 2008 as a successor program to the National Research Initiative Competitive Grants Program and the Initiative for Future Agriculture and Food Systems. The statutory priorities for the AFRI program are purposefully broad. In developing these priorities, the Congress was aware that as science evolves, a balance needed to be achieved between the need for flexibility to respond to new and emerging threats and opportunities, and the need for transparency and accountability in the expenditure of taxpayer funds.

Concerns are periodically raised regarding the annual allocations among the various statutory programmatic priorities and sub priorities. The Managers were aware of these qualitative concerns but lacked quantitative information on which to base any policy modifications. As a continuation of the programmatic audit carried out by the House Committee on Agriculture in preparation for developing the FARRM Act, USDA was requested to provide a listing of recent awards under the AFRI program sorted according to the corresponding statutory priorities and sub priorities. That data revealed a dramatic shift in awards funding away from traditional areas of production agriculture. For instance, awards for research in plant systems dropped from 38.7 percent of available funds in fiscal year 2007, the final full year under the predecessor programs, to 18.4 percent in 2011. Awards for research in animal systems fell from 22.4 percent to 9.4 percent over the same time period.

Following receipt of a final report in February 2013, there remained concern that the allocation of research and extension awards under the AFRI program was inconsistent with national priorities. As a result of the analysis, commitments were made by senior leadership of the National Institutes of Food and Agriculture (NIFA) to address these concerns. Efforts undertaken by the Director of NIFA to incorporate enhancements in the fiscal year 2014 budget submission, while still lacking in certain respects, demonstrate the seriousness to which these commitments are being upheld.

While the Managers are encouraged by the progress being made, there remains a desire to codify the transparency and accountability measures contained within this budget submission language (section 7513).

The Managers recognize the importance of basic animal health research. The Conference substitute includes a priority for the research and development of surveillance methods, vaccines, vaccination delivery systems and diagnostic tests for pests and diseases that cause epizootic diseases in domestic livestock (including deer, elk, bison, and other cervidae) and zoonotic diseases (including bovine brucellosis and bovine tuberculosis) in domestic livestock or wildlife reservoirs that present a potential concern to public health.

The Managers recognize the growing importance of and need for comprehensive and practical scientific and economic assessments of agricultural practices and technologies intended to improve agriculture's water quality and quantity performance. This is particularly the case as states work with producers on high priority or high profile water quality challenges. Such scientific and economic assessments are needed for the major crop producing regions of the

country, taking into account soils, climate, crops grown, and the technologies and agricultural practices in use. The goal of such assessments should be to develop information and continue to build on the tools already in place. The assessments should continue to develop new and innovative approaches to help producers and policy makers in states understand what is affordable, achievable and sustainable for producers. The assessment can then be used to consider how different water quality policy choices relate to other important societal objectives involving agriculture. The Managers encourage the Secretary to initiate a multi-year effort to help the states and USDA continue to develop this base of science and knowledge through the funding of proposals from qualified institutions capable of supporting interdisciplinary teams of researchers and experts to carry out such efforts.

The Managers recognize the success of the Conservation Effects Assessment Project (CEAP) and the cross collaborative approach between multiple agencies at USDA, and strongly encourages USDA to continue and expand on those efforts. The Managers do not intend for this provision to be a replacement for or duplication of CEAP, but rather as a source of sound, complementary economic and technical information that could be used in conjunction with CEAP to create more accurate assessments of the effects of prospective conservation measures on agricultural land.

The Managers recognize that maintaining and enhancing wild rice, a uniquely American specialty crop, depends on continued use of traditional breeding methods, along with the application of new genetic tools to make conventional breeding more efficient. Genetic analysis of shattering, disease resistance, reduced plant height, and other traits require not only development of new genetic markers for wild rice, but also new methods for gathering accurate phenotypic information on the plants. The use of these improved genetic resources in the future depends on their continued availability through reliable seed storage methods. Some research has been done on maintaining viability of stored seeds, but these need to be translated into reliable and useful methods at the local level to ensure breeding progress.

The Managers would hope that the Secretary would consider the following research objectives regarding wild rice genetic resources: preserving and enhancing wild rice breeding lines for testing and release as future varieties; developing phenotyping methods and genotypic markers for various traits; using genotypic and phenotypic information to identify superior genetic resources for breeding and to develop more efficient breeding methods; evaluating and maintaining the genetic distinctiveness of wild rice breeding lines and populations; and developing improved methods for short- and medium-term storage of wild rice breeding lines and populations.

The Managers are concerned about the spread of tick-borne illnesses, particularly Lyme Disease in humans. The disease is heavily concentrated in the Northeast and upper Midwest. Lyme Disease, along with other tick-borne illnesses which affect livestock, presents a public health concern, particularly in the Agriculture community. Recognizing the impact of pests such as ticks, the Managers have reauthorized important research and development priorities and urge NIFA, in conjunction with other agencies, to build upon its existing efforts and pest management resources to protect humans and livestock from tick-borne illnesses.

The Managers recognize that eligible applicants with limited institutional capacity may face unique challenges in successfully competing for funding administered by NIFA. The Managers encourage the Secretary to assess these challenges and to consider appropriate methods of streamlining the competitive grants application process.

(38) *Remote sensing data*

The House bill repeals section 892. (Section 7408)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7407)

(39) *Reports under Farm Security and Rural Investment Act of 2002*

The House bill repeals Sections 7409, 7410 and 7411. (Section 7409)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7408)

(40) *Beginning Farmer and Rancher Development Program*

The House bill amends the authorized areas for programs and services and includes school-based agricultural educational organizations as a priority recipient. The bill requires that not less than 5 percent of the funds in a fiscal year used to make grants be used to support programs and services that address the needs of military veteran beginning farmers and ranchers and authorizes the Secretary to coordinate between a recipient of a grant used for this purpose and a recipient of a grant under section 1680 of the Food, Agriculture, Conservation and Trade Act of 1990 in addressing the needs of military veteran beginning farmers and ranchers with disabilities. The provision prohibits a recipient of a grant from using more than 10 percent of grant funds for the indirect costs of carrying out an authorized grant initiatives. Of the funds of the Commodity Credit Corporation, \$20,000,000 for each fiscal year 2014 through 2018 is authorized and the authorization of appropriations is extended for fiscal years 2014 through 2018. (Section 7410)

The Senate amendment includes beginning farmers and ranchers who are veterans in the current set-aside of funding and authorizes competitive grants to States to establish and improve farm safety program at the local level. Of the funds of the Commodity Credit Corporation, \$17,000,000 for each fiscal year 2014 through 2018 is authorized and the authorization of appropriations is extended for fiscal years 2014 through 2018. (Section 7408)

The Conference substitute adopts the House provision with an amendment. The amendment authorizes grant purposes including farm safety and awareness and a priority for school-based agricultural educational organizations. It also specifies that an eligible entity may be a community-based or nongovernmental organization and provides at least a 5 percent set-aside for those programs and services already qualified for the set-aside in current law as well as another 5 percent set-aside for veteran farmers and ranchers. The amendment limits indirect costs and permits coordination with recipients of an assistive technology program for farmers with disabilities grant. \$20,000,000 of Commodity Credit Corporation funds for each fiscal year 2014 through 2018, to remain available until expended, is authorized and the authorization of appropriations is extended through 2018. (Section 7409)

The Conference substitute reauthorizes and provides mandatory funding to the Beginning Farmer and Rancher Development Program, which develops and offers education, training, outreach and mentoring programs to ensure the success of the next generation of farmers. The conference substitute expands eligibility to include military veterans who wish to begin a career in agriculture.

(41) *McIntire-Stennis Cooperative Forestry Act*

The House bill amends the definition of state to include American Samoa, the Federated States of Micronesia and the Commonwealth of the Northern Mariana Islands. (Section 7411)

The Senate amendment amends the definition of state to include the Federated States of Micronesia, American Samoa, the Northern Mariana Islands and the District of Columbia and exempts eligible 1890 Institutions from the matching funds requirement if the allocation is below \$200,000. (Section 8301)

The Conference substitute adopts neither the House nor the Senate provision. Both the House bill and Senate amendment included amendments to the McIntire-Stennis cooperative forestry program to extend eligibility to the 1862 land grant colleges in insular areas not currently specified in the Act. USDA has since provided the Managers with technical assistance clarifying that those institutions were already eligible to participate by virtue of other law, specifically section 1361(a) of P.L. 96-374, thus negating the need for this provision.

The National Association of University Forest Resources Programs (NAUFRP), (formerly the National Association of Professional Forestry Schools and Colleges) represents 69 of our nation's universities and their respective scientists, educators and extension specialists. NAUFRP's purpose is to advance the health, productivity, and sustainability of America's forests by providing university-based natural resource education, research, science, extension and international programs. The Managers would encourage USDA to engage in discussions with NAUFRP to ensure that their proposals for resource management are appropriately addressed.

SUBTITLE E—FOOD, CONSERVATION, AND ENERGY ACT OF 2008

(42) *Enhanced Use Lease Authority Pilot Program*

The House bill states that section 308 is amended to terminate 10 years after the date of enactment of section 308 and reports are required not later than 6, 8, and 10 years after enactment. (Section 7511)

The Senate amendment states that subparagraph (b)(6)(A) is amended to extend the authority of this section on September 30, 2018. (Section 7405)

The Conference substitute adopts the House provision. (Section 7511)

(43) *Grazinglands Research Laboratory*

The House bill amends section 7502 to extend the authority for 10 years beginning on the date of enactment of the Act. (Section 7512)

The Senate amendment amends section 7502 to extend the authority until September 30, 2018. (Section 7511)

The Conference substitute adopts the House provision. (Section 7512)

(44) *Budget submission and funding*

The House bill requires information regarding each research program carried out by the ARS or ERS for which annual appropriations are requested in the annual budget submission of the President and each competitive program carried out by the NIFA for which annual appropriations are requested in the annual budget submission of the President, requires additional information for each funding request for a covered program to be submitted to Congress each year together with the annual budget submission of the President, prohibits the President from carrying out any program under certain authorities during the fiscal year unless the President

submits the information required and described for a fiscal year and requires an annual report to Congress. (Section 7512)

The Senate amendment requires information regarding each research program carried out by the ARS or ERS for which annual appropriations are requested in the annual budget submission of the President and each competitive program carried out by the NIFA for which annual appropriations are requested in the annual budget submission of the President, requires additional information for each funding request for a covered program to be submitted to Congress each year together with the annual budget submission of the President, and requires an annual report to Congress. (Section 7512)

The Conference substitute adopts the House provision. (Section 7513)

The Managers are aware of the need for the statutory priorities for the various agricultural research, education and extension programs to be written with sufficient flexibility so that the Administrators of the USDA research agencies can respond quickly and efficiently to emerging problems and opportunities. Further, recent changes in Congressional appropriations procedures have only enhanced USDA's flexibility in administering these programs. The Managers are nevertheless cognizant of the need for taxpayer funds to be used in a transparent and accountable manner.

Given the spending discretion that USDA has gained in recent years, it is incumbent upon the Department to manage the research, education and extension programs in a most transparent manner. This transparency assures Congress and stakeholders of the integrity of these programs.

In the past year, the Managers have expressed concerns about funding allocations under various research, education, and extension programs to the senior leadership of the National Institute of Food and Agriculture (NIFA). These fruitful discussions with NIFA leadership resulted in several commitments to address the underlying concerns of the Managers as well as to enhance the information available in future budget submissions.

In order to increase the ability of Congress to appropriately oversee funding allocations, the conference substitute seeks to codify the commitments that have been made by NIFA leadership in order to provide transparency and accountability with regard to the research, extension and education budget. It is the intent of the Managers that USDA provide increasingly detailed spending plans to Congress in advance of the development of annual appropriations measures so that Congress and interested constituencies can weigh the merits of these allocations against evolving priorities, and as a representative body, Congress can approve or disapprove of the proposed allocations.

The Managers believe that receipt of the information requested in this section will be beneficial to the long-term goal of expanding resources available for agricultural research, extension and education. The Managers believe that enhanced transparency in the budgeting process can only increase awareness and broad-based support for these critical programs.

It is likewise the intent of the Managers that the process of submitting information concerning the budget outline would be an iterative process and that the research agencies would consult with the Congressional authorizing committees and appropriating subcommittees to ensure clarity of the budget request. To this end, the conference substitute specifically authorizes the research agencies to submit corrections and clarifications in a reasonable period of time to fulfill the requirements of this section.

The Managers are aware that the ARS is shifting its funding priorities from core work in areas impacting crop protection and livestock production to environmental stewardship. The Managers are concerned that this action is short-sighted, especially in light of the fact that many

plant disease issues may be magnified under varying weather conditions, and this is especially the case in the work on fusarium head blight in wheat and barley.

The Managers are aware of budgetary constraints throughout the Department; nevertheless, the Managers question the priority setting process on how funds are allocated with regard to aquaculture. In particular, the Managers are aware of the continuing threat of predators to aquaculture operations and encourage the Secretary to continue to fund these important livestock protection programs.

The Managers recognize that historical funding levels for equine sciences have been limited and encourage the Secretary to consider increasing resources allocated to research priorities for equine health in the Department's annual budget submission.

The Managers recognize that historical funding levels for rangeland and prairie grass research has been limited and encourage the Secretary to consider increasing resources allocated to research priorities for rangeland and prairie grass research, including tall-grass and other native vegetation.

The Managers recognize the importance of nationally coordinated, regionally managed canola research and education programs. In awarding grants for these activities, the Managers encourage the Secretary to seek input from stakeholders and give priority consideration to proposals that address research needs in production areas with the greatest potential to expand as well as those where canola production is established and needs to be maintained.

The Managers would like to encourage the Secretary to fund competitive research into the fundamental issues of stabilizing food prices to enhance food security in the U.S. and globally. One area of interest is an examination of the economic factors leading to increased food security in the U.S. The Managers are also interested in how financial markets and the expansion of the bioenergy industry globally has impacted global food prices.

(45) *Research and education grants for the study of antibiotic-resistant bacteria*

The House bill reauthorizes appropriations through 2018. (Section 7514)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(46) *Farm and Ranch Stress Assistance Network*

The House bill repeals Section 7522. (Section 7515)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(47) *Seed distribution*

The House bill repeals Section 7523. (Section 7516)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7514)

(48) *Sun Grant Program*

The House bill authorizes the Secretary to coordinate among appropriate Federal agencies, authorizes grants to be used towards integrated, multistate research, extension and education programs on technology development and implementation repeals Funding allocations for specific programs, amends requirements for the plan for research activities to be funded to

address bioproducts and priorities of appropriate Federal agencies and reauthorizes the program. (Section 7518)

The Senate amendment authorizes the Secretary to coordinate among appropriate Federal agencies, authorizes grants to be used towards integrated, multistate research, extension and education programs on technology development and implementation repeals Funding allocations for specific programs, amends requirements for the plan for research activities to be funded to address bioproducts and priorities of appropriate Federal agencies, reauthorizes the program, and authorizes grants to a Sun Grant Center for each region. (Section 7514)

The Conference substitute adopts the Senate provision. (Section 7516)

The Conference substitute directs the Secretary to utilize and leverage the investment, resources, and capacities of the current regional Sun Grant Program Centers and Sub-center to continue their leadership and management of the regional Sun Grant competitive grants program.

The Conference substitute reauthorizes, consolidates, and amends the Sun Grant Program to expand input from other appropriate federal agencies, authorize bio products, eliminate authorization for gasification research and make the program competitive. The Managers recognize the leadership and work of the Sun Grant Centers in each region and intends that the revisions to the program to make it competitive do not reduce the effectiveness of the overall program. The Managers also recognize the importance of the collaborative nature of the Sun Grant Centers and is requiring that applicants represent consortia of universities with prior experience working collaboratively to pursue the intent of the program. The Managers recognize the importance of demonstrated experience in working with multiple federal agencies and in awarding and managing funding provided through competitive grants to land grant institutions and institutions partnering with land grant institutions. Accordingly, the Secretary is encouraged to competitively select a single association of universities that will implement the Sun Grant Program for the duration of this farm bill authorization. This association of universities should be made up of a university from each of the sun grant regions and sub region that will serve as the Sun Grant Center or Sub center for that region or sub region. In making the competitive selection, the Secretary should consider giving preference to an association of universities that has demonstrated experience in managing regional competitive grant programs for research and education programs that support the development of bioenergy, biomass feedstocks, and biobased products. Finally, the Managers recognize the value and importance of committed use of peer review principles and other research best practices in the selection, management, and dissemination of research projects.

(49) *Study and report on food deserts*

The House bill repeals Section 7527. (Section 7519)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7517)

(50) *Agricultural and rural transportation research and education*

The House bill repeals Section 7529. (Section 7520)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7518)

SUBTITLE F—MISCELLANEOUS PROVISIONS

(51) *Agreements with nonprofit organizations for National Arboretum*

The House bill authorizes the Secretary to negotiate agreements with nonprofit organizations that support the purpose of the National Arboretum and use the proceeds of the organizations towards operation and maintenance of the facilities. In addition, a nonprofit organization that entered into such agreement may recognize donors if such recognition is approved by the Secretary. (Section 7601)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment authorizes the Secretary to negotiate concessions and agreements for the National Arboretum with nonprofit scientific or educational organizations and nonprofit organizations that entered into a concession or agreement to recognize donors. (Section 7602)

(52) *Cotton Disease Research Report*

The House bill requires the Secretary to submit to Congress a Cotton Disease Research Report. (Section 7602)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7604)

(53) *Acceptance of facility for Agricultural Research Service*

The House bill authorizes the Secretary to allow a non-Federal entity to construct a facility for use and on land owned by the Agricultural Research Service under certain conditions. (Section 7603)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(54) *Technical Corrections*

The House bill makes miscellaneous technical corrections. (Section 7604)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7605)

(55) *Legitimacy of industrial hemp research*

The House bill authorizes research using industrial hemp at an institution of higher education if the growing or cultivating of industrial hemp is allowed under the laws of the State where the institution of higher education is located and the research occurs. Industrial hemp is defined. (Section 7605)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment authorizes an institution of higher education or State department of agriculture to grow or cultivate industrial hemp for research purposes if the laws of the State permit its growth and cultivation. (Section 7606)

(56) *Foundation for food and agriculture research*

The Senate amendment authorizes a foundation for food and agriculture research, a new nonprofit corporation designed to supplement USDA's basic and applied research activities. On Oct. 1, 2013, of the funds of the Commodity Credit Corporation, the Secretary shall transfer to

the Foundation \$200,000,000 to remain available until expended. (Section 7601)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment authorizes a foundation for food and agricultural research designed to supplement USDA's basic and applied research activities and \$200,000,000 of Commodity Credit Corporation funding to the Foundation to remain available until expended. (Section 7601)

The Managers recognize the significant need for agricultural research and the challenge to find funding in the current fiscal environment. As such the conference substitute creates a new non-profit foundation, the Foundation for Food and Agriculture Research, to leverage private funding, matched with federal dollars, to support public agricultural research. This approach will foster continued innovation in agricultural research.

The increased productivity and boost in crop yields experienced by American farmers can be attributed to research investments made 30 to 50 years ago. Federal investment in public agricultural research has been trending downward at a time when the demands of a growing population require that American agriculture research again take a leading role in pushing forward food production. USDA, the National Academy of Sciences, the National Science Foundation and agricultural research stakeholders will play an integral role in establishing the Foundation.

The Managers do not intend for the Foundation to be duplicative of current funding or research efforts, but rather to foster public-private partnerships among the agricultural research community, including federal agencies, academia, non-profit organizations, corporations and individual donors to identify and prioritize the most pressing needs facing agriculture. It is the Managers view that the Foundation will complement the work of USDA basic and applied research activities and further advance USDA's research mission. Furthermore, the Managers do not intend in any way for the Foundation's funding to offset or allow for a reduction in the appropriated dollars that go to agricultural research.

(57) *Agricultural and food law research, legal tools and information*

The Senate amendment authorizes the Secretary, acting through the National Agricultural Library, to support the dissemination of agricultural and food law research, legal tools and information by entering into cooperative agreements with institutions of higher education. The Secretary may not use more than \$5,000,000 of the amounts made available to the national Agricultural Library. (Section 7602)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment directs the Secretary, through the National Agricultural Library, to support the dissemination of agricultural and food law research, legal tools and information by entering into cooperative agreements with institutions of higher education and authorizes \$5,000,000 in appropriations for fiscal year 2014 and each year thereafter. (Section 7603)

The Managers recognize that farms, ranches, and forests in the United States are impacted by a complex and rapidly evolving web of competition and international, Federal, State, and local laws, including regulations. The agricultural community of the United States, including farmers, ranchers, foresters, attorneys, policymakers, and extension personnel, need access to agricultural and food law research and information provided by objective, scholarly, and neutral sources.

Title VIII—Forestry

SUBTITLE A—REPEAL OF CERTAIN FORESTRY PROGRAMS

(1) *Watershed Forestry Assistance Program*

The House bill repeals the Watershed Forestry Assistance Program in the Cooperative Forestry Assistance Act of 1978, effective on October 1, 2013. (Section 8002)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment eliminates the effective date. (Section 8002)

(2) *Expired Cooperative National Forest Products Marketing Program*

The House bill repeals the Cooperative National Forest Products Marketing Program in the Cooperative Forestry Assistance Act of 1978 which has been expired. (Section 8003)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 8003)

(3) *Separate forest service decision making and appeals process*

The House bill repeals Section 322 of the Department of the Interior and Related Agencies Appropriations Act, 1993. It prohibits application of Section 428 of the Consolidated Appropriations Act, 2012 to any project or activity implementing a land and resource management plan that is categorically excluded from an EA or EIS under NEPA. (Section 8006)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 8006)

This provision clarifies the intent of Congress regarding administrative review of projects and activities implementing land and resource management plans. This language came as a result of a federal court decision in March 2012 that the Forest Service must engage in this process for noncontroversial, common sense actions that provide jobs, public safety, community fire protection, and clean water. This is not required of the Department of Interior or any other federal agency. This provision would return the agency to the procedures that were in place prior to the 2012 court decision.

SUBTITLE B—REAUTHORIZATION OF COOPERATIVE FORESTRY ASSISTANCE ACT OF 1978 PROGRAMS

(4) *State-wide assessment and strategies for forest resources*

The House bill requires the State Forester or equivalent State official in developing or updating the State-wide assessment and strategy for forest resources to coordinate with, when feasible, appropriate military installations. (Section 8101)

The Senate amendment extends the authorization of appropriations for the state-wide assessment and strategies for forest resources through 2018.

The Conference substitute adopts the House provision with an amendment. The amendment provides for the extension of the authorization of appropriations for state-wide assessment and strategies for forest resources that was in the Senate amendment. (Section 8101)

The 2008 farm bill conference report included language directing state foresters to perform statewide assessments of forest lands within their borders to better understand how to

properly manage these resources. The first reports came back in 2010. The Managers considered these reports a success and adopted the House provision that directs state foresters to coordinate with military facilities within their borders when developing future plans.

(5) *Forest Legacy Program*

The House bill eliminates the authorization for the Forest Legacy Program of such sums as necessary and replaces it with an authorization of appropriations of \$55,000,000 for fiscal years 2014 through 2018. (Section 8102)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(6) *Community Forest and Open Space Conservation Program*

The House bill eliminates the authorization for the Community Forest and Open Space Conservation Program of such sums as necessary and replaces it with an authorization of appropriations of \$1,500,000 for fiscal years 2014 through 2018. (Section 8103)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

SUBTITLE C—REAUTHORIZATION OF OTHER FORESTRY-RELATED LAWS

(7) *Office of International Forestry*

The House bill authorizes appropriations of \$6,000,000 for fiscal years 2014 through 2018 for the Office of International Forestry. (Section 8202)

The Senate amendment extends authorization of appropriations through fiscal year 2018. (Section 8202)

The Conference substitute adopts the Senate provision. (Section 8202)

(8) *Change in funding source for Healthy Forests Reserve Program*

The House bill authorizes appropriations of \$9,750,000 for fiscal years 2014 through 2018. Appropriated funds may be used to carry out the Soil Conservation and Domestic Allotment Act for land enrolled in the program. (Section 8203)

The Senate amendment is the same as the House. It defines the term “Acreage Owned by Indian Tribes” for the purposes of Section 502(e)(3). (Section 8205)

The Conference substitute adopts the Senate provision with an amendment. The amendment increases the authorization levels from \$9,750,000 to \$12,000,000. (Section 8203)

The Managers intend to clarify the definition of Indian-owned acreage for the program managed by NCRS. Further, as a result of the potential increase in participation in the program, the Managers increased the authorization level.

(9) *Stewardship end result contracting project authority*

The House bill states that section 347 of the Department of the Interior and Related Agencies Appropriations Act, 1999 is reauthorized through fiscal year 2018. It authorizes the Secretary to consider a Stewardship Contract as a contract for the sale of property. Further, it requires the Chief of the Forest Service and the Director of Bureau of Land Management to issue fire liability provisions for use in all contracts and agreements under section 347. (Section 8204)

The Senate amendment repeals Section 347 of the Department of the Interior and Related Agencies Appropriations Act, 1999. It authorizes the Secretary to consider a Stewardship Contract as a contract for the sale of property. It further adds Stewardship End Result Contracting Projects to the Healthy Forests Restoration Act of 2003, authorizing the Forest Service and Bureau of Land Management to enter into stewardship end-result contracting projects (Stewardship Contracts) for services that achieve land management goals. The authorization is permanent. (Section 8204)

The Conference substitute adopts the Senate provision with an amendment. The amendment includes the House language that requires the Chief of the Forest Service and the Director of the Bureau of Land Management to issue fire liability provisions for use in all contracts and agreements under section 347. (Section 8205)

The Managers provide the Forest Service with a permanent extension of stewardship contracting authority. This approach to land management has proved to be effective nationwide since it was first authorized in 1999 and extended in 2003. Stewardship Contracting allows the Forest Service to conduct important forest restoration work by allowing the value of wood removed to help offset the cost of needed restoration treatments, like forest thinning, introduction of prescribed fire, and habitat improvements for a variety of species. The Managers include in this extension, provisions that allow for designation by prescription for the marking of timber under this program. The Conference substitute also includes language which provides the same fire liability provisions utilized under the current timber sales program to be available for Stewardship Contracts. The Managers do not intend for Stewardship Contracting to replace, diminish, or adversely impact the U.S. Forest Service's timber sales program.

The Managers expect the Chief to work with purchasers of Forest Service timber to address concerns they have raised about methods of selecting the winning bidders on Stewardship Contracts, and to provide feedback to losing bidders to help increase their understanding of the process to become more effective in the future.

(10) Insect and disease infestation

The Senate amendment authorizes the designation of treatment areas, as part of an insect and disease treatment program, one or more subwatersheds in at least one National Forest in each State that is experiencing an insect or disease epidemic within 60 days after the date of enactment of this Act. Additional areas may be designated as needed after the initial 60 day period. The Secretary may carry out priority projects on Federal land in designated subwatersheds to reduce the risk or extent of, or increase the resilience to, insect or disease infestation. Priority projects shall maximize the retention of old-growth and large trees, as appropriate and to the extent the trees promote stands resilient to insects and disease. The Senate amendment authorizes appropriations of \$200,000,000 for fiscal years 2014 through 2018. (Section 8203)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment replaces the subwatershed size treatment area with a landscape scale and includes a limited categorical exclusion for projects smaller than 3,000 acres. The program is authorized for 10 years through 2024. (Section 8204)

The outbreak of the pine bark beetle afflicting states across the nation is a great concern to the Managers. To date, an estimated 41 million acres have been affected across the United States, creating potentially hazardous fuel loads in several western states. The Managers

agreement includes provisions to provide the Forest Service with increased flexibility to address this issue and work with partners to mitigate the potential damage.

The Conference substitute recognizes that the current system for managing national forests affected by historic insect infestations has not been responsive to the speed and widespread impact of the infestations. The final language builds on current law familiar to all stakeholders, the Healthy Forests Restoration Act, by targeting the law's application for a ten-year period to insect- and disease-affected forests. It appropriately focuses on landscape-scale restoration work and protects old-growth and large trees to the extent their retention promotes resilient stands in a given type of forest. The final language also includes a Categorical Exclusion (CE) under the National Environmental Policy Act that is subject to several critical sideboards.

The most important limitation is that any projects subject to a CE must be developed and implemented through a collaborative process that is transparent, nonexclusive, and includes multiple and diverse stakeholders. Collaborative forest restoration partnerships have a proven record of fostering the social license that is crucial to managing our public lands appropriately. The Conference substitute recognizes the success of forest collaboratives and encourages their continued work across the country. Additional limitations to use of the CE include that projects may be no larger than 3,000 acres; projects may only take place in the wildland-urban interface or in forests facing a risk of fire greater than their historical norm; no permanent roads may be constructed and any temporary roads must be decommissioned within three years; and the Forest Service must report to Congress each year about its use of the CE.

The Mountain Pine Beetle Response Project (MPBR) in the Black Hills National Forest can be used as a model for the type and scale of projects that are to be conducted with these provisions to keep pace with expanding insect infestations. The MPBR Project encompasses approximately 248,000 acres of National Forest System lands and includes approximately 122,000 acres of thinning or other measures aimed at reducing stand density and hazardous fuels. The Managers expect that acres covered by the projects are tailored to the local circumstances depending on the size of the forest and scope of the infestation. The authority in these provisions provides the Forest Service with additional tools to replicate these types of landscape scale projects across the country in coordination with local stakeholders.

SUBTITLE D—NATIONAL FOREST CRITICAL AREA RESPONSE

(11) Definitions

The House bill defines the terms “Critical Area”, “National Forest System”, and “Secretary” for the purposes of this title. (Section 8301)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(12) Designation of critical areas

The House bill provides for the designation of critical areas within the National Forest System to address deteriorating forest health conditions due to insect infestation, drought, disease or storm damage and the future risk of insect infestations or disease outbreaks through preventative treatments. (Section 8302)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(13) *Application of expedited procedures and activities of the Healthy Forests Restoration Act of 2003 to critical areas*

The House bill authorizes the application of Title I of the Healthy Forests Restoration Act of 2003 to all Forest Service projects and activities carried out in a critical area and requires the same projects and activities be consistent with the applicable land and resource management plan. However, Sec. 322 of P.L. 102-381 will not apply to projects conducted in accordance with this section, and in applying Title I, the authority shall apply to the entire critical area and all projects and activities of the Forest Service shall be considered as authorized hazardous fuel reduction projects. Certain smaller projects shall be considered an action categorically excluded from the requirements of an environmental assessment or an environmental impact statement and exempt from section 105 of the Healthy Forests Restoration Act of 2003. (Section 8303)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(14) *Good neighbor authority*

The House bill authorizes the Secretary to enter into cooperative agreements or contracts with a state forester to provide forest, rangeland, and watershed restoration, management and protection services on National Forest System land. (Section 8304)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. (Section 8206)

The Conference substitute includes language that allows for the Secretary to enter into cooperative agreements with state foresters nationwide to engage in management activity, otherwise known as Good Neighbor Authority. This practice allows for better coordination between federal and state officials in promoting healthy state forests. The Managers note the successful implementation of this program in Colorado and Utah and recognize the benefit to extending this authority nationwide. The Managers expect the Secretary to seek projects which utilize the full range of contracting tools available to accomplish the objectives of Good Neighbor Authority.

SUBTITLE E—MISCELLANEOUS PROVISIONS

(15) *Forest service participation in ACES program*

The House bill authorizes the Secretary to use funds from conservation-related programs on National Forest lands to utilize the Agriculture Conservation Experienced Services Program to provide technical service on conservation-related programs. (Section 8402)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 8302)

The Managers are concerned about the increasing number of retirements among Forest Service employees in recent years and the loss of institutional knowledge as a result. The Conference substitute includes language to allow the Forest Service to hire retired employees under the Agriculture Conservation Experienced Services (ACES) program. The Forest Service will continue to see a large number of retirements in the coming years. Allowing the Forest Service to participate in the ACES program allows the agency to retain the institutional knowledge acquired through the years by these senior employees.

(16) *Green Science and Technology Transfer Research under Forest and Rangeland Renewable Resources Research Act of 1978*

The House bill includes as a priority science and technology transfer through the Forest Products Lab to demonstrate the beneficial characteristics of wood as a green building material. It requires the Secretary to submit an annual report describing the research conducted in furtherance of the priority added above, the number of buildings the Forest Service has built with wood and the investments made by the Forest Service in green building wood promotion.

(Section 8403)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(17) *Extension of stewardship contract authority*

The House bill authorizes designation by description and designation by prescription as valid methods of designation for timber sales. Both methods may be supervised by use of post-harvest cruise, sample weight scaling or other methods. (Section 8404)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 8303)

(18) *Reimbursement of fire funds*

The House bill requires that the State seeking reimbursement and the State providing reimbursement must each have a mutual assistance agreement with the Forest Service or an agency of the Department of the Interior. (Section 8405)

The Senate amendment requires that the State seeking reimbursement and the State providing reimbursement must each have a mutual assistance agreement with the Forest Service or another Federal agency. (Section 8303)

The Conference substitute adopts the Senate provision. (Section 8304)

(19) *Ability of National Forest System lands to meet needs of local wood producing facilities for raw materials*

The House bill requires the Secretary to submit to Congress a report regarding raw material needs of wood producing facilities within the boundaries of each National Forest System unit or within 100 miles of such boundaries and the ability of each unit to meet the needs of such facilities, including information on the volume of timber available, sold and harvested from each unit. (Section 8406)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

Although the Managers did not adopt the House provision directing the Secretary to issue a report to Congress on its ability to provide raw material to facilities within 100 miles of a national forest, the Managers encourage the Forest Service to engage with the sawmill owners who utilize material harvested from National Forest System land. The Managers are concerned that certain regions within the National Forest System are not meeting the timber production target laid out in their management plans. The Managers note that many wood producing facilities are dependent on material produced on National Forest land and that all 10 regions of the National Forest System should strive to meet their target where appropriate.

(20) *Report on the National Forest System roads*

The House bill requires the Secretary to submit to Congress a report regarding National Forest System roads and trails. (Section 8407)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

Although the Managers did not adopt the House provision which required the Secretary to issue a report to Congress on the state of the National Forest System roads, the Managers believe this is an important issue and encourage the Forest Service to prioritize the maintenance of currently used roads.

(21) *Forest Service Large Airtanker and Aerial Asset Firefighting Recapitalization Pilot Program*

The House bill authorizes the Secretary to establish a large airtanker and aerial asset lease program. (Section 8408)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 8305)

The 2012 and 2013 wildfire seasons have been some of the worst on record. The devastating wildfires are important reminders that the Forest Service's current available large airtanker fleet is vastly inadequate to meet our expected firefighting needs now or in the coming years. The U.S. Forest Service's Large Airtanker Modernization Strategy, released in 2012, recommended a "next generation" aerial solution and specifically stated that "[airtankers] are important to the Federal, state, and local wild land firefighting missions of protecting communities and natural resources from wildfires and to successfully managing wildfires in this country." The report also stated that "the current fleet of large airtankers is old, with an average of age of more than 50 years... With rising age, the cost of maintaining large airtankers is rapidly increasing, as are the risks associated with using them." Support for implementing the modernization strategy is urgently needed before the Forest Service is unable to adequately respond to future fires. The Managers strongly support the establishment of a large airtanker and aerial asset lease program to support the Forest Service's vital modernization strategy for its firefighting large airtanker fleet.

(22) *Land conveyance, Jefferson National Forest in Wise County, Virginia*

The House bill authorizes the Secretary to convey upon payment all right, title and interest of the U.S. in and to a parcel of National Forest System land in the Jefferson National Forest in Wise County, Virginia. (Section 8409)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 8306)

(23) *Categorical exclusion for forest projects in response to emergencies*

The House bill states that any forest project carried out to clean up or restore damaged National Forest System land during a two-year period following the date of a presidential disaster or emergency declaration shall be categorically excluded from an environmental assessment or environmental impact statement. (Section 8410)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(1) *Definitions*

The House bill modifies the definition of “biobased product” to explicitly include forestry materials and forest products that meet biobased content requirements, notwithstanding the market share the product holds, the age of the product, or whether the market for the product is new or emerging. (Section 9001(1)) The bill also defines “forest product” to ensure that mature forest products are treated in the same manner as other biobased products. (Section 9001(3)) Additionally, the bill defines “renewable energy system” to limit the eligible projects in the Rural Energy for America Program. (Section 9001(4))

The Senate amendment defines “renewable chemical” as a monomer, polymer, plastic, formulated product, or chemical substance produced from renewable biomass. (Section 9002(3))

The Conference substitute adopts the House provision with an amendment. The amendment includes the Senate definition of “renewable chemical”. The modification of the definition of “biobased product” is moved to Section 9002. (Section 9001)

(2) *Biobased Markets*

The House bill extends current law through FY2018. No mandatory funding is authorized. The bill authorizes to be appropriated \$2 million annually for FY2014-FY2018. (Section 9002(h))

The Senate amendment establishes a targeted biobased-only procurement requirement for federal agencies. The amendment limits reporting on the availability, relative price, performance and environmental and public health benefits of biobased materials subject to the availability of data. It adds reporting requirements of quantities and types of biobased products purchased by procuring federal agencies and a focus on biobased content requirements (explicitly including forest products). The amendment mandates (within one year of enactment) designation of intermediate ingredients or feedstocks and assembled and finished biobased products according to guidelines. (Section 9002(a)(1)) Additionally, the amendment adds auditing and compliance activities to ensure proper use of biobased labeling. (Section 9002(a)(2)) It adds an outreach, education, and promotion component (with annual reports) to increase awareness of biobased products. (Section 9002(a)(4)) It also mandates a study (and report) by USDA to assess the economic impact of the biobased product industry, due 180 days after enactment. It encourages coordination, review and approval (with appropriate technical assistance) of forest-related biobased products. (Section 9002(a)(5)) The amendment also authorizes mandatory funding of \$3 million annually for FY2014-FY2018. Lastly, it authorizes to be appropriated \$2 million annually for FY2014-FY2018. (Section 9002(a)(7))

The Conference substitute adopts the Senate provision with an amendment. The amendment removes the outreach, education and promotion component and provides that the economic impact study be completed within one year of enactment. (Section 9002)

The Conference substitute reauthorizes the BioPreferred Program and the Federal Government Procurement Preference Program with modifications to include reporting of biobased purchases by the federal agencies, as well as providing for auditing and enforcement of biobased purchasing activities. The Conference substitute also clarifies that all forest products are eligible for inclusion in the BioPreferred Program and the Federal Government Procurement Program if they meet biobased content requirements and the innovation standards for the program as outlined in Section 9002(a)(1)(B)(i)(III)(vi). Finally, the Conference substitute provides \$3 million in mandatory funding each fiscal year.

The Managers are cognizant of concerns that the USDA Biobased Markets Program has excluded most forest products. This exclusion, created in USDA rulemaking, has effectively made many forest products ineligible for the program. Therefore, Sections 9001(2) and 9002(a)(1)(B)(i)(III) are intended to clarify that all forest products, regardless of the market share the product holds, the age of the product, or whether the product's market is new or emerging, are eligible for the procurement and labeling program as long as the product meets biobased content requirements and the innovation standards for the program as outlined in Section 9002(a)(1)(B)(i)(III). It is the Managers' intention that all products in the program use innovative approaches in the growing, harvesting, sourcing, procuring, processing, manufacturing, or application of the biobased product.

The Managers believe that most forest products, including products with recovered fiber content, apply innovative approaches in the growing, harvesting, sourcing, procuring, and manufacturing of the product. Innovative approaches for forest products include, but are not limited to, sourcing fiber from non-controversial, responsible or certified sources identified in the ASTM 7612-10 standard; using an environmental product declaration that meets the ISO 14025:2006 standard; improving wood, recovered fiber and virgin fiber processing technologies; or modifying manufacturing facilities to make them more energy efficient and enhance their ability to use renewable energy sources. The Managers also believe innovative approaches should capture any innovation in the application of the forest product. Such innovative approaches should include the use of raw forestry materials, processed forestry materials, as well as recovered fiber. The Managers direct USDA to work through the USDA Forest Products Laboratory to provide technical assistance as necessary to forest product applicants to ensure that forest products are included in the program.

Finally, the Managers recognize the tremendous opportunity that exists for Biobased products to be used in food packaging and the food service industry. Products made from wheat straw can play an important role in this effort, and the Managers expect USDA to continue to work with companies bringing these types of products to market under the BioPreferred label.

(3) *Biorefinery Assistance*

The House bill eliminates grant funding to ensure that program funds are spent more efficiently through loan guarantees. (Section 9003(a)) Additionally, no mandatory funding is authorized. The bill authorizes to be appropriated \$75 million annually for FY2014-FY2018. (Section 9003(b))

The Senate amendment renames the program as the **Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program**. It extends and expands the program to include renewable chemical and biobased product manufacturing (defined as development, construction, and retrofitting of technologically new commercial-scale processing and manufacturing equipment and required facilities used to convert renewable chemicals and other biobased outputs into commercial-scale end products). It extends grant and loan guarantee availability to the development and construction of renewable chemical and biobased product manufacturing facilities. (Section 9003(a)) The amendment authorizes mandatory funding of \$100 million for FY2014 and \$58 million each for FY2015-FY2016, but not more than \$25 million of FY2014-FY2015 may be used to promote biobased product manufacturing. It authorizes to be appropriated \$150 million annually for FY2014-FY2018. (Section 9003(b))

The Conference substitute adopts the Senate provision with an amendment. The amendment eliminates grant funding, directs the Secretary to ensure that there is diversity in the

types of projects approved, and caps the amount of funds used for loan guarantees to promote biobased product manufacturing at 15% of the total available mandatory funds. Mandatory funding of \$100,000,000 is provided for FY2014, \$50,000,000 for each of FY2015 and FY2016 and an authorization of \$75,000,000 is provided for each of fiscal years 2014 through 2018. (Section 9003)

(4) *Repowering Assistance Program*

The House bill extends current law through FY2018. Additionally, no mandatory funding is authorized. It authorizes to be appropriated \$10 million annually for FY2014-FY2018. (Section 9004)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment provides mandatory funding of \$12,000,000 in fiscal year 2014, available until expended. (Section 9004)

(5) *Bioenergy Program for Advanced Biofuels*

The House bill extends the program through FY2018. Additionally, no mandatory funding is authorized. The bill authorizes to be appropriated \$50 million annually for FY2014-FY2018. (Section 9005)

The Senate amendment extends the program through FY2018. Additionally, no mandatory funding is authorized. It authorizes to be appropriated \$20 million annually for FY2014-FY2018. (Section 9004)

The Conference substitute adopts the Senate provision with an amendment. The amendment provides mandatory funding of \$15,000,000 for each of fiscal years 2014 through 2018. (Section 9005)

(6) *Biodiesel Fuel Education Program*

The House bill extends the Biodiesel Fuel Education Program through FY2018. Additionally, no mandatory funding is authorized. The bill authorizes to be appropriated \$2 million annually for FY2014-FY2018.

The Senate amendment extends the Biodiesel Fuel Education Program through FY2018. The amendment authorizes mandatory funding of \$1 million annually for FY2014-FY2018. It authorizes to be appropriated \$1 million annually for FY2014-FY2018.

The Conference substitute adopts the Senate provision. (Section 9006)

(7) *Rural Energy for America Program*

The House bill creates a three-tiered application process for loan guarantees and grants. (Section 9007(a)) Additionally, no mandatory funding is authorized. The bill authorizes to be appropriated \$45 million annually for FY 2014-FY2018. (Section 9007(b))

The Senate amendment creates a three-tiered application process with language similar to the House provision. The amendment adds a council (as defined in section 1528 of the Agriculture and Food Act of 1981) as an eligible entity, and adds “such as for agricultural and associated residential purposes” to clarify the type of renewable energy systems that may be purchased. It repeals the use of REAP funds for feasibility studies and limits grants to the lesser of \$500,000 or 25% of the cost of the RES or EEI activity. (Section 9006(a)) The amendment authorizes mandatory funding of \$68.2 million annually for FY2014-FY2018. It authorizes to be

appropriated \$20 million annually for FY2014-FY2018. (Section 9006(b))

The Conference substitute adopts the Senate provision with an amendment. The amendment strikes the provision clarifying the type of renewable energy systems that may be purchased and strikes the \$500,000 cap on grants for renewable energy systems and energy efficiency improvements. Mandatory funding of \$50,000,000 is provided for fiscal year 2014 and each fiscal year thereafter. (Section 9007)

The Managers encourage the Department to continue to support renewable and energy efficiency projects to help farmers and rural small businesses cut costs. The Managers also encourage the Department to consider and fund a diverse range of projects.

The Managers clarify that the intent of the program has been to promote energy efficiency and the production of renewable energy, rather than energy delivery. Therefore, renewable fuel blender pumps or other mechanisms to dispense fuel are not a use of the program consistent with this purpose.

(8) *Biomass Research and Development*

The House bill extends BRDI through FY2018. Additionally, no mandatory funding is authorized. The bill authorizes to be appropriated \$20 million annually for FY2014-FY2018. (Section 9008)

The Senate amendment extends BRDI through FY2018. The amendment authorizes mandatory funding of \$26 million annually for FY2014-FY2018. It authorizes to be appropriated \$30 million annually for FY2014-FY2018. (Section 9007)

The Conference substitute adopts the Senate provision with an amendment. The amendment provides mandatory funding of \$3,000,000 for each of fiscal years 2014 through 2017 and discretionary funding of \$20,000,000 for each of fiscal years 2014 through 2018. (Section 9008)

The purpose of the Biomass Research and Development Initiative (BRDI) is to promote research and development regarding the production of biofuels and biobased products. The Managers encourage the Department to support research, development and demonstration efforts focused on reducing the costs of producing sugars from cellulosic biomass. The Managers also encourage the Department to prioritize and focus investment in projects that use pre-commercialization processes and methods to advance product development.

The Managers are aware of a number of advanced manufacturing facilities around the country that can play an active part in the development phase of biofuels and biobased products and urge the Secretary to encourage their involvement in BRDI projects.

(9) *Biomass Crop Assistance Program*

The House bill eliminates collection, harvest, storage, and transportation payments. The bill adds “existing project areas that have received funding” to the factors the Secretary shall consider when selecting project areas. Additionally, no mandatory funding is authorized. The bill authorizes to be appropriated \$75 million annually for FY2014-FY2018. (Section 9010)

The Senate amendment rewrites Sec. 9011 of Farm Security and Rural Investment Act of 2002 including the following revisions: changes enrolled land eligibility; includes residue from crops receiving Title I payments as eligible material, but extends exclusion to any whole grain from a Title I crop, as well as bagasse and algae. One-time establishment payments are limited to no more than 50% of cost of establishment, not to exceed \$500 per acre (\$750/acre for socially disadvantaged farmers or ranchers). CHST matching payments may not exceed \$20 per dry ton

but are available for a four year period. Not later than four years after enactment, USDA shall submit a report on best practice data and information gathered from participants. It authorizes mandatory funding of \$38.6 million annually for FY2014-FY2018. Not less than 10% or more than 50% of funding may be used for CHST. (Section 9011)

The Conference substitute adopts the Senate provision with an amendment. The amendment provides that CHST payments are available for a period of two years and provides that funding under the subsection shall be available for technical assistance. The amendment provides mandatory funding of \$25,000,000 for each of fiscal years 2014 through 2018. (Section 9010)

(10) *Forest Biomass for Energy*

The Senate amendment repeals the program. (Section 9010)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 9011)

(11) *Community Wood Energy Program*

The House bill extends the Community Wood Energy Program through FY2018. The bill authorizes to be appropriated \$2 million annually for FY2014-FY2018. (Section 9011)

The Senate amendment defines “Biomass Consumer Cooperative”. The amendment authorizes grants of up to \$50,000 to be made to establish or expand biomass consumer cooperatives that will provide consumers with services or discounts relating to the purchase of biomass heating systems or products (including their delivery and storage). Any biomass consumer cooperative that receives a grant must match at least the equivalent of 50% of the funds toward the establishment or expansion of a biomass consumer cooperative. (Section 9011(a)-(c)) It authorizes to be appropriated \$5 million annually for FY2014-FY2018. (Section 9011(d))

The Conference substitute adopts the Senate provision. (Section 9012)

(12) *Biofuels Infrastructure Study*

The House bill repeals the study. (Section 9012)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision. (Section 9013)

(13) *Renewable Fertilizer Study*

The House bill repeals the study. (Section 9013)

The Senate amendment repeals the study. (Section 9012)

The Conference substitute adopts the House provision. (Section 9014)

(14) *Energy Efficiency Report for USDA Facilities*

The House bill requires USDA to submit a report to the House and Senate Agriculture Committees on energy use and energy efficiency projects at USDA facilities within 180 days.

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision (Section 9015)

(1) *Farmers' Market and Local Food Promotion Program*

The House bill amends section 6 of the Farmer-to-Consumer Direct Marketing Act of 1976 to authorize local food promotion and assist in the development of local food business enterprises. Program purposes are amended to include the increase of domestic consumption and consumer access to locally and regionally produced agricultural products. The purposes are further amended to include local and regional food business enterprises that process, distribute, aggregate, and store locally or regionally produced food products. Eligible entities receiving a grant from this program must provide a 25 percent match and may not use the grant towards a building or structure. The section authorizes \$30,000,000 of Commodity Credit Corporation funds for fiscal years 2014 through 2018 and \$10,000,000 in appropriated funds for fiscal years 2014 through 2018. It requires 50 percent of the funds made available to carry out the program in a fiscal year be used towards domestic farmers' markets, roadside stands, community-supported agriculture programs, agritourism activities and other direct producer-to-consumer market opportunities and the other 50 percent to be used towards local and regional food business enterprises. The section further limits administrative expenses to not more than 3 percent. (Section 10003)

The Senate amendment amends section 6 of the Farmer-to-Consumer Direct marketing Act of 1976 is amended to authorize local food promotion and local food capacity development. The program purposes are amended to include the increase of domestic consumption and consumer access to locally and regionally produced agricultural products. This purpose is authorized to be accomplished by developing, improving, expanding and providing outreach, training and technical assistance. Program purposes are further amended to include local and regional food enterprises that are not direct producer-to-consumer markets but process, distribute, aggregate, store and market locally or regionally produced food products. The section authorizes \$20,000,000 of Commodity Credit Corporation funds for fiscal years 2014 through 2018 and \$20,000,000 of appropriated funds for fiscal years 2014 through 2018. It limits administrative expenses to not more than 10 percent. The section further authorizes priorities for grant applications that benefit underserved communities, develop market opportunities for small and mid-sized farm and ranch operations and include a strategic plan to maximize the use of fund to build capacity for local and regional food systems in a community. (Section 10003)

The Conference substitute adopts the House provision with amendment. The amendment includes the Senate language on the purposes of the program as well as food enterprises that are not direct-to-consumer markets. The amendment sets the limitation of administrative expenses at 4 percent. It further includes the Senate language on giving priority to applications that include projects that benefit underserved communities. (Section10003)

The Managers do not intend for this language to restrict resources for other key uses such as cold storage or equipment including mobile processing units or shelf stable packing activities.

(2) *Organic Agriculture*

The House bill reauthorizes the organic production and market data initiative authorization of appropriations for fiscal years 2014 through 2018, amends the Organic Foods Production Act to authorize the Secretary to modernize database and technology systems of the National Organic Program (NOP) and authorizes appropriations of \$11,000,000 for fiscal years 2014 through 2018 for the same. The House bill also repeals the National Organic Certification Cost-Share Program. In addition, section 501 of the Federal Agriculture Improvement and Reform Act of 1996 is amended to exempt certified organic products from promotion order

assessments regardless of whether a person also handles conventional products and authorize an organic commodity promotion order and section 513(1) of the Commodity Promotion, Research, and Information Act of 1996 is amended to add organic products as a class to the definition of “agricultural commodity”. (Section 10004)

The Senate amendment reauthorizes the organic production and market data initiative authorization of appropriations for fiscal years 2014 through 2018, and authorizes \$5,000,000 in mandatory monies to remain available until expended and an annual report to Congress regarding implementation of the program and additional data needs as well as a description of how data collection agencies are coordinating with data user agencies to ensure data collected can be used by data users, including RMA to offer price elections for all organic crops. The amendment also authorizes the Secretary to modernize database and technology systems of the NOP, provides an authorization of appropriations of \$15,000,000 for fiscal years 2014 through 2018 as well as \$5,000,000 in mandatory monies towards modernization. Section 11034(b)(1)(A) of Senate Amendment requires 50 percent of the funds to go to organic certification. In addition, section 501 of the Federal Agriculture Improvement and Reform Act of 1996 is amended to exempt certified organic products from promotion order assessments regardless of whether a person also handles conventional products and authorize an organic commodity promotion order and section 513(1) of the Commodity Promotion, Research, and Information Act of 1996 is amended to add organic products as a class to the definition of “agricultural commodity”. (Section 10005)

The Conference substitute adopts the House provision with an amendment. The amendment authorizes an Organic Production and Market Data Initiative annual report to Congress, including a description how data collection and user agencies are coordinating to ensure data can be utilized, and reauthorizes \$5,000,000 of Commodity Credit Corporation funds for this initiative and the authorization of appropriations through fiscal year 2018. The amendment authorizes annual appropriations of \$15,000,000 for fiscal years 2014 through 2018 for the National Organic Program and \$5,000,000 of Commodity Credit Corporation funds for modernization and technology upgrades. The National Organic Certification Cost Share Program is reauthorized with \$11,500,000 of Commodity Credit Corporation funds for each fiscal year 2014 through 2018, to remain available until expended. The amendment also authorizes an exemption of certified organic products from promotion order assessments and an organic commodity promotion order. (Section 10004)

In the Conference substitute, research and promotion programs or “checkoffs” occupy a unique place within the broad range of programs overseen by USDA’s Agricultural Marketing Service (AMS). One distinctive attribute of these programs is their structure, under which the message of the promotional campaign undertaken is effectively controlled by the Federal Government itself. *Johanns v. Livestock Marketing Ass’n*, 544 U.S. 550 (2005).

The organic checkoff program as agreed to by the Managers would differ from existing checkoffs, which are specific to a particular commodity. For the first time, a checkoff program is not solely commodity-specific, but could be established on the basis of a specific set of production and processing practices.

The Commodity Promotion, Research and Information Act of 1996, under which this provision is established, prohibits any advertising that may be disparaging to another commodity. As with any time a new checkoff is formed, a new potential for disparagement of all types of products arises. As with all checkoff programs, the Managers remain concerned

about the potential for disparagement of other commodities, production and processing methods for the same commodity, competitors, processes, and products under this new authority.

Should an organic checkoff program be developed and approved, the Managers strongly encourage USDA AMS to review and revise, as appropriate, the November 4, 2010, "Guidelines for AMS Oversight of Commodity Research and Promotion Programs" to ensure these guidelines address potential disparagement in both commodity and process based checkoff programs.

(3) *Organic Enforcement*

The House bill authorizes recordkeeping requirements and investigative powers to the Secretary as well as suspension and revocation of an organic certification of a producer, handler or the accreditation of a certifying agent. (Section 10005)

The Senate amendment authorizes recordkeeping requirements and investigative powers to the Secretary as well as the stop sale of an agricultural product and revocation of an organic certification of a producer, handler or the accreditation of a certifying agent. (Section 10005)

The Conference substitute adopts the House provision with an amendment. The amendment authorizes investigative powers to the Secretary and recordkeeping requirements for persons who sell, label or represent agricultural products as produced or handled using organic methods. Refusal to provide accurate information is made unlawful and a violation of the Organic Foods Production Act. Information shall be made public in a manner that ensures confidentiality. (Section 10005)

(4) *Food Safety Education Initiatives*

The House bill amends Section 10105 of the Food, Conservation and Energy Act of 2008 to authorize the education of farm workers and education regarding additional food safety practices and contamination. It reauthorizes appropriations for fiscal years through 2018. (Section 10006)

The Senate amendment reauthorizes appropriations for fiscal years through 2018. (Section 10006)

The Conference substitute adopts the Senate provision. (Section 10006)

(5) *Specialty Crop Block Grants*

The House bill reauthorizes section 101 of the Specialty Crops Competitiveness Act of 2004 through fiscal year 2018. The section provides that the amount of grants to the States be based on value production and acreage. It further amends eligibility requirements to include an application that contains an assurance that any grant funds for equipment or capital-related research costs will be supplemented by State funds at not less than 50 percent during the fiscal year and completely replaced by State funds after the fiscal year is over. The House section requires the Secretary to issue guidance for the purpose of making grants for projects involving food safety, plant pests and disease, research and crop-specific projects. It makes certain administrative requirements including an authorization of multistate projects. Of the funds of the Commodity Credit Corporation, \$72,500,000 for fiscal years 2014 through 2017 and \$85,000,000 for fiscal year 2018 is authorized. (Section 10007)

The Senate amendment is similar to the House language. However, it requires the Secretary to issue guidance for the purpose of making grants for projects involving food safety, plant pests and disease and crop-specific projects. Of the funds of the Commodity Credit

Corporation, \$70,000,000 for fiscal year 2014 and each fiscal year thereafter is authorized. (Section 10008)

The Conference substitute adopts the House provision with amendment. The amendment eliminates the House language on the State supplement for equipment or capital-related research costs. The amendment further established the mandatory funding level for fiscal year 2018 and each of the fiscal years thereafter. (Section 10010)

The Managers recognize the difficulty in coordinating and funding multi-state projects within the block grant program, and the Managers expect the USDA to issue guidance and work with states in making grants available for such projects. These multi-state projects may include food safety, research, plant pest and disease, and crop specific projects. These projects have the ability to link growers across state lines and promote much needed collaborative research. The Managers also encourage the Department to work with states to allow for funding for priority research objectives that are supported by the states and that comply with the purposes of the Specialty Crops Competitiveness Act.

The Managers believe that many specialty crop growers benefit from the programs dedicated to the production and marketing of specialty crops and products derived from them. Throughout this legislation, the Managers have sought to bolster support for the specialty crop sector, but recognize that some specialty crop products continue to have production and marketing concerns outside of the policies specifically addressed in this legislation. One such specialty crop product is olive oil. In addition to the challenges associated with the production of an agriculture commodity, olive growers and olive oil processors face additional concerns related to trade and product standards of identity. With reference to international trade, tariff disparities pose a significant barrier to our export potential.

Regarding standards, the International Olive Council, an intergovernmental organization under the auspices of the United Nations, has traditionally set standards for olive oil throughout the world. USDA standards for olive oil closely match those of the IOC, even though the United States is not an IOC member.

However, testing standards continue to be an area of dispute due to differences in naturally occurring compounds, rapid chemical decomposition in olive oil, challenges related to sensory testing, and disagreement over what constitutes adulteration. Because of the difficulty in establishing an enforceable national standard of identity, there is potential for consumer confusion in cases where blending of oils and lesser quality oils into extra virgin olive oil is alleged to have occurred. In fact, Connecticut, New York, and Oregon have recently enacted olive oil grade standards to address consumer concerns.

A recent U.S. International Trade Commission report, "Olive Oil: Conditions of Competition between U.S. and Major Foreign Supplier Industries (Investigation No. 332-537)," issued September 12, 2013, at the behest of the U.S. House of Representatives Committee on Ways and Means documents some of these concerns.

The Commission's staff interviewed U.S. olive oil importers, European olive oil producers and exporters, U.S. olive growers and processors, government officials and others involved in the world olive oil industry. In the U.S. the total value of domestic and imported olive oil exceeds \$1 billion and at the retail level the value is in excess of \$5 billion. The report provided evidence of different olive oil standards in the U.S. and in foreign markets, which adds to the confusion.

Highlights from the report point indicate that:

Current international standards for extra virgin olive oil allow a wide range of oil qualities to be marketed as extra virgin. In addition, the standards are widely unenforced. Mandatory testing with penalties for noncompliance exists only in Canada and the European Union. However, testing in the EU is only mandatory for a very small share of production (0.1 percent). Broad and unforced standards lead to adulterated and mislabeled products, weakening the competitiveness of high-quality producers, such as those in the United States, who try to differentiate their product based on quality.

Olive oil consumption has risen due to a recent focus on the benefits of a healthy diet, and as a result, the olive oil industry has great potential for our nation's farmers. However, barriers remain for domestic production. Many consumers also make purchasing decisions based on price. The Managers acknowledge that additional testing procedures could have an effect on olive oil importers and consumers.

The Managers urge the U.S. Department of Agriculture, U.S. Trade Representative and the U.S. Food and Drug Administration to study the U.S. International Trade Commission report and take action to remove the obstacles that are preventing the U.S. olive oil industry from reaching its potential. The Managers encourage USDA to collaborate with industry officials to determine if a marketing order for olive oil would effectively address concerns, benefit the U.S. consumer, and protect domestic growers and importers.

The Managers expect the Secretary to enforce the regulations contained in 7 CFR Part 46.44, Good Delivery Standards for Lettuce. The Managers are particularly concerned about contracts and invoices that use disclaimers to exempt product from the condition standards for damages due to bruising and discoloration following bruising. The Managers expect the Secretary to investigate any contracts or invoices that violate standards and leave perishable product receivers no recourse for damages beyond the Good Delivery Standards for Lettuce.

Another important issue to the specialty crop industry is the challenges surrounding a federal standard of identity for honey.

The conference substitute requires the Secretary to consult with honey industry stakeholders, including the American Honey Producers Association, the American Beekeeping Federation, the National Honey Packers and Dealers Association, the Sioux Honey Association, and the Western States Honey Packers and Dealers Association, on a report describing the contents of a new federal standard of identity for honey. The honey industry is currently faced with a number of major challenges, including the dilution of honey with increased quantities of other substances as well as the addition or substitution of substances in order to mask dilution. The subsection requires that this report be submitted to the Commissioner of the Food and Drug Administration (FDA) within 180 days of enactment.

A citizens' petition was filed with the FDA in March 2006, which represents the honey industry's previous effort to develop a federal honey standard of identity. Since 2006, a number of states have enacted differing honey standards raising concerns about inconsistencies, the flow of commerce within the honey industry, confusion in the market place and unanticipated legal challenges. The honey industry is now undertaking efforts to develop a consensus federal standard of identity for consideration in the Secretary's report to the FDA.

(6) *Department of Agriculture Consultation Regarding Enforcement of Certain Labor Law Provisions*

The House bill Requires the Secretary of Agriculture to consult with the Secretary of Labor regarding the restraining of shipments of agriculture commodities or the confiscation of

such commodities by the Department of Labor for actual or suspected labor law violations to consider the perishable nature of such commodities, impact on economic viability of farming operations and the competitiveness of specialty crops through the Specialty Crop Block Grant Program. (Section 10008)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment requires the consultation between the Secretaries of Agriculture and Labor regarding the restraining of shipments or confiscation of agriculture commodities by the DoL for labor law violations as well as a report to Congress describing the number of instances that the DoL has contacted a purchaser of perishable agricultural commodities to notify them of an investigation or pending enforcement action against a producer from whom the purchaser bought such commodities. (Sec. 10011)

(7) *Bulk Shipment of Apples to Canada*

The House bill amends Section 4 of the Export Apple Act to allow apples shipped to Canada in bulk bins without complying with the Act. It requires the Secretary to issue regulations to carry out this provision. (Section 10010)

The Senate amendment provides that the Secretary of Agriculture has no authority to inspect apples in bulk bins prior to export in Canada. (Section 10011)

The Conference substitute adopts the House provision with amendment. The amendment clarifies that the section applies to apples shipped in any bulk container and is not limited to bulk bins. (Section 10009)

(8) *Consolidation of Plant Pest and Disease Management and Disaster Prevention Programs*

The House bill relocates legislative language authorizing the National Clean Plant Network to the Plant Protection Act, authorizes funds of the Commodity Credit Corporation, \$62,500,000 for fiscal years 2014 through 2017 and \$75,000,000 for fiscal year 2018, including \$5,000,000 of those funds for the Clean Plant Network, and provides technical assistance shall not be considered an allotment or fund transfer from the CCC for purposes of the limit on expenditures for technical assistance. (Section 10011)

The Senate amendment provides relocates legislative language authorizing the National Clean Plant Network, authorizes funds of the Commodity Credit Corporation, \$60,000,000 for fiscal years 2014 through 2017 and \$65,000,000 for fiscal year 2018, and provides technical assistance shall not be considered an allotment or fund transfer from the CCC for purposes of the limit on expenditures for technical assistance. (Section 10007)

The Conference substitute adopts the House provision with an amendment. The amendment relocates the authorization of the National Clean Plant Network, authorizes \$62,500,000 for fiscal years 2014 through 2017 and \$75,000,000 for fiscal year 2018 and each fiscal year thereafter of Commodity Credit Corporation funds for Plant Pest and Disease Management and Disaster Prevention, including \$5,000,000 of such funds for the National Clean Plant Network, and limits indirect costs for cooperative agreements. The amendment also prohibits CCC funds used for technical assistance under this title to be considered an allotment or fund transfer from the CCC for the purpose of the limit on expenditures for technical assistance. (Sections 10007 and 10017)

The Managers have combined this program with the Pest and Disease program and increased baseline funding for both to ensure the continued availability of funding for the

important work of the National Clean Plant Network. The Conference substitute sets a funding floor of \$5 million per year to the National Clean Plant Networks but further encourages the Secretary to provide from within the overall allocation under this section additional funds if deemed necessary. These funds may be provided to the Network without regard to the process for distributing funds to address the other provisions of Section 420 of the Plant Protection Act. The Managers recognize that Disease Management and Disaster Prevention Programs as previously authorized in the Food, Conservation, and Energy Act of 2008 includes imminent pressing and persistent threats from pests and disease, such as Citrus Greening, to agriculture production.

The Managers recognize the importance of the Federal government, specifically the USDA, developing and maintaining the highest technological capability of identifying plant pests and invasive species. Further, the Managers believe that the advanced technological capabilities acquired through development of plant pest and disease detection technologies should facilitate the development of a coordinated, interagency response plan for the federal government to effectively mitigate plant pests and disease. The Managers encourage USDA to take the appropriate steps to facilitate information and technology sharing with other appropriate agencies of the Federal government involved in managing invasive pests such as Department of the Interior, Environmental Protection Agency, U.S. Customs and Border Protection, U.S. Coast Guard and the U.S. Army Corps of Engineers.

(9) *Modification Cancellation, or Suspension on Basis of a Biological Opinion*

The House bill provides that except in the case of a voluntary request from a registrant under section 3 of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a), a registration may be modified, canceled or suspended on the basis of the implementation of a Biological Opinion issued by the NMFS or the USFWS prior to the completion of the National Academy of Sciences study commissioned by the Administrator of the EPA or Jan. 1, 2015, whichever is earlier, only if the action is taken pursuant to section 6 of the Act and the Biological Opinion complies with the recommendations contained in the study. The study shall include at minimum: (1) a formal, independent, and external peer review, consistent with OMB policies of each Biological Opinion, (2) an assessment of economic impacts of measures or alternatives recommended in each Biological Opinion, (3) an examination of specific scientific and procedural questions and issues pertaining to economic feasibility contained in a June 23, 2011 letter sent to the Administrator and other Federal officials from Members of Congress. (Section 10012)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment authorizes two reports to Congress that describe approaches and actions taken by the EPA, the US Fish and Wildlife Service, and the National Marine Fisheries Service to implement recommendations of the report, "Assessing Risks to Endangered and Threatened Species from Pesticides", to ensure public participation and transparency during such implementation and to minimize delays in integrating applicable pesticide registration and registration review requirements and the species and habitat protection processes described in sections 7 and 10 of the Endangered Species Act (ESA). The final report to Congress shall include an evaluation to establish that approaches utilize the best available science, reasonable and prudent alternatives (RPA) are technologically and economically feasible, reasonable and prudent measures (RPM) are necessary and appropriate and the agencies ensure public participation and transparency in

the development of RPA's and RPM's. The amendment also authorizes an update of a study to identify reasonable and prudent measures to implement the endangered species pesticides labeling program which would comply with the ESA and allow the continued production of food and fiber and the report to Congress regarding the results of the study. (Section 10013)

Overall Purpose of Provision

This provision addresses the activities of the Environmental Protection Agency (EPA) and the Fish and Wildlife Service and National Marine Fisheries Service (collectively, the Services) in addressing the integration of the consultation requirements of the Endangered Species Act (ESA) and the pesticides registration requirements of the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA).

A longstanding and well-documented inability to resolve fundamental scientific issues central to the integration of these statutory requirements led the EPA Administrator and the Secretaries of the United States Department of Agriculture (USDA), Department of Interior and Department of Commerce to ask the National Research Council (NRC) of the National Academy of Sciences (NAS) to provide guidance on certain scientific issues.

The final report from the NRC, *Assessing Risks to Endangered and Threatened Species from Pesticides*, was completed on April 30, 2013 (NAS Report). For the following five months EPA, the Services, and USDA worked together and produced an "interim" implementation plan (the "Interim Plan") that was shared with stakeholders in mid-November of 2013. However, the Managers believe that further work needs to be done to adequately address the concerns regarding the "Interim Plan."

It is the Managers intent through routine oversight to keep all involved government entities focused on promptly building the "Interim Plan" into a final set of processes and procedures that will maximize the efficient use of limited governmental resources, minimize delays in registration actions under Sections 3 and 33 of FIFRA, make it possible for EPA to comply with the FIFRA requirement that all registrations be reviewed every fifteen years, and ensure meaningful public participation. Additionally, the Managers through this provision reemphasize Congress's intention that all reasonable and prudent alternatives to address ESA concerns are economically and technologically feasible.

Intent of Specific Subsections

Subsection (a) requires that two reports be provided to the Committees on Agriculture and Natural Resources of the House of Representatives and the Committees on Agriculture, Nutrition, and Forestry and Environment and Public Works of the Senate jointly by the Administrator of the Environmental Protection Agency and the Secretaries of Commerce, Agriculture and the Interior, the first to be delivered 180 days after enactment of the legislation, and the second six months later. Both reports are to describe the actions taken and approaches underway to implement the NAS Report's recommendations and otherwise minimize delays in integrating FIFRA's pesticide registration and registration review requirements and the ESA's species and habitat protection processes. The Managers expect that each report should include an explanation of how any remaining delays in this integration are expected to be overcome, and a schedule for doing so.

The provision references both Section 3 and 33 of FIFRA because both require timely EPA registration and registration review actions, including specific deadlines for action. It is the view of the Managers that the need for ESA compliance does not override these deadlines. It is

important that the integration processes and procedures developed by EPA and the Services assure EPA can meet its statutory deadlines. Similarly, the Services should be exploring how habitat conservation plans as part of an Incidental Take Permit under Section 10 could be employed to simplify the consultation process under Section 7 when processing a permit application.

The provision underlines the importance of meaningful public participation and transparency. In addition to describing approaches and actions to ensure public participation and transparency, the Managers specifically expect the report to address experience with the process described in EPA's March 2013 paper, *Enhancing Stakeholder Input in the Pesticide Registration Review and ESA Consultation Processes and Development of Economically and Technologically Feasible Reasonable and Prudent Alternatives* and any modifications of that process that have been adopted or are anticipated.

The conference report requires that the second report to Congress address, in addition to an update of the matters discussed in the first report, a number of other matters. First, in identifying specific actions yet to be undertaken, the report should provide a schedule for the initiation and completion of each, which should be realistic and allow for public participation.

Second, the processes adopted both before and after completion of the two reports should recognize EPA's obligations to meet the requirements for timely action set forth in FIFRA Sections 3 and 33 and the resources available to the Services to address pesticide-related consultations.

Third, the report should comprehensively explain why the approaches and actions that have been or will be taken to address Congress's concerns in enacting this provision utilize the best available science, assure that reasonable and prudent alternatives presented in biological opinions are technologically and economically feasible and that reasonable and prudent measures are necessary and appropriate. Among other matters, this explanation should explain how the substantive and procedural concerns that resulted in the vacating of certain portions of the regulation appearing in Subpart D of Part 402 of the Code of Federal Regulations in *Washington Toxics Coalition v. USEPA*, 457 F.Supp. 2d 1158 (W.D. Wash. 2006), have been overcome; how the January 4, 2004 letter from the Director of the U.S. Fish and Wildlife Service and Assistant Administrator of the National Marine Fisheries Service to the Principal Deputy Assistant Administrator of the Office of Prevention, Pesticides and Toxic Substances of the Environmental Protection Agency has been updated and revised; and how the Alternative Consultation Agreement entered into in August, 2004 by the Acting Assistant Administrator of the Office of Prevention, Pesticides and Toxic Substances of the Environmental Protection Agency, the Director of the U.S. Fish and Wildlife Service, and the Assistant Administrator for Fisheries, National Oceanic and Atmospheric Administration has been revised or whether it is scheduled to be revised.

Fourth, the report should include an update of the study and report on how ESA implementation is being undertaken while minimizing the impacts on persons engaged in the production of agricultural food and fiber commodities and other affected pesticide users and applicators.

(10) *Use and Discharge of Authorized Pesticides*

The House bill amends section 3(f) of the Federal Insecticide, Fungicide, and Rodenticide Act prohibiting the Administrator or a State from requiring a permit under the Federal Water Pollution Control Act for pesticide applications authorized under the Federal Insecticide,

Fungicide and Rodenticide Act, except in certain instances and amends section 402 of the Federal Water Pollution Control Act prohibiting the Administrator or a State from requiring a permit under section 402 for the application into navigable waters of a pesticide applications authorized under the Federal Insecticide, Fungicide, and Rodenticide Act. Subsection (s)(2) provides exceptions for certain instances. (Section 10013)

The Senate amendment has no comparable provision.

The Conference substitute adopts the Senate provision.

(11) *Seed not Pesticide or Device for Purposes of Importation*

The House bill amends the Federal Insecticide, Fungicide, and Rodenticide Act to eliminate the requirement to notify the Administrator for seeds, including treated seeds, of the arrival of pesticides and devices. (Section 10014)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment prohibits the requirement of notification to the Administrator of the EPA of the arrival of a plant-incorporated protectant (PIP) contained in a seed. The Secretary, if requested, shall provide to the Administrator a list of seeds containing PIPs. The amendment does not limit the Secretary's other authorities regarding the movement of seeds. (Section 10008)

(12) *Stay on Regulations Related to Christmas Tree Promotion, Research and Information Order*

The House bill requires the Secretary, within 60 days of the enactment of this Act, to lift the administrative stay imposed by the rule establishing an industry-funded promotion, research and information program for fresh cut Christmas trees. (Section 10015)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision. (Section 10014)

(13) *Study on Proposed Order Pertaining to Sulfuryl Fluoride*

The House bill authorizes a report to Congress regarding the potential economic and public health effects that would result from finalization of the proposed order pertaining to sulfuryl fluoride. (Section 10016)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment directs the Administrator of the EPA to exclude nonpesticidal sources of fluoride from aggregate exposure assessments required under section 408 of the FFDCFA when assessing tolerances associated with residues from the pesticide. (Section 10015)

(14) *Study on Local and Regional Food Production and Program Evaluation*

The House bill requires the Secretary to collect data on the production and marketing of locally or regionally produced agricultural food products, facilitate data sharing, and monitor programs designed to aid local and regional food systems. The bill further provides a sunset date of September 30, 2018 for the annual report. (Section 10017)

The Senate amendment is similar to the House bill but does not include the sunset date.

The Conference substitute adopts the Senate provision with an amendment. The amendment adds further requirements for the Secretary to collect data on regulatory compliance costs, monitor regulatory barriers, and evaluate local food systems. (Sec. 10016)

(15) *Annual Report*

The House bill authorizes a report and annual update to Congress regarding invasive species including a list of each invasive species that is in the U.S. as of the date of the report and information regarding each invasive species listed, including the means in which the species entered the U.S., cost estimates of the species to the public and private sectors and a description of any legal recourse available to people affected by the species. (Section 10018)

The Senate amendment has no comparable provision.

The Conference substitute adopts the Senate provision.

(16) *Effective Date*

The Senate amendment provides an effective date of this title as October 1, 2013. (Section 10013)

The House bill has no comparable provision.

The Conference substitute adopts the House provision.

Title XI—Crop Insurance

(1) *Information sharing*

The House bill, in section 11001(a), requires the Farm Service Agency (FSA), when authorized by the producer, to provide in a timely manner information to an agent or an approved insurance provider (AIP) that may assist the agent or AIP in insuring the producer, providing for privacy protection and limited sharing. Section 11001(b) requires disclosure (by name) of the amount of crop insurance assistance received by Members of Congress, Cabinet Secretaries, and members of their immediate families. (Section 11001)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment deleting the disclosure requirements under section 11001(b). (Section 11001)

The Managers intend that the information sharing required under this section be effective upon enactment of the Farm Bill. The Managers view the requirement of this section as an important measure to ensure the timely correction and prevention of errors. The Managers intend that the Farm Service Agency provide agents or AIPs with information in a timely fashion to fully effectuate the intent of this section.

(2) *Publication of information on violations of prohibition on premium adjustments*

The House bill requires the Federal Crop Insurance Corporation (the Corporation) to publish information regarding each violation of the prohibition on rebates or premium adjustments, including any sanctions imposed, in sufficient detail so that the information may serve as effective guidance to AIPs, agents, and producers. (Section 11002)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 11002)

The Managers stress the importance of timely enforcement and publication of violations, especially in the heavy sales period prior to the sales closing date. The Managers also intend for the Risk Management Agency to investigate reports of violations made to the Risk Management Agency by agents or AIPs in the field. The Managers observe that the prohibition on rebating under the Federal Crop Insurance Act (FCIA) has not been construed to limit customary client

relations, including but not limited to providing risk management education, maps, or help explaining coverage to lenders; promotional materials such as pens, caps, notepads; or engagement of clients in a social or civic setting. The Managers view these services and activities as ordinary business expenses common to the industry.

(3) *Supplemental coverage option*

The House bill, in section 11003(a), amends section 508(c)(3) of the Federal Crop Insurance Act to establish the Supplemental Coverage Option (SCO). Section 508(c)(3)(A) and (B) (as amended by section 11003(a) of the House bill) offers producer the option of purchasing additional coverage based on: (1) an individual yield and loss basis; (2) an area yield and loss basis; or (3) an individual yield and loss basis supplemented with coverage based on an area yield and loss basis to cover part of the deductible under the individual yield and loss policy. Section 508(c)(3)(C) (as amended by section 11003(a) of the House bill) establishes coverage on a margin basis alone or in combination with coverage on an individual yield and loss basis or on an area yield and loss basis, or an individual yield and loss basis supplemented with coverage based on an area yield and loss basis. Subsection (b) amends section 508(c)(4) of the Federal Crop Insurance Act to establish the level of coverage available under SCO. Section 508(c)(4)(C)(i) (as amended by section 11003(b) of the House bill) requires SCO to be available at a county-wide level to the fullest extent practicable or, in counties that lack sufficient data, on the basis of a larger area that the Corporation determines will provide sufficient data. Section 508(c)(4)(C)(ii) (as amended by section 11003(b) of the House bill) stipulates that indemnities will be triggered only if losses in the area exceed 10 percent of normal levels. Section 508(c)(4)(C)(iii) (as amended by section 11003(b) of the House bill) establishes coverage in an amount that does not exceed the difference between 90 percent and the coverage level selected by the producer for the underlying policy or plan of insurance. Section 508(c)(4)(C)(iv) (as amended by section 11003(b) of the House bill) stipulates that crops enrolled in Revenue Loss Coverage or acres enrolled in stacked income protection for producers of upland cotton (STAX) are not eligible for SCO. Section 508(c)(4)(C)(v) (as amended by section 11003(b) of the House bill) establishes the premium for SCO at an amount that is sufficient to cover anticipated losses and a reasonable reserve and include an amount for operating and administrative expenses. Subsection (c) amends section 508(e)(2) of the Federal Crop Insurance Act to establish premium support for SCO at 65 percent of the additional premium associated with the coverage and A&O at 12 percent of the premium used to define loss ratio. Subsection (d) requires the provision of SCO beginning with the 2014 crop year. (Section 11003)

The Senate amendment amends section 508(c)(3) of the Federal Crop Insurance Act to establish SCO in the same manner as the House provision. Section 11001(a) amends section 508(c)(3) of the Federal Crop Insurance Act to establish SCO. Section 11001(b) amends section 508(c)(4) of the Federal Crop Insurance Act to establish the level of coverage available under the SCO. Section 508(c)(4)(C)(i) (as amended by section 11001(b) of the Senate amendment) requires SCO to be available if sufficient data is available (as determined by the Corporation). Section 508(c)(4)(C)(ii) (as amended by section 11001(b) of the Senate amendment) makes coverage under this section subject to a deductible. If a producer selects Agriculture Risk Coverage (ARC), the amount of the deductible is equal to 22 percent of the expected value of the crop. For all other producers, the deductible is established at 10 percent. Section 508(c)(4)(C)(iii) (as amended by section 11001(b) of the Senate amendment) establishes coverage in an amount that does not exceed the difference between 100 percent and the coverage

level selected by the producer for the underlying policy or plan of insurance. Section 508(c)(4)(C)(iv) establishes the premium for A&O in the same manner as the House provisions. Subsection (c) establishes premium support and A&O in the same manner as the House provision. Subsection (d) provides for a conforming amendment. Section 11013, which establishes a new section 508B of the Federal Crop Insurance Act, provides that acres enrolled in STAX are ineligible for supplemental coverage. (Sections 11001, 11013)

The Conference substitute adopts the House provision with amendments dropping the establishment of margin coverage provided in the House provision from the SCO section, establishing that SCO coverage will only be triggered if losses in the area exceed 14 percent of normal levels, limiting SCO coverage to not exceed the difference between 86 percent and the coverage level selected by the producer under the underlying policy, disallowing SCO coverage for crops enrolled in ARC (as well as acreage when enrolled in STAX), and requiring SCO to be made available beginning with the 2015 crop year. (Section 11003)

The Managers intend the Supplemental Coverage Option to be made available by the Corporation for sale by agents and AIPs in time for the 2015 crop year. This is essential given crop insurance is assuming a larger role in the risk management of producers in the wake of reduced support under the Commodity Title. The Managers particularly note that a producer may purchase a STAX policy and SCO coverage on the same cotton crop in the same county provided that they are purchased for separate acreage. The language in this section is clear on this point, precluding SCO coverage and ARC on the same crop but precluding SCO and STAX on the same acres. The Managers intend that producers of hybrid seed, including but not limited to hybrid seed corn, hybrid popcorn seed, hybrid sweet corn seed, hybrid sorghum seed, and hybrid rice seed, may supplement their coverage with either a revenue or yield SCO coverage option, at the producer's election. The Managers intend that cotton producers may supplement their cottonseed coverage with SCO yield coverage.

The Managers strongly urge the Corporation to allow popcorn producers to be covered under area risk protection insurance under written agreement until applicable policy provisions are amended to allow for such coverage.

Margin Coverage Option

The House bill, in section 11003(a), authorizes margin coverage for producers to elect alone, or in combination with individual yield and loss coverage or area yield and loss coverage, or in combination with both individual yield and loss coverage and area yield and loss coverage. (Section 11003)

The Senate amendment authorizes margin coverage to be made available alone or in combination with either individual yield and loss coverage or area yield and loss coverage. (Section 11002)

The Conference substitute adopts the House provision but authorizes margin coverage under a separate section in the Farm Bill from SCO. (Section 11004)

The Managers intend that margin coverage be approved and made available by the Corporation for sale by agents and AIPs in time for the 2015 crop year. Timely approval and availability is important to wheat, rice, and interested producers of other commodities.

(4) Premium amounts for catastrophic risk protection

The House bill requires the CAT premium to be reduced by the percentage equal to the difference between the average loss ratio for the crop and 100 percent, plus a reasonable reserve.

(Section 11004)

The Senate amendment is the same as the House, except the reasonable reserve is “as determined by the Corporation.” (Section 11003)

The Conference substitute adopts the Senate provision. (Section 11005)

(5) *Repeal of performance-based discount*

The House bill repeals the performance-based discount. (Section 11005)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(6) *Permanent enterprise unit subsidy*

The House bill makes permanent the Corporation’s authority to pay a higher portion of the premiums for policies that insure on an enterprise unit basis. (Section 11006)

The Senate amendment is the same as the House. (Section 11004)

The Conference substitute adopts the House provision. (Section 11006)

(7) *Enterprise units for irrigated and non-irrigated crops*

The House bill requires the Corporation to make available separate enterprise units for acreages of irrigated and non-irrigated crops beginning with the 2014 crop year. (Section 11007)

The Senate amendment is the same as the House except that separate enterprise units are to be made available beginning with the 2013 crop year. (Section 11005)

The Conference substitute adopts the House provision but makes separate enterprise units available beginning with the 2015 crop year. (Section 11007)

The Managers intend for Enterprise Units by practice to be made available by the Corporation in time for the 2015 crop year.

(8) *Data collection*

The House bill provides authority for the use of data collected by the Risk Management Agency (RMA), the National Agricultural Statistics Service (NASS), or both, to determine yields. Where sufficient county data is not available, the Secretary is authorized to use data from other sources. (Section 11008)

The Senate amendment is the same as the House. (Section 11006)

The Conference substitute adopts the House provision. (Section 11008)

The Managers would note that the effectiveness of the improvements made by this Act to the Federal Crop Insurance Act hinges considerably on ensuring that necessary data is available for implementation of improvements in a manner that benefits all producers. The Managers intend that the Corporation will use this authority effectively to fully accomplish the objectives of the crop insurance title of the Farm Bill.

(9) *Adjustment in actual production history to establish insurable yields*

The House bill strikes the 60 percent yield plug in current law and replaces it with a 70 percent yield plug. (Section 11009)

The Senate amendment provides for a yield plug at 65 percent but only with respect to yields for the 2014 and subsequent crop years. (Section 11007)

The Conference substitute adopts the House provision with an amendment that drops the proposed replacement of the yield plug in current law and authorizes producers to exclude

certain yield history from their APH database. The provision amends section 508(g) (as amended by section 11009 of the Farm Bill) by subjecting actual production history requirements under section 508(g)(2)(A) to the new yield exclusion authority and, under section 508(g)(4), by requiring an appropriate adjustment in premium when a producer elects to exclude yields pursuant to the authorities provided by this provision. The new section 508(g)(4)(C)(i) authorizes a producer to exclude any recorded or appraised yield for any crop year in which the per planted acre yield of the agricultural commodity in the county of the producer was at least 50 percent below the simple average of the per planted acre yield of the agricultural commodity in the county during the previous 10 consecutive crop years. Section 508(g)(4)(C)(ii) provides that for any crop year in which a producer is able to make an election to exclude a yield under clause (i), a producer in a contiguous county may also elect to exclude a yield under the authority granted by this provision. Section 508(g)(4)(C)(iii) requires this provision to be implemented by irrigation practice. (Section 11009)

The Managers intend that when a producer elects to exclude a yield under this section that the Corporation would also exclude a year for purposes of calculating the producer's average actual production history. For example, if a producer has 10 years of history and elects to exclude one year pursuant to this section, the conferees intend that the Corporation will add the yields from the 9 remaining years in the database and divide the total by 9, not 10. The amendment to the Act specifically declares that a producer may make an election to exclude one or more yields notwithstanding section 508(g)(2)(A) which requires a data base building up to 10 consecutive crop years. Since the statute does not drill down further as to how the producer's average Actual Production History is to be calculated by the Corporation, the Managers intend that the more general directive in this section along with this clarifying report language is sufficient to ensure proper implementation as intended by the Managers without the need to amend Corporation regulations. The Managers note that this provision is effective upon the date of enactment of the Farm Bill. To the extent that it is not feasible to implement for the 2014 crop year due to the reinsurance year already having begun, the Managers intend that the provision will be implemented in time for the 2015 crop year. The Managers would observe that this provision applies to any yield in a producer's actual production database, including any yield that predates the enactment of this section.

The Managers strongly urge the Corporation to discontinue use of downward trending with respect to databases of perennial crops of 5 years or less due to the hardship this inflicts on specialty crop producers, including peach producers, who, under the current rules, are not allowed to use their own proven APH despite the requirements of section 508(g)(2)(A). The Managers also strongly urge that vertically integrated producers be permitted to use adjusters' appraisals to settle claims and that transition yields for peaches be updated to account for technology and innovation.

(10) Submission and review of policies

The House bill, in section 11010(a), requires the Corporation to review and submit to the Federal Crop Insurance Corporation Board of Directors (Board) any policy developed under research and development contracting authority or pilot program authority if the Corporation, at its sole discretion, finds the policy will likely result in a viable and marketable policy, would provide crop insurance coverage in a significantly improved form, and adequately protects producer interests. The provision also establishes priorities for consideration and approval under section 508(h) of the Federal Crop Insurance Act, including a revenue policy for peanuts, a

margin policy for rice producers, and separate enterprise units by risk rating in time for the 2014 crop year. Section 11010(b) allows for up to 75 percent of research and development cost to be paid in advance. (Section 11010)

The Senate amendment, in section 11008, is substantially similar to the House provision except that the Senate amendment does not include the House priorities. Section 11009 also proposes new policy review and approval criteria, requiring the Board to approve a new policy, plan of insurance, or other material for reinsurance and for sale by approved insurance providers to producers at actuarially appropriate rates and under appropriate terms and conditions if the Board determines, at its sole discretion, that the interests of producers are adequately protected; the rates of premium and price election methodology are actuarially appropriate; the terms and conditions are appropriate and would not unfairly discriminate among producers; the proposed policy or plan of insurance will, at the Board's sole discretion, result in viable and marketable policy, will provide crop insurance in a significantly improved form or in a manner that addresses a recognized flaw or problem, and will provide an improved kind of coverage for crops without insurance or experiencing low participation in crop insurance; the proposed policy or plan of insurance would not, in the sole discretion of the Board, have a significant adverse impact on the crop insurance delivery system; and the policy or plan meets other requirements determined appropriate by the Board. Section 11009 also provides that the Board, at its sole discretion, may establish annual priorities which would be made available on the Corporation website as well as a process where priority submissions would be considered and approved first. The Board is to consider making the highest priority those submissions designed to serve underserved commodities, including commodities for which there is no insurance, and those designed to address existing policies where there is inadequate coverage or low participation levels. Section 11018 of the Senate provision modifies the approval of costs for research and development, including the allowance of a waiver on the 50 percent limit on advance costs, permitting the Board to approve an additional 25 percent advance payment to a submitter of a policy intended to provide coverage for a region or crop that is underserved by federal crop insurance, including specialty crops. (Sections 11008, 11009, 11018)

The Conference substitute adopts the Senate provisions, combining them into one section with the following amendments. The Board is required to review and approve for reinsurance and for sale by approved insurance providers to producers at actuarially appropriate rates and under appropriate terms and conditions any policy, plan of insurance, or other material where the Board determines that the interests of producers are protected. In addition, the Board must determine that the proposed policy or plan of insurance will provide a new kind of coverage that is likely to be viable and marketable, provide insurance coverage in a manner that addresses a clear and identifiable flaw or problem in an existing policy, or provide a new kind of coverage for a commodity that previously had no crop insurance or has demonstrated a low level of participation or coverage level under existing coverage. The Board must also determine that the policy or plan of insurance will not have a significant adverse impact on the crop insurance delivery system. The Board is required, in a timely manner, to first consider policies or plans of insurance that address underserved commodities, including commodities for which there is no insurance; secondly, to consider modifications to existing policies or plans of insurance for which there is inadequate coverage or there exists low participation levels for a crop; and finally to consider other submissions under section 508(h). The Board is required to make a priority the approval of a revenue policy for peanuts and a margin coverage policy for rice in time for the 2015 crop year; and the Board is authorized to approve another priority in time for the 2015 crop

year, a submission that allows separate Enterprise Units by risk rating. With respect to approval of costs for research and development, the requirement that a policy address “a unique need of agricultural producers” is dropped as part of the qualifying criteria for the 50 percent advance, and the submitter not having sufficient financial resources to complete the development of the submission into a viable or marketable policy is dropped as part of the criteria for an additional 25 percent advance. (Section 11010)

The Managers observe the importance of a section 508(h) submission process that is highly conducive to the development, approval, and availability of new risk management products for producers. The Managers intend that, provided that largely objective standards are met by a submission under section 508(h), the Board must approve the policy. The Managers intend that the Board will honor the general priorities as required under the amendments made to section 508(h) under this section but in a manner that also provides for the timely consideration of other policies. The Managers specifically intend for the Board to approve a peanut revenue policy and a margin policy for rice producers in time for the 2015 crop year, as required under this section, and intend for the Board to use the authority granted under this section to consider and approve a submission providing for separate Enterprise Units by risk rating also in time for the 2015 crop year. The Managers would also strongly urge the Board to place a high priority on the approval of a specialized irrigated grain sorghum policy that establishes improved rates and t-yields based on a certain high level of crop management.

(11) *Equitable relief for specialty crop policies*

The House bill provides that for each of the 2011 through 2015 reinsurance years, the Corporation must provide \$41 million in reimbursement (in addition to the total amount of funding for A&O reimbursement) with respect to eligible insurance contracts for any agricultural commodity that is not eligible for a benefit under subtitles A, B or C of Title I of this Act. (Section 11011)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(12) *Consultation*

The Senate amendment requires the submitter of a proposed policy to, as part of the 508(h) review process, consult with groups representing producers of agricultural commodities in all major producing areas for the commodities to be served or potentially impacted, either directly or indirectly. Any submission to the Board must include a summary assessment of the consultation and the Board must use the assessment to determine if the submission will create adverse market distortions. (Section 11010)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision but confines the scope of the new consultation requirements to fruits, vegetables, tree nuts, dried fruits, horticulture, nursery crops, and floriculture. (Section 11011)

(13) *Budget limitations on renegotiation of the Standard Reinsurance Agreement*

The House bill requires that, to the maximum extent practicable, any new SRA negotiated under section 508(k)(8)(A)(ii) shall be budget neutral as compared to the previous SRA, that in no event may a new SRA significantly depart from budget neutrality, and that any incidental savings realized from the renegotiation of the Standard Reinsurance Agreement be

used to increase premium subsidies, A&O reimbursements, or fund pilot programs. (Section 11012)

The Senate amendment is similar except that the provision requires any savings realized from the renegotiation of the Standard Reinsurance Agreement “be used for programs administered or managed by the Risk Management Agency.” (Section 11011)

The Conference substitute adopts the House provision with an amendment to clarify that, to the maximum extent practicable, estimated underwriting gains under any new SRA must be budget neutral as compared to estimated underwriting gains under the immediately preceding SRA were the preceding SRA extended over the same period of time (Subparagraph (F)(i)(I)). The substitute also clarifies that any future SRA must comply with provisions of the Federal Crop Insurance Act governing A&O rates but that this requirement is subject to the requirement that, to the maximum extent practicable, the estimated total amount of A&O under any new SRA shall not be less than the estimated total amount of A&O under the immediately preceding SRA were the preceding SRA extended over the same period of time, as estimated on the date of enactment of the Farm Bill (Subparagraph (F)(i)(II)). The substitute requires in the same clause that in no event shall a new SRA significantly depart from the budget neutrality as defined in each of subclauses (I) and (II) unless otherwise required by the Federal Crop Insurance Act (Subparagraph (F)(i)(III)). The substitute further requires that to the extent there are any budget savings from a future SRA and they do not result in a significant departure from the budget neutrality required under each of subparagraphs (F)(i)(I) and (F)(i)(II), the savings must be used to increase A&O or underwriting gains (Subparagraph (F)(ii)). (Section 11012)

The Managers note that Federal Crop Insurance has been reduced by about \$17 billion over the past six years, including directly in the 2008 Farm Bill, in the context of the 2011 Standard Reinsurance Agreement negotiated in 2010 pursuant to section 508(k)(8)(A)(i), and in the subsequent premium rerating of policies. The Managers intend that, in compliance with this section, any SRA negotiated pursuant to section 508(k)(8)(A)(ii) shall not be used as a means of achieving further cuts to Federal Crop Insurance. To this end, this provision of law requires forbearance from further cuts in any future SRA negotiations to the maximum extent practicable. The Managers observe that this provision imposes a clear duty on the FCIC to fulfill the statutory command to the extent that it is feasible or possible to do so while still fulfilling the purposes of the statute, namely the provision of crop insurance to farmers and ranchers through approved insurance providers and private sector agents. Absent clear directive under a future Act of Congress, the Managers expect that forbearance from budget reductions under any future SRA is, in fact, both feasible and possible. In requiring budget neutrality, it is the intent of the Managers that the authority of the Corporation to carry out its authorities under this subtitle to establish or revise premium rates shall not be affected by this amendment.

The Managers note that this provision of law establishes an effective floor for estimated underwriting gains (UWGs) and A&O amounts under any future SRA that is based on estimates under the current SRA. Subject to the prescribed minimum amount of A&O, the Managers also note that the provision requires the FCIC to comply with applicable provisions of the FCIA when establishing A&O rates. In contrast to UWGs where there is no statutory instruction, there is significant statutory instruction and history with respect to A&O rates. For instance, section 508(k)(4)(A)(ii) established a maximum A&O rate of 24.5 percent of premium used to define loss ratio beginning with the 1999 reinsurance year. Section 508(k)(4)(E) subsequently fixed the rate of A&O at 2.3 percentage points below the rate in effect on the date of enactment of the 2008 Farm Bill with respect to the 2009 and subsequent reinsurance years. And section

508(k)(8)(E) authorized alternative methods to determine A&O rates for covered reinsurance years under the SRA that took effect beginning with the 2011 reinsurance year. The Managers would observe that the applicable statutory A&O rates are made subject to the estimated minimum amount of A&O required under this provision of law as well as to any additional A&O required in the event of incidental savings from a future SRA negotiated under section 508(k)(8)(A)(ii). The Managers note that Subparagraph (F)(i)(III) enforces the overarching purpose of this provision of law which is to avoid future spending reductions by maintaining budget neutrality. The Managers do not intend that this provision be construed to require that funding be increased or decreased with respect to either A&O or UWGs in a manner that would increase or decrease such funding relative to a future SRA negotiated under section 508(k)(8)(A)(ii) unless an increase or decrease is otherwise required by the operation of law.

Subparagraph (F)(i)(III) generally restates the overarching purpose of this provision of law which is to maintain budget neutrality unless the statute requires otherwise. The Managers note that budget neutrality requirements as defined in each of subclauses (I) and (II) and each enforced by subclause (III) may not be construed to require a reduction to another program. Subparagraph (F)(ii) holds that any savings from an SRA negotiated under section 508(k)(8)(A)(ii) shall be purely incidental and any such savings must be redirected back into A&O and UWGs. Thus, the Managers intend that any savings under a future SRA be, in fact, purely incidental and that these savings be used to increase A&O and UWGs in a manner that is not discriminatory or prejudicial to any approved insurance provider or agent. The Managers further intend that incidental savings from UWGs should be redirected to UWGs and, likewise, incidental savings from A&O should be redirected to A&O.

(14) *Test weight for corn*

The Senate amendment requires the Corporation to establish procedures to allow insured producers not more than 120 days to settle claims, in accordance with procedures established by the Secretary, involving corn that is determined to have low test weight. As soon as practicable after the date of enactment of this provision, the Corporation is required to implement this provision on a regional basis based on market conditions and the interests of producers. The authority under this section terminates 5 years from implementation. (Section 11012)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 11013)

(15) *Crop production on native sod*

The House bill amends Section 508(o) of the Federal Crop Insurance Act. The provision amends the definition of native sod to include land that a producer cannot substantiate has ever been tilled. With respect to native sod, the provision requires a reduction in crop insurance premium support, and is denied NAP payments or Commodity Title payments. The provision requires that during the first 4 years of planting a crop on native sod, the premium support for crop insurance will be reduced by 50 percentage points. The provision also provides that the required reduction in benefits will apply to 65 percent of the transitional yield of the producer and that a producer may not substitute yields on native sod ground. The provision is limited in application to the Prairie Pothole National Priority Area. The provision amends the Non-Insured Crop Disaster Assistance Program (NAP) program in the same fashion. Section 10013(c)

requires a cropland report to the House and Senate Agriculture Committees and annual updates. (Section 11013)

The Senate amendment requires the same reduction in benefits as the House provision except that the Senate provision makes the reduction in benefits for planting on native sod nationwide. It further requires a cropland report and annual updates. (Section 11035)

The Conference substitute provides for a reduction in benefits for a producer that has tilled native sod for the production of an annual crop under both the Federal Crop Insurance Act and NAP. Under the Federal Crop Insurance Act, a producer is subject to a reduction in benefits during the first four crop years of planting. The crop insurance insured yield would be determined using a yield of 65 percent of the transitional yield of the producer. The reduced subsidy would be 50 percentage points less than the premium subsidy that would otherwise apply. The reduction in benefits does not apply to catastrophic level coverage.

In the case of benefits under NAP, a producer planting on native sod during the first four years is subject to a reduction in benefits. The reduced approved yield is determined by a yield that is 65 percent of the T yield of the producer. The service fees or premiums would be equal to 200% of the service fee or premium.

The conference substitute provides that the reduction in benefits for both federal crop insurance and NAP apply only on native sod in the states of Minnesota, Iowa, North Dakota, South Dakota, Montana, and Nebraska.

The conference substitute adopts the Senate provision on the requirement for a crop land report and annual updates. (Section 11014)

The Managers do not intend for approved insurance providers (AIP) or agents to be responsible for making any determinations relative to this section, nor for AIPs or agents to undertake any liability for changes in eligibility determinations.

(16) Coverage levels by practice

The House bill allows a producer that produces an agricultural commodity on both dry land and irrigated land to elect a different coverage level for each production practice beginning with the 2015 crop year. (Section 11014)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 11015)

The Managers intend that this provision will be implemented in time for the 2015 crop year. The Managers would observe that the risks relative to producing crops on dry land acreage versus irrigated acreage are considerably different and that many producers seek different coverage levels that are tailored to those differing risks.

(17) Beginning farmers and rancher provisions

The House bill, in section 11015, defines a beginning farmer or rancher as one who has not actively operated and managed a farm or ranch with a bona fide interest in a crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than 5 crop years. Except in the case of CAT coverage, beginning farmers and ranchers receive premium assistance that is 10 percentage points higher than premium assistance otherwise provided. The section requires that a beginning farmer or rancher previously involved in a farming or ranching operation, including in decision making or physical involvement, be assigned a yield that is the higher of the APH of the previous producer of the crop or livestock on the acreage or the yield of the producer as

otherwise provided by statute. The section further provides beginning farmers and ranchers with a higher yield plug of 80 percent of the applicable transitional yield. (Section 11015)

The Senate amendment is similar to the House. (Section 11032)

The Conference substitute adopts the House provision. (Section 11016)

The Managers intend this section to be implemented in a manner that does not discriminate against producers who grew up on a farm or ranch, left for post-secondary education or military service, and returned to the farm or ranch. When calculating the 5 crop years in this section, the Managers intend that any year when a producer was under the age of 18, in post-secondary studies, or serving in the U.S. military should not be counted.

(18) *Stacked income protection plan for producers of upland cotton*

The House bill, in section 11016(a), requires the Corporation to make available to upland cotton producers, beginning with the 2014 crop year, a new additional policy which is to provide coverage consistent with the Group Risk Income Protection (GRIP) Plan along with the Harvest Revenue Option Endorsement offered in the 2011 crop year. The section authorizes the Corporation to modify the policy on a program-wide basis provided the plan complies with certain requirements. The section requires coverage for revenue loss of not less than 10 percent and not more than 30 percent of expected county revenue, offered in increments of 5 percent. The section establishes a deductible under the policy of 10 percent of revenue loss in a county. The section requires that the policy be made available to all upland cotton producers in all counties of production at a county-wide level to the fullest extent practicable, or in counties that lack sufficient data, on the basis of a larger geographical area as determined by the Corporation. The section provides that this coverage may be purchased alone or in addition to any other individual or area coverage on the same acreage except that in the latter case the coverage may not exceed the deductible of the other policy. The section requires that coverage be based on the expected price established under existing GRIP or area wide policy offered by the Corporation for the county or area and crop year and an expected county yield. The section requires that the expected county yield be the higher of the expected county yield for existing area wide plans for the applicable county (or area) and crop year (or in geographic areas where area-wide plans are not offered, an expected yield determined in a consistent manner with an area wide plan) or the average of the applicable yield data for the county (or area) for the most recent 5 years, excluding the high and low, as observed by RMA, NASS, or both, or other data determined appropriate by the Secretary if sufficient county data is not available. The section requires use of a multiplier factor of not less than the higher of the level established on a program wide basis or 120 percent. The section requires an indemnity to be paid based on the amount that expected county revenue exceeds actual county revenue as applied to the individual coverage of the producer, except that indemnities may not include or overlap the producer's selected deductible. The section requires the availability of this coverage by irrigation practice in all counties where data is available. The section establishes the amount of premium and premium support and specifies the amount of A&O required for the policy. The section clarifies that the policy is in addition to all other coverage available to producers of upland cotton. Finally, section 11016(b) provides for a conforming amendment.

The Senate amendment: Section 11013 is similar to the House bill except that the Senate requires the stacked income protection plan to be made available beginning with the 2014 crop year if practicable and requires such protection to be made available by irrigation practice to the maximum extent practicable. (Section 11013)

The Conference substitute adopts the House provision except that stacked income protection for upland cotton producers is required to be made available beginning not later than the 2015 crop year. (Section 11017)

The Managers intend that the Stacked Income Protection Plan for Producers of Upland Cotton be implemented in a manner that if a producer participates in both the Stacked Income Protection Plan and an area-wide policy, the total indemnification under both policies combined does not exceed the total insured value of the crop. The Managers intend that the Stacked Income Protection Plan for Producers of Upland Cotton be implemented in a manner that includes the features of existing area-wide crop insurance products, including allowing for producers to select or decline the Harvest Price Option. The Managers further intend that Stacked Income Protection Plan be fully implemented by the Corporation as expeditiously as possible.

(19) *Peanut revenue crop insurance*

The House bill, in Section 11017, requires the Corporation to make available revenue insurance for peanut producers beginning with the 2014 crop year. The section establishes an effective price for revenue and multiple peril insurance at a price equal to the Rotterdam price index for peanuts, adjusted to reflect the farmer stock price of peanuts in the U.S. The section authorizes RMA to adjust the effective price to correct distortions in an open and transparent manner with a report to the Agriculture Committees on the reasons for the adjustment. (Section 11017)

The Senate amendment is similar to the House provision. (Section 11014)

The Conference substitute adopts the House provision except that peanut revenue coverage is required beginning with the 2015 crop year and the effective price must be either the Rotterdam price or other appropriate price as determined by the Secretary. (Section 11018)

The Managers note that peanut revenue coverage is required to be made available to peanut producers in time for the 2015 crop year and that a separate section within the crop insurance title of this Act requires that the approval of a peanut revenue policy be made a priority.

(20) *Authority to correct errors*

The House bill amends section 515(c) of the Federal Crop Insurance Act to allow an agent or an AIP to correct unintentional errors in information that are provided by a producer. Section 515(c)(3)(A) (as amended by section 11018 of the House bill) specifies that the authority granted by section 10018 shall be in addition to any corrections already permitted and in place on the date of enactment of this Act. Section 515(c)(3)(A)(i) provides agents and AIPs authority to correct unintentional errors in information provided by the producer to obtain insurance within a reasonable period following the sales closing date. Section 515(c)(3)(A)(ii)(I) also provides that, within a reasonable time following the acreage reporting date, agents and AIPs may correct unintentional errors in factual information that are provided by a producer after the sales closing date to reconcile the information with the information reported by the producer to FSA. Section 515(c)(3)(A)(ii)(II) provides that agents and AIPs may make corresponding corrections within a reasonable amount of time following the date of any subsequent correction of data by the FSA made as a result of the verification of information. Section 503(c)(3)(A)(iii) provides that AIPs and agents may at any time correct unintentional errors made by FSA, agents, or AIPs in transmitting the information provided by the producer to the approved insurance provider or the

Corporation. Section 515(c)(3)(B) provides that in accordance with Corporation procedures, the corrections permitted under clauses (i) and (ii) may only be made if the corrections do not allow the producer to avoid ineligibility requirements; to obtain, enhance or increase an insurance guarantee or avoid a premium owed if a cause of loss exists or has occurred before any correction has been made; or to avoid an obligation or requirement under federal or state law. Section 515(c)(3)(C) exempts errors corrected pursuant to this section from any late filing sanctions. (Section 11018)

The Senate amendment amends section 515(c) of the Federal Crop Insurance Act to require the Corporation to establish procedures to allow an agent or an AIP to, within a reasonable amount of time after the sales closing date, correct errors in specified information that is provided by a producer to ensure the information is consistent with information reported to FSA. The section limits the ability to correct errors if allowance would allow the producer to obtain a disproportionate benefit under crop insurance or other USDA program, avoid ineligibility requirements for crop insurance, or avoid an obligation under federal or state law. (Section 11015)

The Conference substitute adopts the House provision but requires the Corporation to establish procedures to implement the authority to correct errors that are in addition to authorities to correct errors in place as of the day before the date of enactment of this Act. The substitute also clarifies that the authority granted under Section 508(c)(3)(A)(i) is also to ensure that the information is consistent with information reported by the producer for other programs administered by the Secretary. The substitute allows an agent or approved insurance provider to make corresponding corrections within a reasonable amount of time following the date of any correction by the FSA made as a result of the verification of information. The substitute also clarifies that at any time an agent or an approved insurance provider may correct their electronic transmission errors, or the electronic transmission errors of FSA or other USDA agencies to the extent that the agent or AIP relied on that information. The substitute also provides authority to allow a producer to make late payment for crop insurance under certain conditions. (Section 11019)

The Managers would note that the authority to correct errors is in addition to any authorities to correct errors in existence on the day before the date of enactment of this Act, and that the additional authority provided under this section does not preclude the agency from administratively providing other additional authorities to correct errors.

(21) *Implementation*

Section 11020 requires the Secretary to maintain and upgrade information management systems used in the administration and enforcement of the FCIA. The section requires the Secretary to ensure that new hardware and software are compatible with the same used by other USDA agencies. The section requires the Secretary to develop and implement an acreage report streamlining initiative project. Mandatory funds are authorized by the section for systems upgrades (\$25 million for FY2014 and \$10 million for each fiscal year from FY2015 through FY2018) with additional funding (an additional \$5 million for each fiscal year from FY2015 through FY2018) made available upon completion of the Acreage Crop Reporting Streamlining Initiative (ACRSI). The section requires a report to the Agriculture Committees upon the substantial completion of ACRSI. (Section 11019)

The Senate amendment is similar to the House provision and the funding levels are the same, except the expected completion date for ACRSI and the submission date of the report to the Agriculture Committees of Congress are different. (Section 11016)

The Conference substitute adopts the House provision except with reduced funding levels, with \$14 million in FY2014 and \$9 million in each fiscal year from FY2015 through FY2018 with an additional \$5 million for each fiscal year from FY2015 through FY2018 if the specified conditions are met. (Section 11020)

(22) *Crop insurance fraud*

The Senate amendment amends section 516(b)(2) to require that beginning with the 2014 reinsurance year and for each reinsurance year thereafter, the Corporation may use up to \$5 million from the insurance fund to pay costs to reimburse expenses incurred for the review of policies, plans of insurance, and related materials and assist the Corporation in maintaining program integrity and, in addition to other amounts for this purpose, costs incurred by RMA for compliance operations. (Section 11017)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with modifications. The substitute provides that the Corporation may use from the insurance fund not more than \$9 million for each of the 2014 and subsequent reinsurance years to reimburse expenses incurred for the operations and review of policies, plans of insurance, and related materials, and to assist the Corporation in maintaining program actuarial soundness and financial integrity. The substitute further provides that Secretary may, without further appropriation merge some or all of the funds made available under this subparagraph into the accounts of the Risk Management Agency and obligate those funds. The substitute also provides that the funds made available under this subparagraph are in addition to other funds made available for costs incurred by the Corporation. (Section 11021)

(23), (24), (26) *Research and development priorities, Additional Research and Development Contracting Requirements, Alfalfa Crop Insurance Policy*

The House bill authorizes the Corporation to conduct research and development in addition to current authority to enter into contracts for research and development. The section also makes underserved agricultural commodities, including sweet sorghum, biomass sorghum, rice, peanuts, sugarcane, alfalfa, pennycress, and specialty crops research and development priorities. (Section 11020)

The Senate amendment is similar to the House provision but excludes rice, peanuts, alfalfa, and pennycress while adding dedicated energy crops. The section also requires the Corporation to follow consultation requirements before conducting research and development or entering into a contract. (Section 11028)

The Conference substitute adopts the House provision and, within the same section, incorporates specific research and development requirements from section 10021 of the House bill and sections 11019, 11020, 11021, 11022, 11023, 11026 of the Senate bill, including House section 11021's margin coverage for catfish (which is the same as Senate section 11022); House section 11021's biomass and sweet sorghum energy crop insurance policies, which is similar to Senate section 11025; the House study on swine catastrophic disease program, which is similar to the study in Senate section 11021 except that under the Substitute the Corporation is required to contract with 1 or more qualified entities; the House whole farm diversified risk management insurance plan, which is similar to Senate section 11019, except that the Corporation is given up

to two years to reach resolution before having to follow the directive of the section under the Substitute; the House section 11021 study on poultry catastrophic disease program; the House section 11021 poultry business interruption insurance policy which is similar to Senate section 11023 except that under the Substitute any coverage is limited to a portion of losses; the House section 11021 study of food safety insurance which is similar to Senate section 11020; and Senate section 11026 regarding alfalfa crop insurance policy. (Section 11022)

The Managers would note that sweet sorghum and biomass sorghum are listed as underserved commodities and intend that the Corporation give proper priority to the development and ultimate availability of coverage for these crops. The listing of rice and peanuts as underserved commodities also prioritizes development and availability of new policies serving these crops, including margin coverage for rice and revenue coverage for peanuts.

The Managers recognize alfalfa to be an important domestic forage crop valued for nitrogen fixation, soil conservation, crop rotation, and as a natural habitat. The Managers view alfalfa as having great potential for the national cash hay market and as an affordable means of supporting the forage and intensive grazing needs of the horse, cattle, and dairy sectors. However, from 2002 through 2011, alfalfa acreage has declined 15.7 percent, and in 2012 alone acreage declined an additional 10 percent. The Managers stress the importance of an alfalfa crop insurance policy to ensure that producers have the risk management protection that they need to produce this important crop. The Managers urge the Secretary to include information regarding regional differences in cultivation in the alfalfa crop insurance study.

In developing the whole farm diversified risk management insurance policy, the Managers recognize that the Corporation may include coverage for the value of any packing, packaging, or any other similar on-farm activity the Corporation determines to be the minimum required in order to remove the commodity from the field. Making a crop market-ready may require incidental on-farm processing that could occur either in-field or off-field. This activity includes packing, packaging, washing, labeling, trimming, and other similar activities that occur after harvest in order to ensure a marketable commodity. It is the Managers' view that the production cost of such activities does not add value to the product beyond making it a saleable commodity.

In conducting the study on food safety insurance, the Managers do not intend to delay RMA's on-going efforts on these issues. The Managers are aware of existing RMA pilots on quarantine and encourages additional on-the-ground exploration into how risk management might work for quarantine in a specialty crop setting in both perennial and annual crops. The Managers acknowledge that naturally occurring food safety pathogens (a natural peril) could be insurable as cause of loss, but in light of the historical challenges of insuring these perils urges the agency to make examination of data collection into the extent and severity of these perils a priority for this report. The Managers likewise encourage RMA to continue to refine how crop insurance might protect against the risks associated by naturally occurring food safety pathogens. These risks could be associated with either revenue or yield and RMA's on-the-ground product development should not be slowed by this study. This study is designed to help specialty crop producers and Congress understand how these risks are already being, or could be, addressed by the crop insurance system. Special emphasis should be placed on the types of practical challenges that RMA believes are present that need to be overcome in order to create actuarially sound products as is required by statute, including, for example, data collection challenges that may be different or unique to specialty crops vis-a-vis row crops and the implementation of new

insurance products on a pilot basis is encouraged as a part of an insurance-relevant data collection effort.

In establishing appropriate maintenance payments under Section 522(b)(4)(D)(ii) of the Federal Crop Insurance Act, the Managers urge the Corporation to consider whether it is appropriate to establish such payments at an amount totaling not less than the greater of \$10 per policy (as adjusted periodically for inflation); one half of one percent of the total risk premium applicable to the policy; or, if applicable, the fee per policy approved by the Board under this paragraph that was in effect for crop year 2013.

(25) *Study of crop insurance for seafood harvesters*

The Senate amendment requires the Corporation to conduct a feasibility study of insuring seafood harvesters and report to Congress on the results of the study. (Section 11024)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(27) *Crop insurance for organic crops*

The Senate amendment requires as soon as possible but not later than for the 2015 reinsurance year, the Corporation shall offer producers of organic crops price elections for all organic crops, produced in compliance with USDA standards, that reflect the retail or wholesale price, as appropriate. The provision requires the Corporation to then report to Congress on progress made in developing and improving crop insurance for organic crops. (Section 11027)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 11023)

(28) *Program compliance partnerships*

The House bill provides that the purpose of subsection 522(d) of the Federal Crop Insurance Act is to authorize the Corporation to enter into partnerships with private and public entities for the purpose of either increasing availability of loss mitigation, financial, and other risk management tools for producers, with a priority given to risk management tools for producers covered by the Non-Insured Assistance program (NAP), specialty crops, and underserved commodities or improving analysis tools and technology regarding compliance or identifying and using innovative compliance strategies. (Section 11022)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment that rewrites the purposes of section 522(d), as proposed in the House provision, and adds to the objectives provided under section 522(d)(3) the improvement of analysis tools and technology regarding compliance or identifying and using innovative compliance strategies. (Section 11024)

In expanding the Partnerships for Risk Management Development and Implementation to include both improving analytical tools and technology and using innovative strategies for compliance with the federal crop insurance program, the Managers urge the Corporation to utilize this new authority to provide the government and industry with additional options with regard to ensuring program compliance.

(29) *Index-based weather insurance pilot programs*

The Senate amendment authorizes \$10 million in each of fiscal years 2014 through 2018 for the Corporation to conduct a pilot program to provide financial assistance for producers of

underserved crops and livestock (including specialty crops) to purchase an index-based weather insurance product from a private insurance company. The Corporation may pay a portion of the premium but not in excess of 60 percent. The provision also provides certain eligibility requirements for providers, as well as procedures for administration of the pilot program. (Section 11030)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with modifications. The substitute defines livestock to include cattle, sheep, swine, goats, poultry, and pasture, rangeland, and forage as a source of a feed for livestock. The substitute authorizes the Corporation to conduct two or more pilot programs to provide producers of underserved specialty crops and livestock with index-based weather insurance. The substitute requires the Board of the FCIC to approve two or more policies or plans of insurance of AIPs if the Board determines the pilot programs meet the requirements above and additional requirements that the AIPs must: have adequate experience underwriting and administering the kinds of policies proposed under the pilot; have sufficient assets or reinsurance and have sufficient credit rating; and have applicable authority and approval from each state in which the policy will be offered. Pilot program applications submitted pursuant to this section are required to be reviewed in a manner consistent with section 508(h) as well as the actuarial soundness requirements applied to other policies or plans of insurance. The substitute provides priority to pilot program policies that provide a new kind of coverage for specialty crops and livestock that have no available crop insurance or demonstrate low participation under available coverage. The substitute requires the Corporation to pay a percentage of premium, except that the premium support may not exceed 60 percent of total premium. The substitute prescribes the calculation of premium support and requires that the Corporation pay the premium support in the same manner and under the same terms and conditions as premium support for other policies. The Substitute authorizes A&O unless such costs are included in the premium but prohibits federal reinsurance, research and development cost reimbursement, or other reimbursements or maintenance fees. The substitute provides that the AIP that submitted the pilot program may offer the policy exclusively unless, in an exception to the prohibitions on fees, another AIP agrees to pay agreed upon maintenance fees that are reasonable and appropriate and the other AIP meets other eligibility requirements. The substitute requires the requirements of paragraph (4) to be met notwithstanding confidentiality requirements in paragraph (6). The substitute establishes oversight requirements, provides for confidentiality, and prohibits any policy or plan of insurance to be approved if it is substantially similar to privately available hail insurance. The substitute provides \$12.5 million for each fiscal year 2015 through 2018 with such amounts to be made available until expended. The substitute clarifies that these amounts for the pilot program are in addition to amounts made available under other provisions in the Act. (Section 11026)

The Managers note that many producers of specialty crops and livestock are not adequately served by the existing suite of crop insurance products and that alternative approaches, such as this provision, may be appropriate to extend insurance coverage to those producers. Further, the Managers would urge the Corporation to use this pilot authority to develop new expertise and collect as much information as possible about the future development and use the weather-based index insurance as a method for covering producers who are currently underserved by existing crop insurance products. Consistent with the requirements of this section, the Managers intend for RMA to look at states or regions where the level of crop insurance coverage for a particular commodity is significantly below the national average.

(30) *Enhancing producer self-help through farm financial benchmarking*

The Senate amendment adds “farm financial benchmarking” to the list of objectives under the partnerships authorized under section 522(d) and the education and risk management assistance authorized under section 524(a). (Section 11031)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 11027)

(31) *Limitation on premium subsidy based on average adjusted gross income*

The Senate amendment requires that, beginning with the 2014 reinsurance year, the total amount of premium subsidy for additional coverage for any person or entity that has an average adjusted gross income in excess of \$750,000 be 15 percentage points less than the premium subsidy that would otherwise be available for the applicable policy. This section would only take effect if the Secretary, in consultation with the Government Accountability Office, finds that the limitation would not: (1) significantly increase the amount of premium paid by producers with a lower AGI; (2) result in a decline in coverage available; and (3) increase the total cost of the federal crop insurance program. (Section 11033)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(32) *Agricultural management assistance, risk management education, and organic certification cost share assistance*

The House bill eliminates tree plantings and soil erosion control from the list of approved uses, and permanently authorizes the Agricultural Management Assistance Program at \$10 million in mandatory money each fiscal year. It sets aside 30 percent to NRCS for conservation, 10 percent to the Agricultural Marketing Service for organic certification, and 60 percent to the Risk Management Agency for risk management. (Section 2506)

The Senate amendment eliminates the list of states eligible for agricultural management assistance and specified uses for such assistance and authorizes Agricultural Management Assistance, Risk Management Education, and Organic Certification Cost Share Assistance. The provision applies a payment limit of \$50,000. The provision provides \$23 million in mandatory funding for each of fiscal years 2014 through 2018. (Section 11034)

The Conference substitute deletes both the House and Senate provisions.

(33) *Technical amendments*

The House bill strikes the crop insurance coverage requirement to receive certain benefits. The provision also eliminates the exclusion from assistance for losses due to drought conditions under the Livestock Forage Disaster Program. (Section 11024)

The Senate amendment strikes the crop insurance coverage requirement to receive certain benefits. (Section 11036)

The Conference substitute adopts the House provision with amendments to clarify that premium subsidy for area revenue and area yield plans are separately provided for, and that the Corporation must provide notice to Congress if it elects to renegotiate an SRA pursuant to section 508(k)(8)(A)(ii). (Section 11029)

(34) *Advance public notice of crop insurance policy and plan changes*

The House bill requires any changes to the terms and conditions of a policy to be published in the Federal Register at least 60 days before June 30 for fall planted crops and at least 60 days before November 30 for spring planted crops. (Section 11025)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(35) *Greater accessibility for crop insurance*

The Senate amendment requires that when issuing regulations and guidance relating to plans and policies of crop insurance, RMA and the Corporation use plain language, to the greatest extent practicable, as required under Executive Orders 12866 and 12988. The provision requires the Secretary to improve the website on which crop insurance information is disseminated and to report to Congress on efforts to accelerate compliance. (Section 11037)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(36) *GAO crop insurance fraud report*

The Senate amendment requires the Comptroller General of the United States, as soon as practicable after the date of enactment of this paragraph, to conduct and submit to Congress a report describing the results of a study regarding fraudulent claims filed and benefits provided under this subtitle. (Section 11038)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

Title XII—Miscellaneous

SUBTITLE A—LIVESTOCK

(1) *Repeal of the National Sheep Industry Improvement Center*

The House bill repeals the National Sheep Industry Improvement Center. (Section 12101)

The Senate amendment moves the Sheep Center from the Consolidated Farm and Rural Development Act to the Agricultural Marketing Act of 1946. It establishes a competitive grant program in the Agricultural Marketing Service to improve the sheep industry. It also provides \$1,500,000 in Commodity Credit Corporation funds for fiscal year 2014, to remain available until expended. Additionally, the amendment increases the amount of funds that can be used for administration from 3 percent to 10 percent, and it eliminates the authorization of appropriations. (Section 12104)

The Conference substitute adopts the Senate provision. (Section 12102)

(2) *Repeal of certain regulations under the Packers and Stockyards Act, 1921*

The House bill repeals the requirement to promulgate regulations with respect to the Packers and Stockyards Act; repeals the definition of additional capital investment; and prohibits enforcement of certain already promulgated regulations. (Section 12102)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(3) *Country of origin labeling*

The House bill requires the Secretary to conduct an economic analysis of USDA's March 12, 2013, proposed rule on country of origin labeling for beef, pork, and chicken. (Section 12105)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment to clarify that the analysis should be conducted on USDA's final version of the rule. (Section 12104)

(4) *Repeal of duplicative catfish inspection program*

The House bill repeals section 11016 of the 2008 Farm Bill, thus no longer specifying catfish as amenable species and eliminating the grading program. (Section 12107)

The Senate amendment contains no comparable provision.

The Conference substitute amends section 11016 of the 2008 Farm Bill by clarifying the definition of "catfish." It also requires the Food Safety and Inspection Service (FSIS) and the Food and Drug Administration (FDA) to enter into a memorandum of understanding to ensure that inspections of dual jurisdiction facilities by the FSIS satisfy the requirements of the FDA, thereby preventing duplicative inspection oversight. (Section 12106)

It is the intent of the Managers to ensure the safety of the American food supply from food containing dangerous contaminants and banned substances. The Conference substitute amends section 11016 of the 2008 Farm Bill to address perceived concerns regarding duplication; to provide direction to the Secretary regarding covered species; and to otherwise expedite implementation. The Managers are aware that the inappropriate and unregulated use of chemicals and veterinary drugs in aquaculture in some countries raises questions regarding health effects. There exists scientific evidence that demonstrates that the use of substances such as malachite green, nitrofurans, fluoroquinolones, and gentian violet during the stages of production can result in continued presence in edible Siluriforme products. The Managers believe that continuous inspection of farm-raised fish species is a legitimate tool to address these concerns. The Managers believe that the catfish inspection program authorized in the 2008 farm bill is consistent with the principals of most-favored-nation and national treatment, in that U.S. and foreign producers, processors, and products would be treated equally. Therefore, implementation of the program should proceed, as it upholds World Trade Organization responsibilities.

The Managers are aware of claims that implementation of the 2008 mandate has been delayed due to confusion related to the definition of catfish to be utilized by the FSIS. The Conference substitute clarifies this definition in a manner that achieves consistency in the application of the program and avoids arbitrary or unjustifiable distinctions in the level of inspection.

While the Managers fundamentally disagree with claims that a transfer of responsibility from one Federal agency to another somehow duplicates government oversight, the Managers are nevertheless sensitive to historical examples of bureaucratic jurisdictional conflict and have taken steps to address this concern. Specifically, the conference substitute directs the FSIS and FDA to exercise their existing authority to enter into a memorandum of understanding to improve interagency cooperation and to ensure that inspections of dual jurisdiction facilities by the FSIS satisfy the requirements of the FDA, thereby negating any requirement (real or perceived) for duplicative inspection oversight. Moreover, FSIS should work in collaboration

with FDA to improve analysis and share information with regard to risk. The Managers are dissatisfied that the implementation process has already exceeded 5 years and see no barrier to FSIS completing this MOU and fully implementing the underlying inspection mandate within 60 days from the date of enactment of this Act. (Section 12106)

(5) *National Poultry Improvement Program*

The House bill requires the Secretary to administer the surveillance program for low pathogenic avian influenza for commercial poultry without amending the regulations for the governance of the General Conference Committee. Requires that the funding levels stay at FY 2013 levels. (Section 12108)

The Senate amendment requires the Secretary to continue to administer the avian influenza surveillance program in commercial poultry through NPIP. Requires the Secretary to ensure it meets any relevant standards established by WTO. (Section 12107)

The Conference substitute adopts the House provision with an amendment changing “Program” to “Plan” in the Section heading. (Section 12107)

(6) *Report on bovine tuberculosis in Texas*

The House bill requires the Secretary to submit a report on the incidence of bovine tuberculosis in Texas from January 1, 1997 to December 31, 2013. (Section 12109)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(7) *Economic fraud in wild and farm-raised seafood*

The House bill requires the Secretary to submit a report to Congress on the economic implications for consumers, fishermen, and aquaculturists of fraud and mislabeling of wild and farm-raised seafood. The report must be submitted within 180 days. (Section 12110)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(8) *Feral swine eradication pilot program*

The Senate amendment establishes a pilot program to study the extent of damage caused by feral swine and to develop methods to eradicate or control and to restore damage cause by feral swine. The amendment includes a 75 percent Federal cost-share, and it authorizes \$2 million in appropriated funds for each of fiscal years 2014 through 2018. (Section 12105)

The House bill contains no comparable provision, authority expires.

The Conference substitute adopts the Senate provision with an amendment. The amendment revises the language as a Sense of Congress urging the Secretary of Agriculture to recognize the threat feral swine pose to the agricultural industry and to prioritize eradication of feral swine. (Section 12108)

SUBTITLE B—SOCIALY DISADVANTAGED PRODUCERS AND LIMITED RESOURCE PRODUCERS

(9) *Socially Disadvantaged Farmers and Ranchers Policy Research Center*

The House bill requires the Secretary to establish a center for developing policy recommendations for the protection and promotion of the interests of socially disadvantaged farmers and ranchers. (Section 12203)

The Senate amendment is similar to the House, but uses a competitive grant program. (Section 12002)

The Conference substitute adopts the House provision. (Section 12203)

(10) *Receipt for or denial of service from certain Department of Agriculture agencies*

The House bill requires USDA to provide a receipt for service to all persons requesting a benefit offered by the Department. (Section 12204)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 12204)

SUBTITLE C—OTHER MISC. PROVISIONS

(11) *Program benefit eligibility status for participants in high plains water study*

The House bill amends Section 2901 to prohibit ineligibility for program benefits under the Federal Agriculture Reform and Risk Management Act of 2013 or an amendment made by that Act. (Section 12302)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 12302)

The Managers recognize that the ongoing depletion of the Ogallala Aquifer is an acute concern for the eight States that depend on it for agricultural, domestic, industrial uses, and other uses. This provision will allow agricultural producers to participate in a one-time study of aquifer recharge potential that will help inform State and local water conservation investment and policy to aid in managing this critical aquifer. The study is narrowly focused on a small number of playa lakes situated on agricultural land over the Ogallala Aquifer.

Playas are temporary wetlands unique to the High Plains of North America, numbering more than 60,000. Playas not only serve as the primary source of recharge for the Ogallala Aquifer, they are the most important wetland type for wildlife in this region. The Managers encourage the Department to further recognize the importance of playas through increased communication to landowners of the benefits of playas and conservation programs available. The Managers also encourage the Department to work with the Playa Lakes Joint Venture to enhance the use of such programs like CRP to help ensure the protection of playas.

(12) *Military Veterans Agricultural Liaison*

The House bill authorizes the position and duties of a Military Veterans Agricultural Liaison at the Department of Agriculture. (Section 12304)

The Senate amendment provides the Liaison the additional authority to enter into contracts or cooperative agreements with the research centers of the Agricultural Research Service, institutions of higher education or nonprofit organizations for specific purposes. (Section 12201)

The Conference substitute adopts the Senate provision. (Section 12304)

(13) *Prohibition on keeping GSA leased cars overnight*

The House bill prohibits Farm Service Agency employees that are issued government cars from taking the cars home overnight unless they are on official travel involving per diem. (Section 12305)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(14) *Noninsured Crop Assistance Program*

The House bill allows producers to obtain NAP coverage that is equivalent to additional coverage provided under subsections (c) and (h) of the Federal Crop Insurance Act except the coverage level may not exceed 65 percent. The provision expands availability of NAP coverage for crops for which coverage under subsections (c) and (h) of the Federal Crop Insurance Act are not available and specifically includes sweet sorghum and biomass sorghum. The provision establishes a premium payment and application deadline date and requires the changes to NAP to become effective beginning with the 2015 crop. (Section 12306)

The Senate amendment is similar to the House provision except the provision excludes crops and grasses used for grazing, as well as ferns and tropical fish. The provision increases NAP fees per crop per county, per producer per county, and the maximum fee amount. The provision provides additional availability of NAP with respect to producers suffering losses to their 2012 annual fruit crop grown on a bush or tree and producers suffering losses in a county covered by a Secretarial disaster declaration due to freeze and frost. The provision is repealed effective October 1, 2018 upon which date the provision shall be construed to have never been enacted, except the exclusions from coverage provided under the provision are made permanent. (Section 12204)

The Conference substitute adopts the Senate provision except that crops and grasses for grazing may receive NAP coverage equivalent to CAT coverage but not additional coverage; sweet sorghum and biomass sorghum, including that which is grown for biofuels, renewable electricity, or biobased products is covered under NAP; the Secretary may waive the fees with respect to CAT equivalent NAP for beginning, limited resource, and socially disadvantaged farmers and these producers pay 50 percent less than otherwise required for additional coverage NAP; the applicable pay limit is included in the calculation of premium; the effective period for the provision is for the 2014 through 2018 crop years; and the Federal Crop Insurance Act is amended to exclude CAT coverage for crops and grasses uses for grazing. (Section 12305)

The Managers would observe that NAP is made available with respect to crops for which crop insurance has not yet been made available. The Managers stress that it is the objective of Congress that all crops, to the maximum extent practicable and unless otherwise provided for in law, should ultimately be covered by crop insurance, rather than NAP, where producers pay actuarially sound premiums in consideration for coverage and where private sector delivery has proven very effective. The Managers intend that the additional financial resources and the adjustments to the policy submission process under section 508(h), the research and development process, and the pilot program process will achieve this goal.

(15) *Ensuring high standards for agency use of scientific information*

The House bill requires federal agencies, by January 1, 2014, to have in effect guidelines to ensure and to maximize the quality, objectivity, utility, and integrity of the scientific information upon which the agencies rely. It prohibits any policy decision issued by an agency after January 1, 2014, from taking effect unless such agency has in effect guidelines for use of

scientific information that have been approved by the Director of the White House Office of Science and Technology Policy. (Section 12307)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(16) *Evaluation required for purposes of prohibition on closure or relocation of county office for the FSA*

The House bill requires a workload assessment before any Farm Service Agency county office closures take place. (Section 12308)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(17) *Acer Access and Development Program*

The House bill authorizes grants to state and tribal governments and research institutions for the purpose of promoting the domestic maple syrup industry. It authorizes \$20 million in appropriated funds for each of fiscal years 2014 through 2018. (Section 12309)

The Senate amendment does not specify that the grants are run on a competitive basis and does not include research institutions as eligible for receiving grants. It authorizes appropriations for fiscal years 2014 and 2015. (Section 12208)

The Conference substitute adopts the House provision. (Section 12306)

(18) *Regulatory review by the Secretary of Agriculture*

The House bill requires the Secretary of Agriculture to review publications that provide notice of Environmental Protection Agency guidance, policy, memorandums, regulations or statements, for significant impacts on agricultural entities and then take certain, specified action. (Section 12310)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment authorizes a standing agriculture-related committee to provide scientific and technical advice to the science advisory committee and a report to Congress regarding the activities of the committee. (Section 12307)

The Managers expect the Administrator to consider requests received from the House Committee on Agriculture or the Senate Committee on Agriculture, Nutrition and Forestry in regard to issues or questions that the Committees believe merit action by the agriculture-related standing committee.

(19) *Animal fighting venture*

The House bill amends Section 26(a)(1) of the Animal Welfare Act to prohibit knowingly attending an animal fighting venture or causing a minor to attend an animal fighting venture. Penalties are covered by existing authorities in 18 U.S.C. 49. (Section 12311)

The Senate amendment is the same as the House. It confirms that penalties for violations are prescribed and enforced. The amendment sets the penalty for each violation for attending an animal fighting venture. It also sets the penalty for causing a minor to attend an animal fighting venture. (Section 12209)

The Conference substitute adopts the Senate provision with an amendment. The amendment changes the age of a minor from a person under the age of 18 years old to a person under the age of 16 years old. (Section 12308)

The Conference substitute amends the Animal Welfare Act by providing “that a dealer or exhibitor shall not be required to obtain a license as a dealer or exhibitor under this Act if the size of business is determined by the Secretary to be de minimus.” By limiting the scope of dealers and exhibitors who are required to obtain a license, the conference substitute allows the Secretary of Agriculture to focus the U.S. Department of Agriculture Animal and Plant Health Inspection Service’s limited budget and inspection and enforcement staff on entities that pose the greatest risks to animal welfare and public safety. USDA has found that no license is required for small-scale breeders of certain animals (i.e., those that maintain four or fewer breeding cats and dogs and who sell only the offspring of those animals which were born and raised on the premises for pets or exhibition) and the Conference substitute codifies this exemption, allowing USDA to determine that animal breeders who raise animals on their own premises need not obtain a license if the number of animals they breed or sell, or the gross annual dollar amounts earned from such activities, are so minor as to merit disregard. The Managers continue to recognize the importance of ensuring that all animals bred, transported, and sold in (or substantially affecting) interstate commerce are humanely treated. The Conference substitute also allows USDA to determine that certain exhibition businesses are de minimus. An exhibitor’s business must not be considered de minimus merely because the facility operates as a non-profit corporation, nor is the exhibition of a small number of dangerous animals (including, but not limited to, big cats, bears, wolves, nonhuman primates, or elephants) de minimus.

The Managers expect APHIS to complete this rulemaking expeditiously and would suggest a timeframe not to exceed one year from the date of enactment in order that the agency begin receiving the benefit the policy provides related to resource allocation. Furthermore, by freeing up resources and more effectively focusing its regulatory program, the Managers observe that this policy eliminates a direct obstacle to lifting the stay on the agency’s contingency rule and issuance of the proposed rule to regulate bird dealers and exhibitors, and expect action to be taken on these rules without delay.

The Animal Welfare Act (AWA or the Act, 7 U.S.C. 2131 et seq.) seeks to ensure the humane handling, care, treatment, and transportation of certain animals that are sold at wholesale and retail for use in research facilities, for exhibition purposes, or for use as pets by means of federal licensing and inspection. A revised definition of retail pet store included in the Final Rule published by USDA on September 10, 2013, and effective November 18, 2013, restored and amended the exemption in § 2.1(a)(3)(vii) so that any person including, but not limited to, purebred dog or cat fanciers, who maintains a total of four or fewer breeding female dogs, cats, and/or small exotic or wild mammals, and who sells, at retail, only the offspring of these dogs, cats, and/or small exotic or wild mammals, which were born and raised on his or her premises, for pets or exhibition, and is not otherwise required to obtain a license, is also considered a retail pet store for regulatory purposes.

The Managers are aware of confusion among the regulated industry and request clarification of two principles pertaining to the sale of pets: (1) Current regulatory language uses the term “breeding female” which does not appear in statute and thus lacks statutory direction. The Managers urge APHIS to clarify that only those female animals capable of reproduction and actively being used in a breeding program qualify as breeding females. (2) The Managers also recommend clarifying that USDA oversight of such sales pertains to those transactions in

interstate commerce as provided for under the Commerce Clause (U.S. Const. amend. I, § 8.)] [and as referenced in §2132 (c) of the Animal Welfare Act and regulated under authority of the United States department of Agriculture].

(20) *Prohibition against interference by state and local governments with production or manufacture of items in other states*

The House bill prohibits any state or local government from setting standards or conditions on the production or manufacture of agricultural products and preventing interstate sales of such agricultural products. The term “agricultural product” is as defined in the Agricultural Marketing Act of 1946. (Section 12312)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(21) *Increased protection for agricultural interests in the Missouri River basin*

The House bill directs the Secretary to take action to promote immediate increased flood protection to agricultural interests in the Missouri River basin. (Section 12313)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(22) *Increased protection for agricultural interests in the Black Dirt region*

The House bill directs the Secretary to take action to promote immediate increased flood protection for agricultural interest around the Wallkill River and the Black Dirt region. (Section 12314)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(23) *Protection of honey bees and other pollinators*

The House bill requires the Secretary to carry out activities to protect and ensure the long-term viability of populations of honey bees, wild bees, and other beneficial insects of agricultural crops, horticultural plants, wild plants, and other plants. The bill directs the Secretary to establish a task force to coordinate Federal efforts addressing the decline in bee health and assess Federal efforts to mitigate pollinator loss. It requires the Secretary to report to Congress within 180 days from the date of enactment. The Secretary may conduct feasibility studies to consider relocating and modernizing pollinator research labs. (Section 12315)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(24) *Produce represented as grown in the US when it is not in fact grown in the US*

The House bill requires the Secretary to provide technical assistance to U.S. Customs and Border Protection for identifying produce that is falsely represented as grown in the United States. Requires the Secretary to submit to the Agriculture Committees a report on produce represented as grown in the US. (Section 12316)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 12309)

(25) *Urban agricultural coordination*

The House bill requires the Secretary to compile a list of programs for which urban farmers can apply, to adjust programs to enable urban farmers to participate, and to streamline the process for urban farmer participation. (Section 12317)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

Urban agriculture may include the use of backyard, roof-top, and balcony gardening, community gardening in vacant lots and parks, roadside urban fringe agriculture and livestock grazing in open space.

The Managers are aware of the importance of urban agriculture to many urban residents, and its potential for increased entrepreneurship, work opportunities, access to nutritious food, and improved quality of life.

The Managers are also aware that USDA has a number of resources and tools available that are applicable to urban farmers. The Managers encourage the Secretary to ensure that relevant USDA employees are knowledgeable regarding ways in which urban farmers can participate in their programs and include urban farmers in their ongoing outreach efforts to build awareness of the assistance and services that USDA can offer.

The Managers also encourage USDA to consider additional ways to expand its support of urban agriculture, which may take the form of economic analysis, statistical reports, dissemination of best practices, in addition to the vast quantity of knowledge and assistance already available through USDA's research, education and extension programs.

(26) *Sense of Congress on increased business opportunities for black farmers, women, minorities, and small business*

The House bill includes the sense of Congress that the Federal Government should increase the number of contracts awarded to black farmers, businesses owned and controlled by women, businesses owned and controlled by minorities, and small business concerns. (Section 12318)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

The Managers expect the Secretary to continue efforts to ensure that women and minority owned and controlled businesses and small businesses have the opportunity to do business with the Department of Agriculture. The Conference Substitute continues efforts to ensure that socially-disadvantaged, beginning, and limited resource farmers and ranchers are aware of the programs and services available to them through USDA offices and initiatives.

(27) *Sense of Congress on agricultural security problems*

The House bill includes the sense of Congress that nutrients and chemicals play an important role in agricultural production. The Secretary should coordinate with the Department of Homeland Security to develop regulations and procedures to handle these agricultural chemicals. (Section 12319)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

Federal agencies have recently proposed a number of regulations in an effort to secure potentially dangerous amounts of chemical ingredients without hampering legitimate use in

commercial grade fertilizers. While the Managers support regulations to properly secure, store and handle such ingredients, there are valid concerns that proposed regulations could unnecessarily impede American farmers' access to essential crop input products.

The Managers remind the Office of Homeland Security and Emergency Coordination within the Department of Agriculture's Office of the Secretary to actively work with the Federal departments and agencies responsible for the development and implementation of security programs that affect the availability, storage, transportation and use of a variety of chemicals and products used in agriculture.

The Managers recommend that the Office regularly engage with the Federal agencies responsible for establishing security programs to ensure they have the information necessary from manufacturers, retailers of crop input products, and the general farm community to develop procedures for effective security administration and enforcement while minimizing the potential for adverse impact on domestic agricultural productivity.

(28) *Report on water sharing*

The House bill requires the Secretary of State to submit a report to Congress on Mexico's Rio Grande water deliveries to the U.S., and the benefits to the U.S. of cooperation with Mexico on reservoir conservation in the Colorado River basin. The report is due 120 days from the date of enactment. (Section 12320)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment to strike from the report the paragraph relating to the benefits to the U.S. (Section 12310)

(29) *Scientific and economic analysis of the FDA Food Safety Modernization Act*

The House bill requires the Secretary of Health and Human Services to provide a scientific economic analysis for the Food Safety Modernization Act (FSMA) before enforcing final regulations and to report to the Agriculture Committees on the impact of implementation of FSMA one year after date of enactment of the Farm Bill. (Section 12321)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment. The amendment eliminates the prohibition of enforcement of the regulations and instead simply requires the Secretary, when publishing the final rule on Standards for the Growing, Harvesting, Packing, and Holding of Produce for Human Consumption, to include analysis of the information used in promulgating the final rule; an analysis on the economic impact of the rule; and a plan to evaluate any impacts and respond to producer concerns. The amendment further limits the reporting requirement from an annual report on the FDA Food Safety Modernization Act to two reports on the plan to evaluate the impact of the produce provisions and the evaluation and response to concerns, specifically. (Section 12311)

(30) *Improved Department of Agriculture consideration of economic impact of regulation on small business*

The House bill requires the Secretary to complete the procedures consistent with 5 U.S.C. 609(b) when it promulgates any rule that will have a significant economic impact on small entities. (Section 12322)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(31) *Silvicultural activities*

The House bill restores the specified silvicultural activities to nonpoint source status by exempting the listed activities from permits and the discretionary authority of the Environmental Protection Agency (EPA) under section 402(p)(6) of the Clean Water Act (CWA). (Section 12323)

The Senate bill contains no comparable provisions.

The Conference substitute adopts the House provision with an amendment. The amendment clarifies that the exemption applies to permits but does not extend to other authorities, including CWA section 402(p)(6). It further provides that the specific silvicultural activities are excluded from citizen enforcement actions under section 505(a) of the CWA (Section 12313)

The managers believe that that substitute will help resolve legal and economic uncertainty, and also help ensure that forests continue to provide important public benefits, like good paying jobs, renewable consumer products, and outdoor recreational opportunities.

The Conference substitute provides legal and economic certainty by codifying the EPA's long-standing policy that the specified silvicultural activities do not require a **National Pollutant Discharge Elimination System (NPDES)** permit. The amendment explicitly excludes the specified activities from the NPDES permit requirement. The substitute also recognizes that these activities are standard industry practice, which refers to normal silviculture as practiced in each state.

The substitute leaves EPA authority to take measures regarding these activities if future circumstances demonstrate the need to address adverse impacts to water quality caused by point source discharges of stormwater from silvicultural activities. The Managers expect the Agency to exercise this authority based on identified threats to water quality.

The Conference substitute amends the savings provisions. The House bill reiterated clarification provided in the EPA Silviculture Rule that the amendment does not affect the regulation of dredged and fill discharges under CWA section 404. The Managers clarify that nothing in the provision should be construed to affect any existing NPDES permit requirement, nor should it be construed to affect any other application of Federal law to these activities.

By defining these silvicultural activities as nonpoint sources in 1976, EPA effectively excluded them from citizen enforcement actions under CWA section 505. The Conference substitute recognizes this by excluding any program adopted by EPA under section 402(p)(6) for the specified silvicultural activities from citizen enforcement actions under CWA section 505. The Managers ensure that no EPA measure adopted to address runoff associated with the specified silvicultural activities as expressly described in this section will be considered an effluent limitation subject to citizen enforcement actions under CWA section 505.

(32) *Applicability of spill prevention, control, and countermeasure rule*

The House bill amends the volume threshold that would require a Professional Engineer to certify a Spill Prevention, Control, and Countermeasure (SPCC) plan to farms with individual aboveground storage tanks larger than 10,000 gallons, aggregate aboveground storage of greater than 42,000 gallons, or a history of spills. Farms with aggregate aboveground storage of more than 10,000 gallons, but less than 42,000 gallons, and no spill history may self-certify. Farms with less than 10,000 gallons and no spill history are exempt from all SPCC requirements. For

calculating aboveground storage capacity, containers on separate parcels of less than 1,320 gallons and containers approved by FDA for livestock feed are exempt. (Section 12324)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(33) *Agricultural producer information disclosure*

The House bill prohibits the Environmental Protection Agency (EPA) from publicly disclosing names, telephone numbers, email addresses, physical addresses, GPS coordinates, or other identifying information of any owner, operator, or employee of an agricultural or livestock operation. The prohibition does not apply when: 1) information is in a statistical or aggregated form at the county or higher level; 2) the producer consents; or 3) a state agency has the authority to collect data. EPA is prohibited from requiring information disclosure for the purposes of the approval of a permit, practice, or program administered by the agency. (Section 12325)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(34) *Report on National Ocean Policy*

The House bill requires that the Inspector General of USDA submit to the Agriculture Committees, within 90 days after enactment, a report on the activities and resources expended on Executive Order 13547 since July 19, 2010. The report shall include any budget requests for FY2014 for the implementation of the executive order. (Section 12326)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(35) *Sunsetting of programs*

The House bill sunsets all discretionary programs in the Farm Bill upon expiration of the five-year authorization. (Section 12327)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

(36) *Information gathering*

The Senate amendment requires the disclosure of information to state and local agencies or subdivisions as needed to implement state programs. Information can only be used by the state and is not subject to citizen request. (Section 12202)

The House bill contains no comparable provision.

The Conference substitute adopts the House provision.

(37) *Bioenergy coverage in noninsured crop assistance program*

The Senate amendment adds industrial crops grown expressly for the purpose of producing a feedstock for renewable biofuel, renewable electricity, or biobased products to the list of included crops under the Noninsured Crop Assistance Program. (Section 12205)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 12305)

(38) *Pima Cotton Trust Fund*

The Senate amendment establishes a trust fund in the Treasury, funded through appropriations, for the Secretary to make payments to nationally recognized associations that promote pima cotton use, yarn spinners who produced ring spun cotton from January 1, 1998 to December 21, 2003, and manufacturers who cut and sew cotton shirts and used imported cotton fabric from January 1, 1998 through July 1, 2003. Payments to spinners and manufacturers are based on a production ratio and must be certified through affidavit. (Section 12210)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment alters the funding mechanism for the Trust Fund to use funds from the Commodity Credit Corporation. (Section 12314)

(39) *Agricultural Wool Apparel Manufacturers Trust Fund*

The Senate amendment establishes a trust fund in the Treasury, funded through appropriations, for the Secretary to make payments to eligible manufacturers under paragraphs (3) and (6) of section 4002(c) of the Wool Suit and Textile Trade Extension Act of 2004. Payments are to be made to eligible manufacturers for years 2010-2013, no later than 30 days after funds are transferred to the trust fund. For years 2014-2019, payments are to be made no later than April 15 of the year of payment. (Section 12211)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment. The amendment alters the funding mechanism for the Trust Fund to use funds from the Commodity Credit Corporation. (Section 12315)

(40) *Citrus Disease Research and Development Trust Fund*

The Senate amendment establishes a trust fund in the Treasury, funded through appropriations, for the Secretary to make payments to entities engaged in 1) scientific research on diseases and pests; 2) the dissemination and commercialization of relevant information, techniques, or technology to solve citrus production disease or pest problems; and 3) the Citrus Disease Research and Development Trust Fund Advisory Board, if established. The Citrus Advisory Board would have five members from Florida, three from Arizona or California, and one from Texas. Not more than 5 percent of the Citrus Trust Fund may be used for the operations of the advisory board. The Secretary shall give strong deference to funding research projects on the proximity of citrus producers and the effects of such diseases as huanglongbing (citrus greening). (Section 12212)

The House bill contains no comparable provision.

The Conference substitute amends and moves this provision to Title VII. (Sections 7103 & 7306)

SUBTITLE D—CHESAPEAKE BAY ACCOUNTABILITY AND RECOVERY

(41) *Chesapeake Bay Accountability Act of 2013*

The House bill requires the Director of OMB to submit to Congress a crosscut budget on federal and state restoration activities in the Chesapeake Bay. It requires the Administrator of the Environmental Protection Agency (EPA) to develop a plan to provide assistance to

Chesapeake Bay States to employ adaptive management in carrying out restoration activities. The Administrator shall update the plan every two years and report annually to Congress on the implementation of the plan. The amendment also requires the Administrator to appoint an Independent Evaluator to review and report on restoration activities and the use of adaptive management in the Chesapeake Bay watershed. (Section 12401)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision.

The Managers continue to support the efforts of farmers in the Chesapeake Bay watershed to reduce nutrient and sediment runoff. The Managers made significant investments in Title II programs aimed at providing financial and technical assistance to producers within the watershed. The Managers note the newly-created Regional Conservation Partnership Program which will provide USDA additional authorities to promote conservation practices within the watershed.

COMPLIANCE WITH RULES OF THE HOUSE OF REPRESENTATIVES AND SENATE
REGARDING EARMARKS AND CONGRESSOINAL DIRECTED SPENDING ITEMS

Pursuant to clause 9 of rule XXI of the Rules of the House of Representatives and Rule XLIV of the Standing Rules of the Senate, neither this conference report nor the accompanying joint statement of managers contains any congressional earmarks, congressionally directed spending items, limited tax benefits, or limited tariff benefits, as defined in such rules.