115TH CONGRESS
2D SESSION

S. ______

To provide for the reform and continuation of agricultural commodity programs of the Department of Agriculture through fiscal year 2023, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. BROWN (for himself and Mr. THUNE) introduced the following bill; which was read twice and referred to the Committee on ____________________

A BILL

To provide for the reform and continuation of agricultural commodity programs of the Department of Agriculture through fiscal year 2023, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Agriculture Risk Coverage Improvement and Innovation Act of 2018’’.

SEC. 2. DEFINITIONS.

In this Act:

(1) ACTUAL CROP REVENUE.—The term ‘‘actual crop revenue’’, with respect to a covered com-

modity for a crop year, means the amount determined by the Secretary under section 8(b).

(2) AGRICULTURE RISK COVERAGE.—The term ''agriculture risk coverage'' means coverage provided under section 8.

(3) AGRICULTURE RISK COVERAGE GUARANTEE.—The term ''agriculture risk coverage guarantee'', with respect to a covered commodity for a crop year, means the amount determined by the Secretary under section 8(c).

(4) BASE ACRES.—The term ''base acres'', with respect to a covered commodity on a farm, means the number of acres in effect under section 1111 of the Agricultural Act of 2014 (7 U.S.C. 9011), as in effect on September 30, 2018, subject to any reallocation, adjustment, or reduction under section 3.

(5) COVERED COMMODITY.—The term ''covered commodity'' means wheat, oats, and barley (including wheat, oats, and barley used for haying and grazing), corn, grain sorghum, seed cotton, long grain rice, medium grain rice, pulse crops, soybeans, other oilseeds, and peanuts.

(6) EFFECTIVE PRICE.—The term ''effective price'', with respect to a covered commodity for a crop year, means the price calculated by the Sec-

retary under section 7(b) to determine whether price loss coverage payments are required to be provided for that crop year.

(7) INDIVIDUAL COVERAGE.—The term ''individual coverage'' means agriculture risk coverage selected under section 6(b)(2) to be obtained at the farm level.

(8) MEDIUM GRAIN RICE.—The term ''medium grain rice'' includes short grain rice and temperate japonica rice.

(9) OTHER OILSEED.—The term ''other oilseed'' means a crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or any oilseed designated by the Secretary.

(10) PAYMENT ACRES.—The term ''payment acres'', with respect to the provision of price loss coverage payments and agriculture risk coverage payments, means the number of acres determined for a farm under section 5.

(11) PAYMENT YIELD.—The term ''payment yield'', for a farm for a covered commodity, means, as applicable—

(A) the yield used to make payments pursuant to section 1104 or 1304 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8714, 8754), as in effect on September 30, 2018;

(B) the yield established under section 4; or

(C) with respect to seed cotton, the yield established under section 1113(e) of the Agricultural Act of 2014 (7 U.S.C. 9013(e)), as in effect on September 30, 2018.

(12) PRICE LOSS COVERAGE.—The term ''price loss coverage'' means coverage provided under section 7.

(13) PRODUCER.—

(A) IN GENERAL.—The term ''producer'' means an owner, operator, landlord, tenant, or sharecropper that shares in the risk of producing a crop and is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced.

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

(i) not take into consideration the existence of a hybrid seed contract; and

(ii) ensure that program requirements do not adversely affect the ability of the grower to receive a payment under this Act.

(14) PULSE CROP.—The term ''pulse crop'' means dry peas, lentils, small chickpeas, and large chickpeas.

(15) REFERENCE PRICE.—The term ''reference price'', with respect to a covered commodity for a crop year, means the lesser of—

(A) the national average market price received by producers during the 12-month marketing year for the most recent 10 crop years for the covered commodity; and

(B)(i) for wheat, $5.50 per bushel;

(ii) for corn, $3.70 per bushel;

(iii) for grain sorghum, $3.95 per bushel;

(iv) for barley, $4.95 per bushel;

(v) for oats, $2.40 per bushel;

(vi) for seed cotton, $0.367 per pound;

(vii) for long grain rice, $14.00 per hundredweight;

(viii) for medium grain rice, $14.00 per hundredweight;

(ix) for soybeans, $8.40 per bushel;

(x) for other oilseeds, \$20.15 per hundredweight;

(xi) for peanuts, \$535.00 per ton;

(xii) for dry peas, \$11.00 per hundredweight;

(xiii) for lentils, \$19.97 per hundredweight;

(xiv) for small chickpeas, \$19.04 per hundredweight; or

(xv) for large chickpeas, \$21.54 per hundredweight.

(16) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(17) STATE.—The term ''State'' means—

(A) a State;

(B) the District of Columbia;

(C) the Commonwealth of Puerto Rico; and

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

(18) TEMPERATE JAPONICA RICE.—The term ''temperate japonica rice'' means rice that is grown in high altitudes or temperate regions of high latitudes with cooler climate conditions, in the Western United States, as determined by the Secretary, for the purpose of—

(A) the reallocation of base acres under section 3;

(B) the establishment of a reference price (as required under section 7(g)) and an effective price pursuant to section 7; and

(C) the determination of the actual crop revenue and agriculture risk coverage guarantee pursuant to section 8.

(19) TRANSITIONAL YIELD.—The term ''transitional yield'' has the meaning given the term in section 502(b) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)).

(20) UNITED STATES.—The term ''United States'', when used in a geographical sense, means all of the States.

SEC. 3. BASE ACRES.

(a) ADJUSTMENT OF BASE ACRES.—

(1) IN GENERAL.—The Secretary shall provide for an adjustment, as appropriate, in the base acres for covered commodities for a farm whenever any of the following circumstances occur:

(A) A conservation reserve contract entered into under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) with respect to the farm expires or is voluntarily terminated.

(B) Cropland is released from coverage under a conservation reserve contract by the Secretary.

(C) The producer has eligible oilseed acreage as the result of the Secretary designating additional oilseeds, which shall be determined in the same manner as eligible oilseed acreage under section 1101(a)(1)(D) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8711(a)(1)(D)).

(2) SPECIAL CONSERVATION RESERVE ACREAGE PAYMENT RULES.—For the crop year in which a base acres adjustment under subparagraph (A) or (B) of paragraph (1) is first made, the owner of the farm shall elect to receive price loss coverage or agriculture risk coverage with respect to the acreage added to the farm under this subsection or a prorated payment under the conservation reserve contract, but not both.

(3) BEGINNING FARMERS OF COVERED COMMODITIES.—

(A) DEFINITION OF BEGINNING FARMER OF COVERED COMMODITIES.—In this paragraph, the term "beginning farmer of covered commodities" means a beginning farmer (as determined by the Secretary) of 1 or more covered commodities that has not planted or been prevented from planting a covered commodity on any farm for any crop year before the 2002 crop year.

(B) OPPORTUNITY TO INCREASE BASE ACRES.—The Secretary shall provide a 1-time opportunity for a beginning farmer of covered commodities to increase base acres on a farm in accordance with subparagraph (C) if—

(i) the beginning farmer of covered commodities is an operator on the farm and provides a significant contribution of active personal labor;

(ii) as determined by the Secretary, the beginning farmer of covered commodities has, or has an option to obtain, a significant ownership share of the farm or a business producing commodities on the farm;

(iii) the beginning farmer of covered commodities has not planted or been prevented from planting a covered commodity on the farm for any crop year before the 2007 crop year; and

(iv) the average number of acres planted on the farm to covered commodities during the 2013 through 2017 crop years is greater than the number of base acres on the farm.

(C) BASE INCREASE FOR BEGINNING FARMERS OF COVERED COMMODITIES.—

(i) IN GENERAL.—Subject to clause (ii), the number of base acres added to a farm under subparagraph (B) shall be equal to the difference between—

(I) the 5-year average of—

(aa) the acreage planted on the farm to all covered commodities for harvest, grazing, haying, silage, or other similar purposes for the 2013 through 2017 crop years, according to records submitted to the Farm Service Agency; and

(bb) any acreage on the farm that the beginning farmer of covered commodities was prevented from planting during the 2013 through 2017 crop years to a covered commodity because of drought, flood, or other natural disaster, or other condition beyond the control of the beginning farmer of covered commodities, according to records submitted to the Farm Service Agency and as determined by the Secretary; and

(II) the number of base acres for covered commodities on the farm.

(ii) LIMITATION.—The Secretary shall adjust the number of base acres added to a farm under clause (i) to prevent the cumulative increase in the number of base acres under this paragraph from exceeding 5,000,000 base acres for all beginning farmers of covered commodities.

(iii) DISTRIBUTION.—Base acres added to a farm under clause (i) shall be added to the base acreage of each covered commodity on the farm in the proportion that—

(I) the acreage planted to the covered commodity on the farm; bears to

(II) the acreage planted to all covered commodities on the farm.

(D) REDUCTION OF BASE INCREASE.—If a beginning farmer of covered commodities on a farm for which base acres have been increased under subparagraph (B) no longer owns or operates the farm for any of the 2019 through 2023 crop years, the base acres on the farm shall be reduced by the number of base acres added to the farm under that subparagraph in the same proportion among covered commodities on the farm described in subparagraph (C)(iii).

(b) PREVENTION OF EXCESS BASE ACRES.—

(1) REQUIRED REDUCTION.—If the sum of the base acres for a farm and the acreage described in paragraph (2) exceeds the actual cropland acreage of the farm, the Secretary shall reduce the base acres for 1 or more covered commodities for the farm so that the sum of the base acres and the acreage described in paragraph (2) does not exceed the actual cropland acreage of the farm.

(2) OTHER ACREAGE.—For purposes of paragraph (1), the Secretary shall include the following:

(A) Any acreage on the farm enrolled in—

(i) the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.); or

(ii) the agricultural conservation easement program established under subtitle H of title XII of the Food Security Act of 1985 (16 U.S.C. 3865 et seq.).

(B) Any other acreage on the farm enrolled in a Federal conservation program for which payments are made in exchange for not producing an agricultural commodity on the acreage.

(C) If the Secretary designates additional oilseeds, any eligible oilseed acreage, which shall be determined in the same manner as eligible oilseed acreage under subsection (a)(1)(C).

(3) SELECTION OF ACRES.—The Secretary shall give the owner of the farm the opportunity to select the base acres for a covered commodity for the farm against which the reduction required by paragraph (1) will be made.

(4) EXCEPTION FOR DOUBLE-CROPPED ACREAGE.—In applying paragraph (1), the Secretary

shall make an exception in the case of double cropping, as determined by the Secretary.

(c) REDUCTION IN BASE ACRES.—

(1) REDUCTION AT OPTION OF OWNER.—

(A) IN GENERAL.—The owner of a farm may reduce, at any time, the base acres for any covered commodity for the farm.

(B) EFFECT OF REDUCTION.—A reduction under subparagraph (A) shall be permanent and made in a manner prescribed by the Secretary.

(2) REQUIRED ACTION BY SECRETARY.—

(A) IN GENERAL.—The Secretary shall proportionately reduce base acres on a farm for land that has been subdivided and developed for multiple residential units or other nonfarming uses if the size of the tracts and the density of the subdivision is such that the land is unlikely to return to the previous agricultural use, unless the producers on the farm demonstrate that the land—

(i) remains devoted to commercial agricultural production; or

(ii) is likely to be returned to the previous agricultural use.

(B) REQUIREMENT.—The Secretary shall establish procedures to identify land described in subparagraph (A).

SEC. 4. PAYMENT YIELDS.

(a) ESTABLISHMENT AND PURPOSE.—For the purpose of making price loss coverage payments under section 7, the Secretary shall provide for the establishment of a yield for each farm for any designated oilseed for which a payment yield was not established under section 1102 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8712) in accordance with this section.

(b) PAYMENT YIELDS FOR DESIGNATED OILSEEDS.—

(1) DETERMINATION OF AVERAGE YIELD.—In the case of designated oilseeds, the Secretary shall determine the average yield per planted acre for the designated oilseed on a farm for the 1998 through 2001 crop years, excluding any crop year in which the acreage planted to the designated oilseed was zero.

(2) ADJUSTMENT FOR PAYMENT YIELD.—

(A) IN GENERAL.—The payment yield for a farm for a designated oilseed shall be equal to the product of the following:

(i) The average yield for the designated oilseed determined under paragraph (1).

(ii) The ratio resulting from dividing the national average yield for the designated oilseed for the 1981 through 1985 crops by the national average yield for the designated oilseed for the 1998 through 2001 crops.

(B) NO NATIONAL AVERAGE YIELD INFORMATION AVAILABLE.—To the extent that national average yield information for a designated oilseed is not available, the Secretary shall use such information as the Secretary determines to be fair and equitable to establish a national average yield under this section.

(3) USE OF COUNTY AVERAGE YIELD.—If the yield per planted acre for a crop of a designated oilseed for a farm for any of the 1998 through 2001 crop years was less than 75 percent of the county yield for that designated oilseed, the Secretary shall assign a yield for that crop year equal to 75 percent of the county yield for the purpose of determining the average under paragraph (1).

(c) EFFECT OF LACK OF PAYMENT YIELD.—

(1) ESTABLISHMENT BY SECRETARY.—In the case of a covered commodity on a farm for which base acres have been established, if no payment yield is otherwise established for the covered commodity on the farm, the Secretary shall establish an appropriate payment yield for the covered commodity on the farm under paragraph (2).

(2) USE OF SIMILARLY SITUATED FARMS.—

(A) IN GENERAL.—To establish an appropriate payment yield for a covered commodity on a farm as required by paragraph (1), the Secretary shall take into consideration the farm program payment yields applicable to that covered commodity for similarly situated farms.

(B) USE OF FARM PROGRAM PAYMENT YIELDS IN APPEAL.—The use of farm program payment yields described in subparagraph (A) in an appeal, by the Secretary or by the producer, shall not be subject to any other provision of law.

SEC. 5. PAYMENT ACRES.

(a) DETERMINATION OF PAYMENT ACRES.—

(1) IN GENERAL.—For the purpose of price loss coverage and agriculture risk coverage when county coverage has been selected under section 6(b)(1),

subject to subsection (d), the payment acres for each covered commodity on a farm shall be equal to 85 percent of the base acres for the covered commodity on the farm (not including any base acres excluded under subsection (e)).

(2) EFFECT OF INDIVIDUAL COVERAGE.—In the case of agriculture risk coverage when individual coverage has been selected under section 6(b)(2), but subject to subsection (e), the payment acres for a farm shall be equal to 65 percent of the base acres for all of the covered commodities on the farm.

(b) EXCLUSION.—The quantity of payment acres determined under subsection (a) 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 payments or agriculture risk coverage payments, unless the crop was approved for double cropping in the county, as determined by the Secretary.

(c) EFFECT OF MINIMAL PAYMENT ACRES.—

(1) PROHIBITION ON PAYMENTS.—Notwithstanding any other provision of this Act, a producer on a farm may not receive price loss coverage payments or agriculture risk coverage payments if the sum of the base acres on the farm is 10 acres or less, as determined by the Secretary.

(2) EXCEPTIONS.—Paragraph (1) does not apply to a producer that is—

(A) a socially disadvantaged farmer or rancher (as defined in section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e))); or

(B) a limited resource farmer or rancher, as defined by the Secretary.

(d) EFFECT OF PLANTING FRUITS AND VEGETABLES.—

(1) REDUCTION REQUIRED.—In the manner provided in this subsection, payment acres on a farm shall be reduced in any crop year in which fruits, vegetables (other than mung beans and pulse crops), or wild rice have been planted on base acres on a farm.

(2) QUANTITY OF REDUCTION.—

(A) PRICE LOSS COVERAGE AND COUNTY COVERAGE.—In the case of price loss coverage payments and agricultural risk coverage payments using county coverage, the reduction under paragraph (1) shall be the amount equal to the base acres planted to crops referred to in that paragraph in excess of 15 percent of base acres.

(B) INDIVIDUAL COVERAGE.—In the case of agricultural risk coverage payments using individual coverage, the reduction under paragraph (1) shall be the amount equal to the base acres planted to crops referred to in that paragraph in excess of 35 percent of base acres.

(3) REDUCTION EXCEPTIONS.—No reduction to payment acres shall be made under this subsection if—

(A) cover crops or crops referred to in paragraph (1) are grown solely for conservation purposes and not harvested for use or sale, as determined by the Secretary; or

(B) in any region in which there is a history of double-cropping covered commodities with crops referred to in paragraph (1) and those crops were so double-cropped on the base acres, as determined by the Secretary.

(e) EXCLUSION OF UNUSED ACRES.—

(1) IN GENERAL.—Effective beginning with the 2019 crop year, subject to paragraphs (2) and (3), if the producers on a farm did not plant and were not prevented from planting a covered commodity on base acres during each of the 2009 through 2016

crop years, the Secretary shall exclude those base acres from payment acres on the farm.

(2) TREATMENT OF PLANTING FRUITS AND VEGETABLES AND ACRES ENROLLED IN CONSERVATION RESERVE.—Base acres subject to a reduction under subsection (d) or that were enrolled in the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.) for not fewer than 5 crop years of the 2009 through 2016 crop years shall be considered planted to a covered commodity for purposes of paragraph (1).

(3) EXCEPTIONS.—Paragraph (1) shall not apply to—

(A) a socially disadvantaged farmer or rancher (as defined in section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)); or

(B) a limited resource farmer or rancher, as defined by the Secretary.

SEC. 6. PRODUCER ELECTION.

(a) ELECTION REQUIRED.—For the 2019 through 2023 crop years, all of the producers on a farm shall make a 1-time, irrevocable election to obtain—

(1) price loss coverage under section 7 for all covered commodities on the farm; or

(2) agriculture risk coverage under section 8 for all covered commodities on the farm.

(b) COVERAGE OPTIONS.—In the election under subsection (a), the producers on a farm that elect under paragraph (2) of that subsection to obtain agriculture risk coverage under section 8 shall unanimously select whether to receive agriculture risk coverage payments based on—

(1) county coverage applicable on a covered commodity-by-covered-commodity basis; or

(2) individual coverage applicable to all of the covered commodities on the farm.

(c) EFFECT OF FAILURE TO MAKE UNANIMOUS ELECTION.—If all the producers on a farm fail to make a unanimous election under subsection (a) for the 2019 crop year—

(1) the Secretary shall not make any payments with respect to the farm for the 2019 crop year under section 7 or 8; and

(2) the producers on the farm shall be deemed to have elected for the 2020 through 2023 crop years the coverage described in paragraph (1) or (2) of subsection (a) in which the majority of base acres

on the farm were enrolled during the period of crop years 2014 through 2018.

(d) EFFECT OF SELECTION OF COUNTY COVERAGE.—If all the producers on a farm select county coverage for a covered commodity under subsection (b)(1), the Secretary may not make price loss coverage payments under section 7 to the producers on the farm with respect to that covered commodity.

(e) EFFECT OF SELECTION OF INDIVIDUAL COVERAGE.—If all the producers on a farm select individual coverage under subsection (b)(2), in addition to the selection and election under this section applying to each producer on the farm, the Secretary shall consider, for purposes of making the calculations required by subsections (b)(2) and (c)(3) of section 8, the share of the producer in all farms in the same State—

(1) in which the producer has an interest; and

(2) for which individual coverage has been selected.

(f) PROHIBITION ON RECONSTITUTION.—The Secretary shall ensure that producers on a farm do not reconstitute the farm to void or change an election or selection made under this section.

SEC. 7. PRICE LOSS COVERAGE.

(a) PRICE LOSS COVERAGE PAYMENTS.—If all of the producers on a farm make the election under section 6(a) to obtain price loss coverage, or are deemed to have made that election under section 6(c)(2), the Secretary shall make price loss coverage payments to producers on the farm on a covered commodity-by-covered-commodity basis if the Secretary determines that, for any of the 2019 through 2023 crop years—

(1) the effective price for the covered commodity for the crop year; is less than

(2) the reference price for the covered commodity for the crop year.

(b) EFFECTIVE PRICE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the effective price for a covered commodity for a crop year shall be the higher of—

(A) the national average market price received by producers during the 12-month marketing year for the covered commodity, as determined by the Secretary; or

(B) the national average loan rate for a marketing assistance loan for the covered commodity in effect for that crop year under subtitle B of title I of the Agricultural Act of 2014 (7 U.S.C. 9031 et seq.).

(2) SEED COTTON.—

(A) IN GENERAL.—The effective price for seed cotton for a crop year shall be equal to the marketing year average price for seed cotton, as calculated under subparagraph (B).

(B) CALCULATION.—The marketing year average price for seed cotton for a crop year shall be equal to the quotient obtained by dividing—

(i) the sum obtained by adding—

(I) the product obtained by multiplying—

(aa) the upland cotton lint marketing year average price; and

(bb) the total United States upland cotton lint production, measured in pounds; and

(II) the product obtained by multiplying—

(aa) the cottonseed marketing year average price; and

(bb) the total United States cottonseed production, measured in pounds; by

(ii) the sum obtained by adding—

(I) the total United States upland cotton lint production, measured in pounds; and

(II) the total United States cottonseed production, measured in pounds.

(c) PAYMENT RATE.—The payment rate shall be equal to the difference between—

(1) the reference price for the covered commodity; and

(2) the effective price determined under subsection (b) for the covered commodity.

(d) PAYMENT AMOUNT.—If price loss coverage payments are required to be provided under this section for any of the 2019 through 2023 crop years for a covered commodity, the amount of the price loss coverage payment to be paid to the producers on a farm for the crop year shall be equal to the product obtained by multiplying—

(1) the payment rate for the covered commodity under subsection (c);

(2) the payment yield for the covered commodity; and

(3) the payment acres for the covered commodity.

(e) TIME FOR PAYMENTS.—If the Secretary determines under this section that price loss coverage payments are required to be provided for the covered commodity, the payments shall be made beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity.

(f) EFFECTIVE PRICE FOR BARLEY.—In determining the effective price for barley under subsection (b), the Secretary shall use the all-barley price.

(g) REFERENCE PRICE FOR TEMPERATE JAPONICA RICE.—The Secretary shall provide a reference price with respect to temperate japonica rice in an amount equal to 115 percent of the amount established in clauses (vii) and (viii) of section 2(14)(B) in order to reflect price premiums.

SEC. 8. AGRICULTURE RISK COVERAGE.

(a) AGRICULTURE RISK COVERAGE PAYMENTS.—If all of the producers on a farm make the election under section 6(a) to obtain agriculture risk coverage, the Secretary shall make agriculture risk coverage payments to producers on the farm if the Secretary determines that, for any of the 2019 through 2023 crop years—

(1) the actual crop revenue determined under subsection (b) for the crop year; is less than

(2) the agriculture risk coverage guarantee determined under subsection (c) for the crop year.

(b) ACTUAL CROP REVENUE.—

(1) COUNTY COVERAGE.—In the case of county coverage, the amount of the actual crop revenue for a county for a crop year of a covered commodity shall be equal to the product obtained by multiplying—

(A) the actual average county yield per planted acre for the covered commodity, as determined by the Secretary (including any adjustments under paragraph (3)); and

(B) the higher of—

(i) the national average market price received by producers during the 12-month marketing year for the covered commodity, as determined by the Secretary; and

(ii) the national average loan rate for a marketing assistance loan for the covered commodity in effect for that crop year under subtitle B of title I of the Agricultural Act of 2014 (7 U.S.C. 9031 et seq.).

(2) INDIVIDUAL COVERAGE.—In the case of individual coverage, the amount of the actual crop revenue for a producer on a farm for a crop year shall

be based on the share of the producer in all covered commodities planted on all farms for which individual coverage has been selected and in which the producer has an interest, to be determined by the Secretary as follows:

(A) For each covered commodity, the product obtained by multiplying—

(i) the total production of the covered commodity on those farms, as determined by the Secretary; and

(ii) the higher of—

(I) the national average market price received by producers during the 12-month marketing year, as determined by the Secretary; or

(II) the national average loan rate for a marketing assistance loan for the covered commodity in effect for that crop year under subtitle B of title I of the Agricultural Act of 2014 (7 U.S.C. 9031 et seq.).

(B) The sum of the amounts determined under subparagraph (A) for all covered commodities on those farms.

(C) The quotient obtained by dividing the amount determined under subparagraph (B) by the total planted acres of all covered commodities on those farms.

(3) COUNTY YIELD DISPARITIES.—

(A) IN GENERAL.—The Secretary may adjust county yields under paragraph (1)(A) to reduce disparities between neighboring and nearby counties with similar soils and climate that are not attributable to a localized weather event.

(B) AGGREGATE ESTIMATED PAYMENT.—The Secretary shall ensure that all adjustments made under this paragraph are balanced so the aggregate amount of payments made under this section as a result of the adjustments for a crop year do not increase.

(C) OPTIONS.—

(i) IN GENERAL.—If the Secretary makes adjustments under this paragraph, the Secretary shall make the adjustments in accordance with clause (ii) or (iii).

(ii) VARIATIONS WITHIN A STATE.—

(I) IN GENERAL.—Subject to subparagraph (B), the Secretary shall allow State committees of the Farm Service Agency to review and recommend adjustments to the initial yield estimates before the adjustments become final to reduce unexplained variation between neighboring or nearby counties with similar soils and climate.

(II) REVIEW AND APPROVAL.—The Secretary shall review and approve or reject adjustments recommended under subclause (I) before the adjustments become final.

(iii) VARIATIONS ALONG STATE BOUNDARIES.—

(I) IN GENERAL.—Subject to subparagraph (B), the Secretary shall allow State committees of the Farm Service Agency or the national office of the Farm Service Agency, in consultation with affected State committees, to review and recommend adjustments to the initial yield estimates before the adjustments become final to reduce unexplained variation between counties in neighboring States.

(II) REVIEW AND APPROVAL.—The Secretary shall review and approve or reject adjustments recommended under subclause (I) before the adjustments become final.

(4) QUALITY ADJUSTMENT FACTOR FOR WHEAT.—

(A) IN GENERAL.—The Secretary shall adjust county yields for wheat under paragraph (1)(A) to account for weather-related quality factors, such as protein, falling numbers, or vomitoxin, based on—

(i) the average quality adjustment discount factor determined by the Secretary for policies or plans of insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) for—

(I) the applicable crop year; and

(II) that county or the applicable region; or

(ii) a comparable adjustment, as determined by the Secretary, if the factor described in clause (i) is not available.

(B) LIMITATION.—A yield may not be adjusted by greater than 50 percent under subparagraph (A).

(C) USE.—The Secretary shall not use a yield adjustment under this paragraph for purposes of subsection (c).

(c) AGRICULTURE RISK COVERAGE GUARANTEE.—

(1) IN GENERAL.—The agriculture risk coverage guarantee for a crop year for a covered commodity shall equal 90 percent of the benchmark revenue described in paragraph (2) or (3), as applicable.

(2) BENCHMARK REVENUE FOR COUNTY COVERAGE.—In the case of county coverage, the benchmark revenue referred to in paragraph (1) shall be the product obtained by multiplying—

(A) subject to paragraphs (4) and (5), the average historical county yield as determined by the Secretary for the most recent 5 crop years, excluding each of the crop years with the highest and lowest yields; and

(B) subject to paragraph (6), the national average market price received by producers during the 12-month marketing year for the most recent 3 crop years.

(3) BENCHMARK REVENUE FOR INDIVIDUAL COVERAGE.—In the case of individual coverage, the benchmark revenue for a producer on a farm for a crop year shall be based on the share of the producer in all covered commodities planted on all farms for which individual coverage has been selected and in which the producer has an interest, to be determined by the Secretary as follows:

(A) For each covered commodity for each of the most recent 5 crop years, the product obtained by multiplying—

(i) subject to paragraphs (4) and (5), the yield per planted acre for the covered commodity on those farms, as determined by the Secretary; by

(ii) subject to paragraph (6), the national average market price received by producers during the 12-month marketing year.

(B) For each covered commodity, the average of the revenues determined under subparagraph (A) for the most recent 5 crop years, excluding each of the crop years with the highest and lowest revenues.

(C) For each of the 2019 through 2023 crop years, the sum of the amounts determined under subparagraph (B) for all covered commodities on those farms, but adjusted to reflect the ratio that—

(i) the total number of acres planted on those farms to a covered commodity; bears to

(ii) the total acres of all covered commodities planted on those farms.

(4) YIELD CONDITIONS.—If the yield per planted acre for the covered commodity or historical county yield per planted acre for the covered commodity for any of the 5 most recent crop years, as determined by the Secretary, is less than 80 percent of the transitional yield, as determined by the Secretary, the amounts used for any of those years in paragraph (2)(A) or (3)(A)(i), as applicable, shall be 80 percent of the transitional yield.

(5) TREND-ADJUSTED YIELD.—

(A) IN GENERAL.—The Secretary shall adjust the yield determined under paragraph (2)(A) or (3)(A)(i), as applicable, using the same Trend-Adjusted Yield factor that is used under the endorsement under the Federal Crop

Insurance Act (7 U.S.C. 1501 et seq.) for that crop and county.

(B) NOT AVAILABLE FOR CROP OR COUNTY.—If a factor described in subparagraph (A) is not available for a crop or county, the Secretary shall calculate and use a State or national Trend-Adjusted Yield factor for the crop, as determined by the Secretary.

(6) FLOOR PRICE.—In the case of county coverage, if the national average market price received by producers during the 12-month marketing year for any of the 3 most recent crop years is lower than the national average market price received by producers during the 12-month marketing year for the most recent 10 crop years for the covered commodity, the Secretary shall use the national average market price received by producers during the 12-month marketing year for the most recent 10 crop years for the amount in paragraph (2)(B).

(7) REFERENCE PRICE.—In the case of individual coverage, if 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 for the covered commodity, the Secretary shall use the reference

price for any of those years for the amount in paragraph (3)(A)(i).

(d) PAYMENT RATE.—The payment rate for a covered commodity, in the case of county coverage, or a farm, in the case of individual coverage, shall be equal to the lesser of—

(1) the amount that—

(A) the agriculture risk coverage guarantee for the crop year applicable under subsection (c); exceeds

(B) the actual crop revenue for the crop year applicable under subsection (b); and

(2) 10 percent of the benchmark revenue for the crop year applicable under subsection (c).

(e) PAYMENT AMOUNT.—If agriculture risk coverage payments are required to be paid for any of the 2019 through 2023 crop years, the amount of the agriculture risk coverage payment for the crop year shall be determined by multiplying—

(1) the payment rate determined under subsection (d); and

(2) the payment acres determined under section 5.

(f) TIME FOR PAYMENTS.—If the Secretary determines that agriculture risk coverage payments are required to be provided for the covered commodity, payments shall be made beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity.

(g) ADMINISTRATIVE UNITS.—

(1) IN GENERAL.—For purposes of agriculture risk coverage payments in the case of county coverage, a county may be divided into not greater than 3 administrative units in accordance with this subsection.

(2) ELIGIBLE COUNTIES.—A county that may be divided into administrative units under this subsection is a county that—

(A) is larger than 1,500 square miles; and

(B) contains more than 10,000 base acres.

(3) ELECTIONS.—Before making any agriculture risk coverage payments for the 2019 crop year, the Farm Service Agency State committee, in consultation with the Farm Service Agency county or area committee of a county described in paragraph (2), may make a 1-time election to divide the county into administrative units under this subsection.

(4) ADMINISTRATION.—For purposes of providing agriculture risk coverage payments in the

case of county coverage, the Secretary shall consider an administrative unit elected under paragraph (3) to be a county for the 2019 through 2023 crop years.

(h) ADDITIONAL DUTIES OF THE SECRETARY.—In providing agriculture risk coverage, the Secretary shall—

(1) to the maximum extent practicable, use all available information and analysis, including data mining, to check for anomalies in the determination of agriculture risk coverage payments;

(2) to the maximum extent practicable, calculate a separate actual crop revenue and agriculture risk coverage guarantee for irrigated and nonirrigated covered commodities;

(3) in the case of county coverage, assign an actual or benchmark county yield for each planted acre for the crop year for the covered commodity on the basis of the yield history of representative farms in the State, region, or crop reporting district, as determined by the Secretary, if—

(A) the Secretary cannot establish the actual or benchmark county yield for each planted acre for a crop year for a covered commodity in the county in accordance with subsection (b)(1) or (c)(2); or

(B) the yield determined under subsection (b)(1) or (c)(2) is an unrepresentative average yield for the county, as determined by the Secretary;

(4) in the case of individual coverage, assign an average yield for a farm on the basis of the yield history of representative farms in the State, region, or crop reporting district, as determined by the Secretary, if the Secretary determines that the farm has planted acreage in a quantity that is insufficient to calculate a representative average yield for the farm;

(5) prioritize the use of yields from sources that provide the greatest geographic coverage of county-level data from the same source; and

(6)(A) use the yield, benchmark revenue and payment rate based on the county of the physical location of the farm; and

(B) in the case of a farm that crosses county boundaries—

(i) split the base acres on a pro rata basis based on the relative quantity of cropland in each county; and

(ii) calculate any payments on that same pro rata basis.

SEC. 9. PRODUCER AGREEMENTS.

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

(1) REQUIREMENTS.—Before the producers on a farm may receive payments under this Act with respect to the farm, the producers shall agree, during the crop year for which the payments are made and in exchange for the payments—

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

(B) to comply with applicable wetland protection requirements under subtitle C of title XII of that Act (16 U.S.C. 3821 et seq.);

(C) to effectively control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices, as determined by the Secretary; and

(D) to use the land on the farm, in a quantity equal to the attributable base acres for the farm and any base acres for an agricultural or conserving use, and not for a nonagricultural commercial, industrial, or residential use, as determined by the Secretary.

(2) COMPLIANCE.—The Secretary may issue such rules as the Secretary considers necessary to

ensure producer compliance with the requirements of paragraph (1).

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

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

(1) TERMINATION.—

(A) IN GENERAL.—Except as provided in paragraph (2), a transfer of (or change in) the interest of the producers on a farm for which payments under this Act are provided shall result in the termination of the payments, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a).

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

(2) EXCEPTION.—If a producer entitled to a payment under this Act dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment in accordance with rules issued by the Secretary.

(c) PRODUCTION REPORTS.—As an additional condition on receiving agriculture risk coverage payments for individual coverage, the Secretary shall require a producer on a farm to submit to the Secretary annual production reports with respect to all covered commodities produced on all farms in the same State—

(1) in which the producer has an interest; and

(2) for which individual coverage has been selected.

(d) EFFECT OF INACCURATE REPORTS.—No penalty with respect to benefits under this Act shall be assessed against a producer on a farm for an inaccurate acreage or production report unless the Secretary determines that the producer on the farm knowingly and willfully falsified the acreage or production report.

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

(f) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of payments made under this Act among the producers on a farm on a fair and equitable basis.