

112TH CONGRESS
1ST SESSION

S. 1626

To amend the Food, Conservation, and Energy Act of 2008 to reform agricultural programs by establishing the aggregate risk and revenue management program.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 23, 2011

Mr. BROWN of Ohio (for himself, Mr. THUNE, Mr. DURBIN, and Mr. LUGAR) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To amend the Food, Conservation, and Energy Act of 2008 to reform agricultural programs by establishing the aggregate risk and revenue management program.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Aggregate Risk and
5 Revenue Management Act of 2011” or the “ARRM Act
6 of 2011”.

1 **SEC. 2. AGGREGATE RISK AND REVENUE MANAGEMENT**
 2 **PROGRAM.**

3 Section 1105 of the Food, Conservation, and Energy
 4 Act of 2008 (7 U.S.C. 8715) is amended to read as fol-
 5 lows:

6 **“SEC. 1105. AGGREGATE RISK AND REVENUE MANAGEMENT**
 7 **PROGRAM.**

8 “(a) DEFINITIONS.—In this section:

9 “(1) ALTERNATIVE PRICE.—The term ‘alter-
 10 native price’ means an average of the price for each
 11 of the immediately preceding 4 years, as determined
 12 by the National Agricultural Statistics Service, for
 13 each crop for which the harvest price is unavailable.

14 “(2) ARRM.—The term ‘ARRM’ means the ag-
 15 gregate risk and revenue management program es-
 16 tablished under this section.

17 “(3) CRD.—The term ‘CRD’ means a crop re-
 18 porting district, as determined by the National Agri-
 19 cultural Statistics Service.

20 “(4) HARVEST PRICE.—The term ‘harvest
 21 price’ means the harvest price determined by the
 22 Risk Management Agency.

23 “(b) AVAILABILITY AND ELECTION OF ALTERNATIVE
 24 APPROACH.—

25 “(1) AVAILABILITY OF AGGREGATE RISK AND
 26 REVENUE MANAGEMENT PAYMENTS.—With respect

1 to all covered commodities and peanuts on a farm,
2 during each of the 2013 through 2017 crop years,
3 the Secretary shall give the operator, tenant, or
4 sharecropper, as appropriate, on the farm an oppor-
5 tunity to make an annual election for all producers
6 on the farm to receive aggregate risk and revenue
7 management payments under this section for the
8 crop year for which the election is made.

9 “(2) LIMITATIONS.—

10 “(A) IN GENERAL.—The total number of
11 planted acres for which the producers on a farm
12 may receive ARRM payments under this section
13 shall be equal to the total number of acres
14 planted to all covered commodities and peanuts
15 on the farm.

16 “(B) NATIVE SOD.—

17 “(i) IN GENERAL.—Native sod (as de-
18 fined in section 508(o)(1) of the Federal
19 Crop Insurance Act (7 U.S.C. 1508(o)(1)))
20 acreage that is tilled for the purpose of
21 producing an annual crop after the date of
22 enactment of the ARRM Act of 2011 shall
23 not be considered acreage planted to the
24 covered commodity or peanuts for harvest
25 on a farm in a crop year for purposes of

1 making ARRM payments under this sec-
2 tion during the first 5 crop years of plant-
3 ing.

4 “(ii) REQUIREMENT.—Ineligibility
5 under clause (i) shall only apply to the ac-
6 tual acreage of native sod that was con-
7 verted to crop production.

8 “(3) ELECTION; TIME FOR ELECTION.—

9 “(A) IN GENERAL.—The Secretary shall
10 provide notice to the operators, tenants, or
11 sharecroppers, as appropriate regarding the op-
12 portunity to make each of the elections de-
13 scribed in paragraph (1).

14 “(B) NOTICE REQUIREMENTS.—The notice
15 shall include—

16 “(i) notice of the opportunity of the
17 operator, tenant, or sharecropper, as ap-
18 propriate, on a farm to make the election;
19 and

20 “(ii) information regarding the man-
21 ner in which the election must be made
22 and the time periods and manner in which
23 notice of the election must be submitted to
24 the Secretary.

1 “(4) ELECTION DEADLINE.—Within the time
2 period and in the manner prescribed pursuant to
3 paragraph (3), the operator, tenant, or sharecropper,
4 as appropriate, on a farm shall submit to the Sec-
5 retary notice of an election made under paragraph
6 (1).

7 “(5) EFFECT OF FAILURE TO MAKE ELEC-
8 TION.—If the operators, tenants, or sharecroppers,
9 as appropriate, on a farm fail to make an election
10 under paragraph (1) or fail to timely notify the Sec-
11 retary of the election made, as required by para-
12 graph (4), all of the producers on the farm shall be
13 deemed to not have made the election described in
14 paragraph (1), for the applicable crop years.

15 “(c) PAYMENTS REQUIRED.—

16 “(1) IN GENERAL.—In the case of producers on
17 a farm who make an election under subsection (b)
18 to receive ARRM payments for any of the 2013
19 through 2017 crop years for all covered commodities
20 and peanuts, the Secretary shall make ARRM pay-
21 ments available to the producers on a farm in ac-
22 cordance with this subsection.

23 “(2) ARRM PAYMENT.—

24 “(A) IN GENERAL.—Subject to paragraph
25 (3), in the case of producers on a farm de-

1 scribed in paragraph (1), the Secretary shall
2 make ARRM payments available to the pro-
3 ducers on a farm for each crop year if—

4 “(i) the actual CRD revenue for the
5 crop year for the covered commodity or
6 peanuts in the CRD determined under sub-
7 section (e); is less than

8 “(ii) the ARRM program guarantee
9 for the crop year for the covered com-
10 modity or peanuts in the CRD determined
11 under subsection (d).

12 “(B) INDIVIDUAL LOSS.—The Secretary
13 shall make ARRM payments available to the
14 producers on a farm in a CRD for a crop year
15 only if (as determined by the Secretary)—

16 “(i) the actual farm revenue for the
17 crop year for the covered commodity or
18 peanuts, as determined under subsection
19 (g); is less than

20 “(ii) the farm ARRM revenue guar-
21 antee for the crop year for the covered
22 commodity or peanuts, as determined
23 under subsection (f).

24 “(3) TIME FOR PAYMENTS.—In the case of
25 each of the 2013 through 2017 crop years, the Sec-

1 retary shall make ARRM payments beginning Octo-
2 ber 1, or as soon as practicable thereafter, after the
3 date of determination of the harvest price for the
4 covered commodity or peanuts.

5 “(d) ARRM PROGRAM GUARANTEE.—

6 “(1) CRD AMOUNT.—

7 “(A) IN GENERAL.—For purposes of sub-
8 section (c)(2)(A) and subject to subparagraphs
9 (B) and (C), the ARRM program guarantee for
10 a crop year for a covered commodity or peanuts
11 in a CRD shall equal 90 percent of the CRD
12 average revenue, as determined under subpara-
13 graph (B).

14 “(B) CRD AVERAGE REVENUE.—For pur-
15 poses of subparagraph (A), the CRD average
16 revenue shall be the average during the mar-
17 keting years for the immediately preceding 5
18 crops of a covered commodity and peanuts, ex-
19 cluding the year in which the CRD revenue was
20 the highest and the year in which the CRD rev-
21 enue was the lowest in the period, of the prod-
22 uct obtained by multiplying—

23 “(i) the CRD yield for the covered
24 commodity or peanuts in a CRD deter-
25 mined under paragraph (2); and

1 “(ii) the harvest price or alternative
2 price for the covered commodity or pea-
3 nuts.

4 “(C) MINIMUM AND MAXIMUM GUAR-
5 ANTEE.—The ARRM program guarantee for a
6 crop year for a covered commodity or peanuts
7 under subparagraph (A) shall not decrease or
8 increase more than 10 percent from the guar-
9 antee for the preceding crop year.

10 “(D) DOUBLE-CROPPED ACREAGE.—Any
11 crop subsequently planted on land determined
12 for purposes of the Federal Crop Insurance Act
13 (7 U.S.C. 1501 et seq.) to be prevented planted
14 acreage shall not be included in calculating the
15 ARRM program guarantee under subparagraph
16 (A) or the actual farm revenue under subsection
17 (g) unless the farm has a history of double-
18 cropping and is located in a region in which
19 double-cropping is an acceptable farming prac-
20 tice, as determined by the Secretary.

21 “(2) ASSIGNED CRD YIELD.—If the Secretary
22 cannot establish the CRD yield for each planted acre
23 for a crop year for a covered commodity or peanuts
24 in a CRD in accordance with subparagraph (A) or
25 if the yield determined under subparagraph (A) is

1 an unrepresentative average yield for the CRD (as
2 determined by the Secretary), the Secretary shall as-
3 sign a CRD yield for each planted acre for the crop
4 year for the covered commodity or peanuts in the
5 CRD on the basis of—

6 “(A) previous average yields for a period of
7 5 crop years, excluding each of the crop years
8 with the highest and lowest yields; or

9 “(B) CRD yields for planted acres for the
10 crop year for the covered commodity or peanuts
11 in similar CRDs.

12 “(3) CRDS WITH IRRIGATED AND NONIRRI-
13 GATED LAND.—In the case of a CRD in which at
14 least 25 percent of the acreage planted to a covered
15 commodity or peanuts in the CRD is irrigated and
16 at least 25 percent of the acreage planted to the cov-
17 ered commodity or peanuts in the CRD is not irri-
18 gated, the Secretary shall calculate a separate
19 ARRM program guarantee for the irrigated and
20 nonirrigated areas of the CRD for the covered com-
21 modity or peanuts.

22 “(e) ACTUAL CRD REVENUE.—

23 “(1) IN GENERAL.—For purposes of subsection
24 (c)(2)(A), the amount of the actual CRD revenue for

1 a crop year of a covered commodity or peanuts shall
2 equal the product obtained by multiplying—

3 “(A) the actual CRD yield for each planted
4 acre for the crop year for the covered com-
5 modity or peanuts determined under paragraph
6 (2); and

7 “(B) the national average harvest price or
8 alternative price received by producers for the
9 crop year for the covered commodity or peanuts
10 as determined by the Risk Management Agen-
11 cy.

12 “(2) ACTUAL CRD YIELD.—For purposes of
13 paragraph (1)(A), the actual CRD yield for each
14 planted acre for a crop year for a covered commodity
15 or peanuts in a CRD shall equal (as determined by
16 the Secretary)—

17 “(A) the quantity of the covered com-
18 modity or peanuts that is produced in the CRD
19 during the crop year; divided by

20 “(B) the number of acres that are planted
21 to the covered commodity or peanuts in the
22 CRD during the crop year.

23 “(f) FARM ARRM REVENUE GUARANTEE.—

24 “(1) IN GENERAL.—For purposes of subsection
25 (c)(2)(B), the farm ARRM revenue guarantee for

1 the crop year for a covered commodity or peanuts
2 shall equal 90 percent of the average farm revenue
3 as determined under paragraph (2).

4 “(2) AVERAGE FARM REVENUE.—The average
5 farm revenue shall be equal to the sum obtained by
6 adding—

7 “(A) the average during the marketing
8 years for the immediately preceding 5 crops of
9 a covered commodity and peanuts, excluding
10 the year in which the farm revenue was the
11 highest and the year in which the farm revenue
12 was the lowest in the period, of the product ob-
13 tained by multiplying—

14 “(i) the actual production history, as
15 determined using production records and
16 data of the Risk Management Agency; and

17 “(ii) the harvest price or alternative
18 price for the covered commodity or peanuts
19 in a CRD; and

20 “(B) the amount of the per acre crop in-
21 surance premium required to be paid by the
22 producers on the farm for the applicable crop
23 year for the covered commodity or peanuts on
24 the farm.

1 “(g) ACTUAL FARM REVENUE.—For purposes of
2 subsection (c)(2)(B) and except as provided in subsection
3 (d)(1)(C), the amount of the actual farm revenue for a
4 crop year for a covered commodity or peanuts shall equal
5 the amount determined by multiplying—

6 “(1) the actual yield for the covered commodity
7 or peanuts of the producers on the farm; and

8 “(2) the national average harvest price or alter-
9 native price for the crop year for the covered com-
10 modity or peanuts.

11 “(h) PAYMENT AMOUNT.—If ARRM payments are
12 required to be paid for any of the 2013 through 2017 crop
13 years of a covered commodity or peanuts under this sec-
14 tion, the amount of the ARRM payment to be paid to the
15 producers on the farm for the crop year under this section
16 shall be equal to the product obtained by multiplying—

17 “(1) the lesser of—

18 “(A) the difference between—

19 “(i) the ARRM program guarantee
20 for the crop year for the covered com-
21 modity or peanuts in the CRD determined
22 under subsection (d); and

23 “(ii) the actual CRD revenue from the
24 crop year for the covered commodity or

1 peanuts in the CRD determined under sub-
2 section (e); and

3 “(B) 15 percent of the ARRM program
4 guarantee for the crop year for the covered
5 commodity or peanuts in the CRD determined
6 under subsection (d);

7 “(2) 85 percent of the acreage planted to the
8 covered commodity or peanuts for harvest on the
9 farm in the crop year; and

10 “(3) the quotient obtained by dividing—

11 “(A) the actual production history for the
12 covered commodity or peanuts of the producers
13 on the farm, as determined using production
14 records and data of the Risk Management
15 Agency; and

16 “(B) the assigned CRD yield for each
17 planted acre for the crop year for the covered
18 commodity or peanuts in a CRD, as determined
19 under subsection (d)(2).

20 “(i) CROP REPORTING DISTRICT ASSESSMENT.—The
21 Secretary shall review CRDs in western States that have
22 7 or fewer CRDs to assess whether additional CRDs in
23 the States are necessary.”.

1 **SEC. 3. CONFORMING AMENDMENTS.**

2 (a) REPEAL OF DIRECT AND COUNTER-CYCLICAL
3 PAYMENTS FOR COVERED COMMODITIES AND PEA-
4 NUTS.—

5 (1) IN GENERAL.—Sections 1103, 1104, 1303,
6 and 1304 of the Food, Conservation, and Energy
7 Act of 2008 (7 U.S.C. 8713, 8714, 8753, 8754) are
8 repealed.

9 (2) APPLICATION.—The amendments made by
10 paragraph (1) apply beginning with the 2013 crop
11 year.

12 (b) PERIOD OF EFFECTIVENESS.—Section 1109 of
13 the Food, Conservation, and Energy Act of 2008 (7
14 U.S.C. 8719) is amended by striking “2012” and insert-
15 ing “2017”.

16 (c) SUSPENSION OF PERMANENT PRICE SUPPORT
17 AUTHORITY.—Section 1602 of the Food, Conservation,
18 and Energy Act of 2008 (7 U.S.C. 8782) is amended—

19 (1) by striking “through 2012” each place it
20 appears and inserting “through 2017”; and

21 (2) by striking “December 31, 2012” each
22 place it appears and inserting “December 31,
23 2017”.

24 (d) TECHNICAL AMENDMENTS.—

25 (1) Section 1001 of the Food, Conservation,
26 and Energy Act of 2008 (7 U.S.C. 8702) is amend-

1 ed by striking paragraph (1) and inserting the fol-
2 lowing:

3 “(1) AGGREGATE RISK AND REVENUE MANAGE-
4 MENT PAYMENT.—The term ‘aggregate risk and rev-
5 enue management payment’ means a payment made
6 to producers on a farm under section 1105.”

7 (2) Section 1101(d)(1) of the Food, Conserva-
8 tion, and Energy Act of 2008 (7 U.S.C. 8711(d)(1))
9 is amended by striking “average crop revenue elec-
10 tion” and inserting “aggregate risk and revenue
11 management”.

12 (3) Section 1106 of the Food, Conservation,
13 and Energy Act of 2008 (7 U.S.C. 8716) is amend-
14 ed by striking “average crop revenue election” each
15 place it appears in subsections (a)(1), (b), and (e)
16 and inserting “aggregate risk and revenue manage-
17 ment”.

18 (4) Section 1302(d)(1) of the Food, Conserva-
19 tion, and Energy Act of 2008 (7 U.S.C. 8752(d)(1))
20 is amended by striking “average crop revenue elec-
21 tion” and inserting “aggregate risk and revenue
22 management”.

23 (5) Section 1305 of the Food, Conservation,
24 and Energy Act of 2008 (7 U.S.C. 8755) is amend-
25 ed by striking “average crop revenue election” each

1 place it appears in subsections (a)(1), (b), and (e)
2 and inserting “aggregate risk and revenue manage-
3 ment”.

4 (6) Section 1001 of the Food Security Act of
5 1985 (7 U.S.C. 1308) is amended—

6 (A) by striking “ACRE” each place it ap-
7 pears in the headings of subsections (b) and (c)
8 and inserting “ARRM”;

9 (B) by striking “ACRE” each place it ap-
10 pears in the headings of paragraph (3) of sub-
11 sections (b) and (c) and inserting “ARRM”;
12 and

13 (C) by striking “average crop revenue elec-
14 tion” each place it appears in subsections (b)
15 and (c) and inserting “aggregate risk and rev-
16 enue management”.

17 (7) Section 1001D of the Food Security Act of
18 1985 (7 U.S.C. 1308–3a) is amended—

19 (A) in subsection (b)(C)(i), by striking
20 “average crop revenue election” and inserting
21 “aggregate risk and revenue management”; and

22 (B) in subsection (f), by striking “2012”
23 and inserting “2017”.

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