

“(3) upon request, make the procedures and reassessed process control plans available to inspectors appointed by the Secretary for review and copying.”.

## **TITLE XII—CROP INSURANCE AND DISASTER ASSISTANCE PROGRAMS**

### **Subtitle A—Crop Insurance and Agricultural Disaster Assistance**

#### **SEC. 12001. DEFINITION OF ORGANIC CROP.**

Section 502(b) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)) is amended—

(1) by redesignating paragraphs (7) and (8) as paragraphs (8) and (9), respectively; and

(2) by inserting after paragraph (6) the following:

“(7) ORGANIC CROP.—The term ‘organic crop’ means an agricultural commodity that is organically produced consistent with section 2103 of the Organic Foods Production Act of 1990 (7 U.S.C. 6502).”.

#### **SEC. 12002. GENERAL POWERS.**

(a) IN GENERAL.—Section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506) is amended—

(1) in the first sentence of subsection (d), by striking “The Corporation” and inserting “Subject to section 508(j)(2)(A), the Corporation”; and

(2) by striking subsection (n).

(b) CONFORMING AMENDMENTS.—

(1) Section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506) is amended by redesignating subsections (o), (p), and (q) as subsections (n), (o), and (p), respectively.

(2) Section 521 of the Federal Crop Insurance Act (7 U.S.C. 1521) is amended by striking the last sentence.

#### **SEC. 12003. REDUCTION IN LOSS RATIO.**

(a) PROJECTED LOSS RATIO.—Subsection (n)(2) of section 506 of the Federal Crop Insurance Act (7 U.S.C. 1506) (as redesignated by section 12002(b)(1)) is amended—

(1) in the paragraph heading, by striking “AS OF OCTOBER 1, 1998”;

(2) by striking “, on and after October 1, 1998,”; and

(3) by striking “1.075” and inserting “1.0”.

(b) PREMIUMS REQUIRED.—Section 508(d)(1) of the Federal Crop Insurance Act (7 U.S.C. 1508(d)(1)) is amended by striking “not greater than 1.1” and all that follows and inserting “not greater than—

“(A) 1.1 through September 30, 1998;

“(B) 1.075 for the period beginning October 1, 1998, and ending on the day before the date of enactment of the Food, Conservation, and Energy Act of 2008; and

“(C) 1.0 on and after the date of enactment of that Act.”.

**SEC. 12004. PREMIUMS ADJUSTMENTS.**

Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by adding at the end the following:

“(9) PREMIUM ADJUSTMENTS.—

“(A) PROHIBITION.—Except as provided in subparagraph (B), no person shall pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, either as an inducement to procure insurance or after insurance has been procured, any rebate, discount, abatement, credit, or reduction of the premium named in an insurance policy or any other valuable consideration or inducement not specified in the policy.

“(B) EXCEPTIONS.—Subparagraph (A) does not apply with respect to—

“(i) a payment authorized under subsection (b)(5)(B);

“(ii) a performance-based discount authorized under subsection (d)(3); or

“(iii) a patronage dividend, or similar payment, that is paid—

“(I) by an entity that was approved by the Corporation to make such payments for the 2005, 2006, or 2007 reinsurance year, in accordance with subsection (b)(5)(B) as in effect on the day before the date of enactment of this paragraph; and

“(II) in a manner consistent with the payment plan approved in accordance with that subsection for the entity by the Corporation for the applicable reinsurance year.”.

**SEC. 12005. CONTROLLED BUSINESS INSURANCE.**

Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) (as amended by section 12004) is amended by adding at the end the following:

“(10) COMMISSIONS.—

“(A) DEFINITION OF IMMEDIATE FAMILY.—In this paragraph, the term ‘immediate family’ means an individual’s father, mother, stepfather, stepmother, brother, sister, stepbrother, stepsister, son, daughter, stepson, stepdaughter, grandparent, grandson, granddaughter, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, the spouse of the foregoing, and the individual’s spouse.

“(B) PROHIBITION.—No individual (including a subagent) may receive directly, or indirectly through an entity, any compensation (including any commission, profit sharing, bonus, or any other direct or indirect benefit) for the sale or service of a policy or plan of insurance offered under this title if—

“(i) the individual has a substantial beneficial interest, or a member of the individual’s immediate family has a substantial beneficial interest, in the policy or plan of insurance; and

“(ii) the total compensation to be paid to the individual with respect to the sale or service of the policies or plans of insurance that meet the condition described

in clause (i) exceeds 30 percent or the percentage specified in State law, whichever is less, of the total of all compensation received directly or indirectly by the individual for the sale or service of all policies and plans of insurance offered under this title for the reinsurance year.

“(C) REPORTING.—Not later than 90 days after the annual settlement date of the reinsurance year, any individual that received directly or indirectly any compensation for the service or sale of any policy or plan of insurance offered under this title in the prior reinsurance year shall certify to applicable approved insurance providers that the compensation that the individual received was in compliance with this paragraph.

“(D) SANCTIONS.—The procedural requirements and sanctions prescribed in section 515(h) shall apply to the prosecution of a violation of this paragraph.

“(E) APPLICABILITY.—

“(i) IN GENERAL.—Sanctions for violations under this paragraph shall only apply to the individuals or entities directly responsible for the certification required under subparagraph (C) or the failure to comply with the requirements of this paragraph.

“(ii) PROHIBITION.—No sanctions shall apply with respect to the policy or plans of insurance upon which compensation is received, including the reinsurance for those policies or plans.”.

**SEC. 12006. ADMINISTRATIVE FEE.**

(a) IN GENERAL.—Section 508(b)(5) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(5)) is amended—

(1) by striking subparagraph (A) and inserting the following:

“(A) BASIC FEE.—Each producer shall pay an administrative fee for catastrophic risk protection in the amount of \$300 per crop per county.”; and

(2) in subparagraph (B)—

(A) by striking “PAYMENT ON BEHALF OF PRODUCERS” and inserting “PAYMENT OF CATASTROPHIC RISK PROTECTION FEE ON BEHALF OF PRODUCERS”;

(B) in clause (i)—

(i) by striking “or other payment”; and

(ii) by striking “with catastrophic risk protection or additional coverage” and inserting “through the payment of catastrophic risk protection administrative fees”;

(C) by striking clauses (ii) and (vi);

(D) by redesignating clauses (iii), (iv), and (v) as clauses (ii), (iii), and (iv), respectively;

(E) in clause (iii) (as so redesignated), by striking “A policy or plan of insurance” and inserting “Catastrophic risk protection coverage”; and

(F) in clause (iv) (as so redesignated)—

(i) by striking “or other arrangement under this subparagraph”; and

(ii) by striking “additional”.

(b) REPEAL.—Section 748 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (7 U.S.C. 1508 note; Public Law 105–277) is repealed.

**SEC. 12007. TIME FOR PAYMENT.**

Section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) is amended—

(1) in subsection (b)(5)(C), by striking “the date that premium” and inserting “the same date on which the premium”;

(2) in subsection (c)(10), by adding at the end the following:

“(C) TIME FOR PAYMENT.—Subsection (b)(5)(C) shall apply with respect to the collection date for the administrative fee.”; and

(3) in subsection (d), by adding at the end the following:

“(4) BILLING DATE FOR PREMIUMS.—Effective beginning with the 2012 reinsurance year, the Corporation shall establish August 15 as the billing date for premiums.”.

**SEC. 12008. CATASTROPHIC COVERAGE REIMBURSEMENT RATE.**

Section 508(b)(11) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(11)) is amended by striking “8 percent” and inserting “6 percent”.

**SEC. 12009. GRAIN SORGHUM PRICE ELECTION.**

Section 508(c)(5) of the Federal Crop Insurance Act (7 U.S.C. 1508(c)(5)) is amended by adding at the end the following:

“(D) GRAIN SORGHUM PRICE ELECTION.—

“(i) IN GENERAL.—The Corporation, in conjunction with the Secretary (referred to in this subparagraph as the ‘Corporation’), shall—

“(I) not later than 60 days after the date of enactment of this subparagraph, make available all methods and data, including data from the Economic Research Service, used by the Corporation to develop the expected market prices for grain sorghum under the production and revenue-based plans of insurance of the Corporation; and

“(II) request applicable data from the grain sorghum industry.

“(ii) EXPERT REVIEWERS.—

“(I) IN GENERAL.—Not later than 120 days after the date of enactment of this subparagraph, the Corporation shall contract individually with 5 expert reviewers described in subclause (II) to develop and recommend a methodology for determining an expected market price for sorghum for both the production and revenue-based plans of insurance to more accurately reflect the actual price at harvest.

“(II) REQUIREMENTS.—The expert reviewers under subclause (I) shall be comprised of agricultural economists with experience in grain sorghum and corn markets, of whom—

“(aa) 2 shall be agricultural economists of institutions of higher education;

“(bb) 2 shall be economists from within the Department; and

“(cc) 1 shall be an economist nominated by the grain sorghum industry.

“(iii) RECOMMENDATIONS.—

“(I) IN GENERAL.—Not later than 90 days after the date of contracting with the expert reviewers under clause (ii), the expert reviewers shall submit, and the Corporation shall make available to the public, the recommendations of the expert reviewers.

“(II) CONSIDERATION.—The Corporation shall consider the recommendations under subclause (I) when determining the appropriate pricing methodology to determine the expected market price for grain sorghum under both the production and revenue-based plans of insurance.

“(III) PUBLICATION.—Not later than 60 days after the date on which the Corporation receives the recommendations of the expert reviewers, the Corporation shall publish the proposed pricing methodology for both the production and revenue-based plans of insurance for notice and comment and, during the comment period, conduct at least 1 public meeting to discuss the proposed pricing methodologies.

“(iv) APPROPRIATE PRICING METHODOLOGY.—

“(I) IN GENERAL.—Not later than 180 days after the close of the comment period in clause (iii)(III), but effective not later than the 2010 crop year, the Corporation shall implement a pricing methodology for grain sorghum under the production and revenue-based plans of insurance that is transparent and replicable.

“(II) INTERIM METHODOLOGY.—Until the date on which the new pricing methodology is implemented, the Corporation may continue to use the pricing methodology that the Corporation determines best establishes the expected market price.

“(III) AVAILABILITY.—On an annual basis, the Corporation shall make available the pricing methodology and data used to determine the expected market prices for grain sorghum under the production and revenue-based plans of insurance, including any changes to the methodology used to determine the expected market prices for grain sorghum from the previous year.”.

**SEC. 12010. PREMIUM REDUCTION AUTHORITY.**

Subsection 508(e) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)) is amended—

- (1) in paragraph (2), by striking “paragraph (4)” and inserting “paragraph (3)”;
- (2) by striking paragraph (3); and
- (3) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

**SEC. 12011. ENTERPRISE AND WHOLE FARM UNITS.**

Section 508(e) of Federal Crop Insurance Act (7 U.S.C. 1508(e)) (as amended by section 12010) is amended by adding at the end the following:

“(5) ENTERPRISE AND WHOLE FARM UNITS.—

“(A) IN GENERAL.—The Corporation may carry out a pilot program under which the Corporation pays a portion of the premiums for plans or policies of insurance for which the insurable unit is defined on a whole farm or enterprise unit basis that is higher than would otherwise be paid in accordance with paragraph (2).

“(B) AMOUNT.—The percentage of the premium paid by the Corporation to a policyholder for a policy with an enterprise or whole farm unit under this paragraph shall, to the maximum extent practicable, provide the same dollar amount of premium subsidy per acre that would otherwise have been paid by the Corporation under paragraph (2) if the policyholder had purchased a basic or optional unit for the crop for the crop year.

“(C) LIMITATION.—The amount of the premium paid by the Corporation under this paragraph may not exceed 80 percent of the total premium for the enterprise or whole farm unit policy.”.

**SEC. 12012. PAYMENT OF PORTION OF PREMIUM FOR AREA REVENUE PLANS.**

Section 508(e) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)) (as amended by section 12011) is amended—

(1) in paragraph (2), in the matter preceding subparagraph (A), by striking “paragraph (4)” and inserting “paragraphs (4), (6), and (7)”; and

(2) by adding at the end the following:

“(6) PREMIUM SUBSIDY FOR AREA REVENUE PLANS.—Subject to paragraph (4), in the case of a policy or plan of insurance that covers losses due to a reduction in revenue in an area, the amount of the premium paid by the Corporation shall be as follows:

“(A) In the case of additional area coverage equal to or greater than 70 percent, but less than 75 percent, of the recorded county yield indemnified at not greater than 100 percent of the expected market price, the amount shall be equal to the sum of—

“(i) 59 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

“(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

“(B) In the case of additional area coverage equal to or greater than 75 percent, but less than 85 percent, of the recorded county yield indemnified at not greater than 100 percent of the expected market price, the amount shall be equal to the sum of—

“(i) 55 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

“(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

“(C) In the case of additional area coverage equal to or greater than 85 percent, but less than 90 percent, of the recorded county yield indemnified at not greater than 100 percent of the expected market price, the amount shall be equal to the sum of—

“(i) 49 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

“(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

“(D) In the case of additional area coverage equal to or greater than 90 percent of the recorded county yield indemnified at not greater than 100 percent of the expected market price, the amount shall be equal to the sum of—

“(i) 44 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

“(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

“(7) PREMIUM SUBSIDY FOR AREA YIELD PLANS.—Subject to paragraph (4), in the case of a policy or plan of insurance that covers losses due to a loss of yield or prevented planting in an area, the amount of the premium paid by the Corporation shall be as follows:

“(A) In the case of additional area coverage equal to or greater than 70 percent, but less than 80 percent, of the recorded county yield indemnified at not greater than 100 percent of the expected market price, the amount shall be equal to the sum of—

“(i) 59 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

“(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

“(B) In the case of additional area coverage equal to or greater than 80 percent, but less than 90 percent, of the recorded county yield indemnified at not greater than 100 percent of the expected market price, the amount shall be equal to the sum of—

“(i) 55 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

“(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.

“(C) In the case of additional area coverage equal to or greater than 90 percent, of the recorded county yield indemnified at not greater than 100 percent of the expected market price, the amount shall be equal to the sum of—

“(i) 51 percent of the amount of the premium established under subsection (d)(2)(B)(i) for the coverage level selected; and

“(ii) the amount determined under subsection (d)(2)(B)(ii) for the coverage level selected to cover operating and administrative expenses.”.

**SEC. 12013. DENIAL OF CLAIMS.**

Section 508(j)(2)(A) of the Federal Crop Insurance Act (7 U.S.C. 1508(j)(2)(A)) is amended by inserting “on behalf of the Corporation” after “approved provider”.

**SEC. 12014. SETTLEMENT OF CROP INSURANCE CLAIMS ON FARM-STORED PRODUCTION.**

(a) IN GENERAL.—Section 508(j) of the Federal Crop Insurance Act (7 U.S.C. 1508(j)) is amended by adding at the end the following:

“(5) SETTLEMENT OF CLAIMS ON FARM-STORED PRODUCTION.—A producer with farm-stored production may, at the option of the producer, delay settlement of a crop insurance claim relating to the farm-stored production for up to 4 months after the last date on which claims may be submitted under the policy of insurance.”.

(b) STUDY ON THE EFFICACY OF PACK FACTORS.—

(1) IN GENERAL.—The Secretary shall conduct a study of the efficacy and accuracy of the application of pack factors regarding the measurement of farm-stored production for purposes of providing policies or plans of insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

(2) CONSIDERATIONS.—The study shall consider—

(A) structural shape and size;

(B) time in storage;

(C) the impact of facility aeration systems; and

(D) any other factors the Secretary considers appropriate.

(3) REPORT.—Not later than 3 years after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that includes the findings of the study and any related policy recommendations.

**SEC. 12015. TIME FOR REIMBURSEMENT.**

Section 508(k)(4) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(4)) is amended by adding at the end the following:

“(D) TIME FOR REIMBURSEMENT.—Effective beginning with the 2012 reinsurance year, the Corporation shall reimburse approved insurance providers and agents for the allowable administrative and operating costs of the providers and agents as soon as practicable after October 1 (but not later than October 31) after the reinsurance year for which reimbursements are earned.”.

**SEC. 12016. REIMBURSEMENT RATE.**

Section 508(k)(4) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(4)) (as amended by section 12015) is amended—

(1) in subparagraph (A), by striking “Except as provided in subparagraph (B)” and inserting “Except as otherwise provided in this paragraph”; and

(2) by adding at the end the following:

“(E) REIMBURSEMENT RATE REDUCTION.—In the case of a policy of additional coverage that received a rate of reimbursement for administrative and operating costs for the 2008 reinsurance year, for each of the 2009 and subsequent reinsurance years, the reimbursement rate for administrative and operating costs shall be 2.3 percentage points below the rates in effect as of the date of enactment of the Food, Conservation, and Energy Act of 2008 for all crop insurance policies used to define loss ratio, except that only ½ of the reduction shall apply in a reinsurance year to the total premium written in a State in which the State loss ratio is greater than 1.2.

“(F) REIMBURSEMENT RATE FOR AREA POLICIES AND PLANS OF INSURANCE.—Notwithstanding subparagraphs (A) through (E), for each of the 2009 and subsequent reinsurance years, the reimbursement rate for area policies and plans of insurance widely available as of the date of enactment of this subparagraph shall be 12 percent of the premium used to define loss ratio for that reinsurance year.”.

**SEC. 12017. RENEGOTIATION OF STANDARD REINSURANCE AGREEMENT.**

Section 508(k) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)) is amended by adding at the end the following:

“(8) RENEGOTIATION OF STANDARD REINSURANCE AGREEMENT.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), notwithstanding section 536 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 1506 note; Public Law 105–185) and section 148 of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1506 note; Public Law 106–224), the Corporation may renegotiate the financial terms and conditions of each Standard Reinsurance Agreement—

“(i) to be effective for the 2011 reinsurance year beginning July 1, 2010; and

“(ii) once during each period of 5 reinsurance years thereafter.

“(B) EXCEPTIONS.—

“(i) ADVERSE CIRCUMSTANCES.—Subject to clause (ii), subparagraph (A) shall not apply in any case in which the approved insurance providers, as a whole, experience unexpected adverse circumstances, as determined by the Secretary.

“(ii) EFFECT OF FEDERAL LAW CHANGES.—If Federal law is enacted after the date of enactment of this paragraph that requires revisions in the financial terms of the Standard Reinsurance Agreement, and changes in the Agreement are made on a mandatory basis by the Corporation, the changes shall not be considered to be a renegotiation of the Agreement for purposes of subparagraph (A).

“(C) NOTIFICATION REQUIREMENT.—If the Corporation renegotiates a Standard Reinsurance Agreement under subparagraph (A)(iii), the Corporation shall notify the Committee on Agriculture of the House of Representatives and

the Committee on Agriculture, Nutrition, and Forestry of the Senate of the renegotiation.

“(D) CONSULTATION.—The approved insurance providers may confer with each other and collectively with the Corporation during any renegotiation under subparagraph (A).

“(E) 2011 REINSURANCE YEAR.—

“(i) IN GENERAL.—As part of the Standard Reinsurance Agreement renegotiation authorized under subparagraph (A)(i), the Corporation shall consider alternative methods to determine reimbursement rates for administrative and operating costs.

“(ii) ALTERNATIVE METHODS.—Alternatives considered under clause (i) shall include—

“(I) methods that—

“(aa) are graduated and base reimbursement rates in a State on changes in premiums in that State;

“(bb) are graduated and base reimbursement rates in a State on the loss ratio for crop insurance for that State; and

“(cc) are graduated and base reimbursement rates on individual policies on the level of total premium for each policy; and

“(II) any other method that takes into account current financial conditions of the program and ensures continued availability of the program to producers on a nationwide basis.”.

**SEC. 12018. CHANGE IN DUE DATE FOR CORPORATION PAYMENTS FOR UNDERWRITING GAINS.**

Section 508(k) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)) (as amended by section 12017) is amended by adding at the end the following:

“(9) DUE DATE FOR PAYMENT OF UNDERWRITING GAINS.—

Effective beginning with the 2011 reinsurance year, the Corporation shall make payments for underwriting gains under this title on—

“(A) for the 2011 reinsurance year, October 1, 2012;

and

“(B) for each reinsurance year thereafter, October 1 of the following calendar year.”.

**SEC. 12019. MALTING BARLEY.**

Section 508(m) of the Federal Crop Insurance Act (7 U.S.C. 1508(m)) is amended by adding at the end the following:

“(5) SPECIAL PROVISIONS FOR MALTING BARLEY.—The Corporation shall promulgate special provisions under this subsection specific to malting barley, taking into consideration any changes in quality factors, as required by applicable market conditions.”.

**SEC. 12020. CROP PRODUCTION ON NATIVE SOD.**

(a) FEDERAL CROP INSURANCE.—Section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) is amended by adding at the end the following:

“(o) CROP PRODUCTION ON NATIVE SOD.—

“(1) DEFINITION OF NATIVE SOD.—In this subsection, the term ‘native sod’ means land—

“(A) on which the plant cover is composed principally of native grasses, grasslike plants, forbs, or shrubs suitable for grazing and browsing; and

“(B) that has never been tilled for the production of an annual crop as of the date of enactment of this subsection.

“(2) INELIGIBILITY FOR BENEFITS.—

“(A) IN GENERAL.—Subject to subparagraph (B) and paragraph (3), native sod acreage that has been tilled for the production of an annual crop after the date of enactment of this subsection shall be ineligible during the first 5 crop years of planting, as determined by the Secretary, for benefits under—

“(i) this title; and

“(ii) section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

“(B) DE MINIMIS ACREAGE EXEMPTION.—The Secretary shall exempt areas of 5 acres or less from subparagraph (A).

“(3) APPLICATION.—Paragraph (2) may apply to native sod acreage in the Prairie Pothole National Priority Area at the election of the Governor of the respective State.”

(b) NONINSURED CROP DISASTER ASSISTANCE.—Section 196(a) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(a)) is amended by adding at the end the following:

“(4) PROGRAM INELIGIBILITY RELATING TO CROP PRODUCTION ON NATIVE SOD.—

“(A) DEFINITION OF NATIVE SOD.—In this paragraph, the term ‘native sod’ means land—

“(i) on which the plant cover is composed principally of native grasses, grasslike plants, forbs, or shrubs suitable for grazing and browsing; and

“(ii) that has never been tilled for the production of an annual crop as of the date of enactment of this paragraph.

“(B) INELIGIBILITY FOR BENEFITS.—

“(i) IN GENERAL.—Subject to clause (ii) and subparagraph (C), native sod acreage that has been tilled for the production of an annual crop after the date of enactment of this paragraph shall be ineligible during the first 5 crop years of planting, as determined by the Secretary, for benefits under—

“(I) this section; and

“(II) the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

“(ii) DE MINIMIS ACREAGE EXEMPTION.—The Secretary shall exempt areas of 5 acres or less from clause (i).

“(C) APPLICATION.—Subparagraph (B) may apply to native sod acreage in the Prairie Pothole National Priority Area at the election of the Governor of the respective State.”

**SEC. 12021. INFORMATION MANAGEMENT.**

Section 515 of the Federal Crop Insurance Act (7 U.S.C. 1515) is amended—

(a) in subsection (j)(3), by adding before the period at the end the following: “, which shall be subject to competition on a periodic basis, as determined by the Secretary”; and

(b) by striking subsection (k) and inserting the following:

“(k) FUNDING.—

“(1) INFORMATION TECHNOLOGY.—To carry out subsection (j)(1), the Corporation may use, from amounts made available from the insurance fund established under section 516(c), not more than \$15,000,000 for each of fiscal years 2008 through 2011.

“(2) DATA MINING.—To carry out subsection (j)(2), the Corporation may use, from amounts made available from the insurance fund established under section 516(c), not more than \$4,000,000 for fiscal year 2009 and each subsequent fiscal year.”.

**SEC. 12022. RESEARCH AND DEVELOPMENT.**

(a) IN GENERAL.—Section 522(b) of the Federal Crop Insurance Act (7 U.S.C. 1522(b)) is amended by striking paragraphs (1) and (2) and inserting the following:

“(1) RESEARCH AND DEVELOPMENT PAYMENT.—

“(A) IN GENERAL.—The Corporation shall provide a payment to an applicant for research and development costs in accordance with this subsection.

“(B) REIMBURSEMENT.—An applicant who submits a policy under section 508(h) shall be eligible for the reimbursement of reasonable research and development costs directly related to the policy if the policy is approved by the Board for sale to producers.

“(2) ADVANCE PAYMENTS.—

“(A) IN GENERAL.—Subject to the other provisions of this paragraph, the Board may approve the request of an applicant for advance payment of a portion of reasonable research and development costs prior to submission and approval of the policy by the Board under section 508(h).

“(B) PROCEDURES.—The Board shall establish procedures for approving advance payment of reasonable research and development costs to applicants.

“(C) CONCEPT PROPOSAL.—As a condition of eligibility for advance payments, an applicant shall submit a concept proposal for the policy that the applicant plans to submit to the Board under section 508(h), consistent with procedures established by the Board for submissions under subparagraph (B), including—

“(i) a summary of the qualifications of the applicant, including any prior concept proposals and submissions to the Board under section 508(h) and, if applicable, any work conducted under this section;

“(ii) a projection of total research and development costs that the applicant expects to incur;

“(iii) a description of the need for the policy, the marketability of and expected demand for the policy among affected producers, and the potential impact

of the policy on producers and the crop insurance delivery system;

“(iv) a summary of data sources available to demonstrate that the policy can reasonably be developed and actuarially appropriate rates established; and

“(v) an identification of the risks the proposed policy will cover and an explanation of how the identified risks are insurable under this title.

“(D) REVIEW.—

“(i) EXPERTS.—If the requirements of subparagraph (B) and (C) are met, the Board may submit a concept proposal described in subparagraph (C) to not less than 2 independent expert reviewers, whose services are appropriate for the type of concept submitted, to assess the likelihood that the proposed policy being developed will result in a viable and marketable policy, as determined by the Board.

“(ii) TIMING.—The time frames described in subparagraphs (C) and (D) of section 508(h)(4) shall apply to the review of concept proposals under this subparagraph.

“(E) APPROVAL.—The Board may approve up to 50 percent of the projected total research and development costs to be paid in advance to an applicant, in accordance with the procedures developed by the Board for the making of such payments, if, after consideration of the reviewer reports described in subparagraph (D) and such other information as the Board determines appropriate, the Board determines that—

“(i) the concept, in good faith, will likely result in a viable and marketable policy consistent with section 508(h);

“(ii) in the sole opinion of the Board, the concept, if developed into a policy and approved by the Board, would provide crop insurance coverage—

“(I) in a significantly improved form;

“(II) to a crop or region not traditionally served by the Federal crop insurance program; or

“(III) in a form that addresses a recognized flaw or problem in the program;

“(iii) the applicant agrees to provide such reports as the Corporation determines are necessary to monitor the development effort;

“(iv) the proposed budget and timetable are reasonable; and

“(v) the concept proposal meets any other requirements that the Board determines appropriate.

“(F) SUBMISSION OF POLICY.—If the Board approves an advanced payment under subparagraph (E), the Board shall establish a date by which the applicant shall present a submission in compliance with section 508(h) (including the procedures implemented under that section) to the Board for approval.

“(G) FINAL PAYMENT.—

“(i) APPROVED POLICIES.—If a policy is submitted under subparagraph (F) and approved by the Board under section 508(h) and the procedures established

by the Board (including procedures established under subparagraph (B)), the applicant shall be eligible for a payment of reasonable research and development costs in the same manner as policies reimbursed under paragraph (1)(B), less any payments made pursuant to subparagraph (E).

“(ii) POLICIES NOT APPROVED.—If a policy is submitted under subparagraph (F) and is not approved by the Board under section 508(h), the Corporation shall—

“(I) not seek a refund of any payments made in accordance with this paragraph; and

“(II) not make any further research and development cost payments associated with the submission of the policy under this paragraph.

“(H) POLICY NOT SUBMITTED.—If an applicant receives an advance payment and fails to fulfill the obligation of the applicant to the Board by not submitting a completed submission without just cause and in accordance with the procedures established under subparagraph (B)), including notice and reasonable opportunity to respond, as determined by the Board, the applicant shall return to the Board the amount of the advance plus interest.

“(I) REPEATED SUBMISSIONS.—The Board may prohibit advance payments to applicants who have submitted—

“(i) a concept proposal or submission that did not result in a marketable product; or

“(ii) a concept proposal or submission of poor quality.

“(J) CONTINUED ELIGIBILITY.—A determination that an applicant is not eligible for advance payments under this paragraph shall not prevent an applicant from reimbursement under paragraph (1)(B).”

(b) CONFORMING AMENDMENTS.—Section 522(b) of the Federal Crop Insurance Act (7 U.S.C. 1522(b)) is amended—

(1) in paragraph (3), by striking “or (2)”; and

(2) in paragraph (4)(A), by striking “and (2)”.

**SEC. 12023. CONTRACTS FOR ADDITIONAL POLICIES AND STUDIES.**

Section 522(c) of the Federal Crop Insurance Act (7 U.S.C. 1522) is amended—

(1) by redesignating paragraph (10) as paragraph (17); and

(2) by inserting after paragraph (9) the following:

“(10) CONTRACTS FOR ORGANIC PRODUCTION COVERAGE IMPROVEMENTS.—

“(A) CONTRACTS REQUIRED.—Not later than 180 days after the date of enactment of the Food, Conservation, and Energy Act of 2008, the Corporation shall enter into 1 or more contracts for the development of improvements in Federal crop insurance policies covering crops produced in compliance with standards issued by the Department of Agriculture under the national organic program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

“(B) REVIEW OF UNDERWRITING RISK AND LOSS EXPERIENCE.—

“(i) REVIEW REQUIRED.—

“(I) IN GENERAL.—A contract under subparagraph (A) shall include a review of the underwriting, risk, and loss experience of organic crops covered by the Corporation, as compared with the same crops produced in the same counties and during the same crop years using nonorganic methods.

“(II) REQUIREMENTS.—The review shall—

“(aa) to the maximum extent practicable, be designed to allow the Corporation to determine whether significant, consistent, or systemic variations in loss history exist between organic and nonorganic production;

“(bb) include the widest available range of data collected by the Secretary and other outside sources of information; and

“(cc) not be limited to loss history under existing crop insurance policies.

“(ii) EFFECT ON PREMIUM SURCHARGE.—Unless the review under this subparagraph documents the existence of significant, consistent, and systemic variations in loss history between organic and nonorganic crops, either collectively or on an individual crop basis, the Corporation shall eliminate or reduce the premium surcharge that the Corporation charges for coverage for organic crops, as determined in accordance with the results.

“(iii) ANNUAL UPDATES.—Beginning with the 2009 crop year, the review under this subparagraph shall be updated on an annual basis as data is accumulated by the Secretary and other sources, so that the Corporation may make determinations regarding adjustments to the surcharge in a timely manner as quickly as evolving practices and data trends allow.

“(C) ADDITIONAL PRICE ELECTION.—

“(i) IN GENERAL.—A contract under subparagraph (A) shall include the development of a procedure, including any associated changes in policy terms or materials required for implementation of the procedure, to offer producers of organic crops an additional price election that reflects actual prices received by organic producers for crops from the field (including appropriate retail and wholesale prices), as established using data collected and maintained by the Secretary or from other sources.

“(ii) TIMING.—The development of the procedure shall be completed in a timely manner to allow the Corporation to begin offering the additional price election for organic crops with sufficient data for the 2010 crop year.

“(iii) EXPANSION.—The procedure shall be expanded as quickly as practicable as additional data on prices of organic crops collected by the Secretary and other sources of information becomes available, with a goal of applying this procedure to all organic crops not later than the fifth full crop year that begins

after the date of enactment of Food, Conservation, and Energy Act of 2008.

“(D) REPORTING REQUIREMENTS.—

“(i) IN GENERAL.—The Corporation shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report on progress made in developing and improving Federal crop insurance for organic crops, including—

“(I) the numbers and varieties of organic crops insured;

“(II) the development of new insurance approaches; and

“(III) the progress of implementing the initiatives required under this paragraph, including the rate at which additional price elections are adopted for organic crops.

“(ii) RECOMMENDATIONS.—The report shall include such recommendations as the Corporation considers appropriate to improve Federal crop insurance coverage for organic crops.

“(11) ENERGY CROP INSURANCE POLICY.—

“(A) DEFINITION OF DEDICATED ENERGY CROP.—In this subsection, the term ‘dedicated energy crop’ means an annual or perennial crop that—

“(i) is grown expressly for the purpose of producing a feedstock for renewable biofuel, renewable electricity, or biobased products; and

“(ii) is not typically used for food, feed, or fiber.

“(B) AUTHORITY.—The Corporation shall offer to enter into 1 or more contracts with qualified entities to carry out research and development regarding a policy to insure dedicated energy crops.

“(C) RESEARCH AND DEVELOPMENT.—Research and development described in subparagraph (B) shall evaluate the effectiveness of risk management tools for the production of dedicated energy crops, including policies and plans of insurance that—

“(i) are based on market prices and yields;

“(ii) to the extent that insufficient data exist to develop a policy based on market prices and yields, evaluate the policies and plans of insurance based on the use of weather or rainfall indices to protect the interests of crop producers; and

“(iii) provide protection for production or revenue losses, or both.

“(12) AQUACULTURE INSURANCE POLICY.—

“(A) DEFINITION OF AQUACULTURE.—In this subsection:

“(i) IN GENERAL.—The term ‘aquaculture’ means the propagation and rearing of aquatic species in controlled or selected environments, including shellfish cultivation on grants or leased bottom and ocean ranching.

“(ii) EXCLUSION.—The term ‘aquaculture’ does not include the private ocean ranching of Pacific salmon for profit in any State in which private ocean ranching

of Pacific salmon is prohibited by any law (including regulations).

“(B) AUTHORITY.—

“(i) IN GENERAL.—As soon as practicable after the date of enactment of the Food, Conservation, and Energy Act of 2008, the Corporation shall offer to enter into 3 or more contracts with qualified entities to carry out research and development regarding a policy to insure the production of aquacultural species in aquaculture operations.

“(ii) BIVALVE SPECIES.—At least 1 of the contracts described in clause (i) shall address insurance of bivalve species, including—

“(I) American oysters (*crassostrea virginica*);

“(II) hard clams (*mercenaria mercenaria*);

“(III) Pacific oysters (*crassostrea gigas*);

“(IV) Manila clams (*tapes philippinarum*); or

“(V) blue mussels (*mytilus edulis*).

“(iii) FRESHWATER SPECIES.—At least 1 of the contracts described in clause (i) shall address insurance of freshwater species, including—

“(I) catfish (*icataluridae*);

“(II) rainbow trout (*oncorhynchus mykiss*);

“(III) largemouth bass (*micropterus salmoides*);

“(IV) striped bass (*morone saxatilis*);

“(V) bream (*abramis brama*);

“(VI) shrimp (*penaeus*); or

“(VII) tilapia (*oreochromis niloticus*).

“(iv) SALTWATER SPECIES.—At least 1 of the contracts described in clause (i) shall address insurance of saltwater species, including—

“(I) Atlantic salmon (*salmo salar*); or

“(II) shrimp (*penaeus*).

“(C) RESEARCH AND DEVELOPMENT.—Research and development described in subparagraph (B) shall evaluate the effectiveness of policies and plans of insurance for the production of aquacultural species in aquaculture operations, including policies and plans of insurance that—

“(i) are based on market prices and yields;

“(ii) to the extent that insufficient data exist to develop a policy based on market prices and yields, evaluate how best to incorporate insuring of production of aquacultural species in aquaculture operations into existing policies covering adjusted gross revenue; and

“(iii) provide protection for production or revenue losses, or both.

“(13) POULTRY INSURANCE POLICY.—

“(A) DEFINITION OF POULTRY.—In this paragraph, the term ‘poultry’ has the meaning given the term in section 2(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182(a)).

“(B) AUTHORITY.—The Corporation shall offer to enter into 1 or more contracts with qualified entities to carry out research and development regarding a policy to insure commercial poultry production.

“(C) RESEARCH AND DEVELOPMENT.—Research and development described in subparagraph (B) shall evaluate the effectiveness of risk management tools for the production of poultry, including policies and plans of insurance that provide protection for production or revenue losses, or both, while the poultry is in production.

“(14) APIARY POLICIES.—The Corporation shall offer to enter into a contract with a qualified entity to carry out research and development regarding insurance policies that cover loss of bees.

“(15) ADJUSTED GROSS REVENUE POLICIES FOR BEGINNING PRODUCERS.—The Corporation shall offer to enter into a contract with a qualified entity to carry out research and development into needed modifications of adjusted gross revenue insurance policies, consistent with principles of actuarial sufficiency, to permit coverage for beginning producers with no previous production history, including permitting those producers to have production and premium rates based on information with similar farming operations.

“(16) SKIPROW CROPPING PRACTICES.—

“(A) IN GENERAL.—The Corporation shall offer to enter into a contract with a qualified entity to carry out research into needed modifications of policies to insure corn and sorghum produced in the Central Great Plains (as determined by the Agricultural Research Service) through use of skiprow cropping practices.

“(B) RESEARCH.—Research described in subparagraph (A) shall—

“(i) review existing research on skiprow cropping practices and actual production history of producers using skiprow cropping practices; and

“(ii) evaluate the effectiveness of risk management tools for producers using skiprow cropping practices, including—

“(I) the appropriateness of rules in existence as of the date of enactment of this paragraph relating to the determination of acreage planted in skiprow patterns; and

“(II) whether policies for crops produced through skiprow cropping practices reflect actual production capabilities.”.

**SEC. 12024. FUNDING FROM INSURANCE FUND.**

Section 522(e) of the Federal Crop Insurance Act (7 U.S.C. 1522(e)) is amended—

(1) in paragraph (1), by striking “\$10,000,000” and all that follows through the end of the paragraph and inserting “\$7,500,000 for fiscal year 2008 and each subsequent fiscal year”;

(2) in paragraph (2)(A), by striking “\$20,000,000 for” and all that follows through “year 2004” and inserting “\$12,500,000 for fiscal year 2008”; and

(3) in paragraph (3), by striking “the Corporation may use” and all that follows through the end of the paragraph and inserting “the Corporation may use—

“(A) not more than \$5,000,000 for each fiscal year to improve program integrity, including by—

- “(i) increasing compliance-related training;
  - “(ii) improving analysis tools and technology regarding compliance;
  - “(iii) use of information technology, as determined by the Corporation; and
  - “(iv) identifying and using innovative compliance strategies; and
- “(B) any excess amounts to carry out other activities authorized under this section.”.

**SEC. 12025. PILOT PROGRAMS.**

(a) IN GENERAL.—Section 523 of the Federal Crop Insurance Act (7 U.S.C. 1523) is amended by adding at the end the following:

“(f) CAMELINA PILOT PROGRAM.—

“(1) IN GENERAL.—The Corporation shall establish a pilot program under which producers or processors of camelina may propose for approval by the Board policies or plans of insurance for camelina, in accordance with section 508(h).

“(2) DETERMINATION BY BOARD.—The Board shall approve a policy or plan of insurance proposed under paragraph (1) if, as determined by the Board, the policy or plan of insurance—

“(A) protects the interests of producers;

“(B) is actuarially sound; and

“(C) meets the requirements of this title.

“(3) TIMEFRAME.—The Corporation shall commence the camelina insurance pilot program as soon as practicable after the date of enactment of this subsection.

“(g) SESAME INSURANCE PILOT PROGRAM.—

“(1) IN GENERAL.—In addition to any other authority of the Corporation, the Corporation shall establish and carry out a pilot program under which a producer of nondehiscent sesame under contract may elect to obtain multiperil crop insurance, as determined by the Corporation.

“(2) TERMS AND CONDITIONS.—The multiperil crop insurance offered under the sesame insurance pilot program shall—

“(A) be offered through reinsurance arrangements with private insurance companies;

“(B) be actuarially sound; and

“(C) require the payment of premiums and administrative fees by a producer obtaining the insurance.

“(3) LOCATION.—The sesame insurance pilot program shall be carried out only in the State of Texas.

“(4) DURATION.—The Corporation shall commence the sesame insurance pilot program as soon as practicable after the date of the enactment of this subsection.

“(h) GRASS SEED INSURANCE PILOT PROGRAM.—

“(1) IN GENERAL.—In addition to any other authority of the Corporation, the Corporation shall establish and carry out a grass seed pilot program under which a producer of Kentucky bluegrass or perennial rye grass under contract may elect to obtain multiperil crop insurance, as determined by the Corporation.

“(2) TERMS AND CONDITIONS.—The multiperil crop insurance offered under the grass seed insurance pilot program shall—

“(A) be offered through reinsurance arrangements with private insurance companies;

“(B) be actuarially sound; and

“(C) require the payment of premiums and administrative fees by a producer obtaining the insurance.

“(3) LOCATION.—The grass seed insurance pilot program shall be carried out only in each of the States of Minnesota and North Dakota.

“(4) DURATION.—The Corporation shall commence the grass seed insurance pilot program as soon as practicable after the date of the enactment of this subsection.”.

(b) CONFORMING AMENDMENT.—Section 196(a)(2)(B) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(a)(2)(B)) is amended by adding “camelina,” after “sea oats,”.

**SEC. 12026. RISK MANAGEMENT EDUCATION FOR BEGINNING FARMERS OR RANCHERS.**

Section 524(a) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)) is amended—

(1) in paragraph (1), by striking “paragraph (4)” and inserting “paragraph (5)”;

(2) by redesignating paragraph (4) as paragraph (5); and

(3) by inserting after paragraph (3) the following:

“(4) REQUIREMENTS.—In carrying out the programs established under paragraphs (2) and (3), the Secretary shall place special emphasis on risk management strategies, education, and outreach specifically targeted at—

“(A) beginning farmers or ranchers;

“(B) legal immigrant farmers or ranchers that are attempting to become established producers in the United States;

“(C) socially disadvantaged farmers or ranchers;

“(D) farmers or ranchers that—

“(i) are preparing to retire; and

“(ii) are using transition strategies to help new farmers or ranchers get started; and

“(E) new or established farmers or ranchers that are converting production and marketing systems to pursue new markets.”.

**SEC. 12027. COVERAGE FOR AQUACULTURE UNDER NONINSURED CROP ASSISTANCE PROGRAM.**

Section 196(c)(2) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(c)(2)) is amended—

(1) by striking “On making” and inserting the following:

“(A) IN GENERAL.—On making”; and

(2) by adding at the end the following:

“(B) AQUACULTURE PRODUCERS.—On making a determination described in subsection (a)(3) for aquaculture producers, the Secretary shall provide assistance under this section to aquaculture producers from all losses related to drought.”.

**SEC. 12028. INCREASE IN SERVICE FEES FOR NONINSURED CROP ASSISTANCE PROGRAM.**

Section 196(k)(1) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(k)(1)) is amended—

(1) in subparagraph (A), by striking “\$100” and inserting “\$250”; and

(2) in subparagraph (B)—

- (A) by striking “\$300” and inserting “\$750”; and
- (B) by striking “\$900” and inserting “\$1,875”.

**SEC. 12029. DETERMINATION OF CERTAIN SWEET POTATO PRODUCTION.**

Section 9001(d) of the U.S. Troop Readiness, Veterans’ Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007 (Public Law 110–28; 121 Stat. 211) is amended—

- (1) by redesignating paragraph (8) as paragraph (9); and
- (2) by inserting after paragraph (7) the following:

“(8) SWEET POTATOES.—

“(A) DATA.—In the case of sweet potatoes, any data obtained under a pilot program carried out by the Risk Management Agency shall not be considered for the purpose of determining the quantity of production under the crop disaster assistance program established under this section.

“(B) EXTENSION OF DEADLINE.—If this paragraph is not implemented before the sign-up deadline for the crop disaster assistance program established under this section, the Secretary shall extend the deadline for producers of sweet potatoes to permit sign-up for the program in accordance with this paragraph.”.

**SEC. 12030. DECLINING YIELD REPORT.**

Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing details about activities and administrative options of the Federal Crop Insurance Corporation and Risk Management Agency that address issues relating to—

- (1) declining yields on the actual production histories of producers; and
- (2) declining and variable yields for perennial crops, including pecans.

**SEC. 12031. DEFINITION OF BASIC UNIT.**

The Secretary shall not modify the definition of “basic unit” in accordance with the proposed regulations entitled “Common Crop Insurance Regulations” (72 Fed. Reg. 28895; relating to common crop insurance regulations) or any successor regulation.

**SEC. 12032. CROP INSURANCE MEDIATION.**

Section 275 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6995) is amended—

- (1) by striking “If an officer” and inserting the following:
  - “(a) IN GENERAL.—If an officer”;
  - (2) by striking “With respect to” and inserting the following:
    - “(b) FARM SERVICE AGENCY.—With respect to”;
    - (3) by striking “If a mediation”; and inserting the following:
      - “(c) MEDIATION.—If a mediation”; and
      - (4) in subsection (c) (as so designated)—
        - (A) by striking “participant shall be offered” and inserting “participant shall—
        - “(1) be offered”; and
        - (B) by striking the period at the end and inserting the following: “; and

“(2) to the maximum extent practicable, be allowed to use both informal agency review and mediation to resolve disputes under that title.”.

**SEC. 12033. SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE.**

(a) IN GENERAL.—The Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) is amended by adding at the end the following:

**“Subtitle B—Supplemental Agricultural  
Disaster Assistance**

**“SEC. 531. SUPPLEMENTAL AGRICULTURAL DISASTER ASSISTANCE.**

“(a) DEFINITIONS.—In this section:

“(1) ACTUAL PRODUCTION HISTORY YIELD.—The term ‘actual production history yield’ means the weighted average of the actual production history for each insurable commodity or non-insurable commodity, as calculated under subtitle A or the noninsured crop disaster assistance program, respectively.

“(2) ADJUSTED ACTUAL PRODUCTION HISTORY YIELD.—The term ‘adjusted actual production history yield’ means—

“(A) in the case of an eligible producer on a farm that has at least 4 years of actual production history yields for an insurable commodity that are established other than pursuant to section 508(g)(4)(B), the actual production history for the eligible producer without regard to any yields established under that section;

“(B) in the case of an eligible producer on a farm that has less than 4 years of actual production history yields for an insurable commodity, of which 1 or more were established pursuant to section 508(g)(4)(B), the actual production history for the eligible producer as calculated without including the lowest of the yields established pursuant to section 508(g)(4)(B); and

“(C) in all other cases, the actual production history of the eligible producer on a farm.

“(3) ADJUSTED NONINSURED CROP DISASTER ASSISTANCE PROGRAM YIELD.—The term ‘adjusted noninsured crop disaster assistance program yield’ means—

“(A) in the case of an eligible producer on a farm that has at least 4 years of production history under the noninsured crop disaster assistance program that are not replacement yields, the noninsured crop disaster assistance program yield without regard to any replacement yields;

“(B) in the case of an eligible producer on a farm that less than 4 years of production history under the noninsured crop disaster assistance program that are not replacement yields, the noninsured crop disaster assistance program yield as calculated without including the lowest of the replacement yields; and

“(C) in all other cases, the production history of the eligible producer on the farm under the noninsured crop disaster assistance program.

“(4) COUNTER-CYCLICAL PROGRAM PAYMENT YIELD.—The term ‘counter-cyclical program payment yield’ means the weighted average payment yield established under section 1102 of the Farm Security and Rural Investment Act of 2002 (7

U.S.C. 7912), section 1102 of the Food, Conservation, and Energy Act of 2008, or a successor section.

“(5) DISASTER COUNTY.—

“(A) IN GENERAL.—The term ‘disaster county’ means a county included in the geographic area covered by a qualifying natural disaster declaration.

“(B) INCLUSION.—The term ‘disaster county’ includes—  
“(i) a county contiguous to a county described in subparagraph (A); and

“(ii) any farm in which, during a calendar year, the total loss of production of the farm relating to weather is greater than 50 percent of the normal production of the farm, as determined by the Secretary.

“(6) ELIGIBLE PRODUCER ON A FARM.—

“(A) IN GENERAL.—The term ‘eligible producer on a farm’ means an individual or entity described in subparagraph (B) that, as determined by the Secretary, assumes the production and market risks associated with the agricultural production of crops or livestock.

“(B) DESCRIPTION.—An individual or entity referred to in subparagraph (A) is—

“(i) a citizen of the United States;

“(ii) a resident alien;

“(iii) a partnership of citizens of the United States;

or

“(iv) a corporation, limited liability corporation, or other farm organizational structure organized under State law.

“(7) FARM.—

“(A) IN GENERAL.—The term ‘farm’ means, in relation to an eligible producer on a farm, the sum of all crop acreage in all counties that is planted or intended to be planted for harvest by the eligible producer.

“(B) AQUACULTURE.—In the case of aquaculture, the term ‘farm’ means, in relation to an eligible producer on a farm, all fish being produced in all counties that are intended to be harvested for sale by the eligible producer.

“(C) HONEY.—In the case of honey, the term ‘farm’ means, in relation to an eligible producer on a farm, all bees and beehives in all counties that are intended to be harvested for a honey crop by the eligible producer.

“(8) FARM-RAISED FISH.—The term ‘farm-raised fish’ means any aquatic species that is propagated and reared in a controlled environment.

“(9) INSURABLE COMMODITY.—The term ‘insurable commodity’ means an agricultural commodity (excluding livestock) for which the producer on a farm is eligible to obtain a policy or plan of insurance under subtitle A.

“(10) LIVESTOCK.—The term ‘livestock’ includes—

“(A) cattle (including dairy cattle);

“(B) bison;

“(C) poultry;

“(D) sheep;

“(E) swine;

“(F) horses; and

“(G) other livestock, as determined by the Secretary.

“(11) NONINSURABLE COMMODITY.—The term ‘noninsurable commodity’ means a crop for which the eligible producers on a farm are eligible to obtain assistance under the noninsured crop assistance program.

“(12) NONINSURED CROP ASSISTANCE PROGRAM.—The term ‘noninsured crop assistance program’ means the program carried out under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

“(13) QUALIFYING NATURAL DISASTER DECLARATION.—The term ‘qualifying natural disaster declaration’ means a natural disaster declared by the Secretary for production losses under section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)).

“(14) SECRETARY.—The term ‘Secretary’ means the Secretary of Agriculture.

“(15) SOCIALLY DISADVANTAGED FARMER OR RANCHER.—The term ‘socially disadvantaged farmer or rancher’ has the meaning given the term in section 2501(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)).

“(16) 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.

“(17) TRUST FUND.—The term ‘Trust Fund’ means the Agricultural Disaster Relief Trust Fund established under section 902 of the Trade Act of 1974.

“(18) UNITED STATES.—The term ‘United States’ when used in a geographical sense, means all of the States.

“(b) SUPPLEMENTAL REVENUE ASSISTANCE PAYMENTS.—

“(1) IN GENERAL.—The Secretary shall use such sums as are necessary from the Trust Fund to make crop disaster assistance payments to eligible producers on farms in disaster counties that have incurred crop production losses or crop quality losses, or both, during the crop year.

“(2) AMOUNT.—

“(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall provide crop disaster assistance payments under this section to an eligible producer on a farm in an amount equal to 60 percent of the difference between—

“(i) the disaster assistance program guarantee, as described in paragraph (3); and

“(ii) the total farm revenue for a farm, as described in paragraph (4).

“(B) LIMITATION.—The disaster assistance program guarantee for a crop used to calculate the payments for a farm under subparagraph (A)(i) may not be greater than 90 percent of the sum of the expected revenue, as described in paragraph (5) for each of the crops on a farm, as determined by the Secretary.

“(3) SUPPLEMENTAL REVENUE ASSISTANCE PROGRAM GUARANTEE.—

“(A) IN GENERAL.—Except as otherwise provided in this paragraph, the supplemental assistance program guarantee shall be the sum obtained by adding—

“(i) for each insurable commodity on the farm, 115 percent of the product obtained by multiplying—

“(I) a payment rate for the commodity that is equal to the price election for the commodity elected by the eligible producer;

“(II) the payment acres for the commodity that is equal to the number of acres planted, or prevented from being planted, to the commodity;

“(III) the payment yield for the commodity that is equal to the percentage of the crop insurance yield elected by the producer of the higher of—

“(aa) the adjusted actual production history yield; or

“(bb) the counter-cyclical program payment yield for each crop; and

“(ii) for each noninsurable commodity on a farm, 120 percent of the product obtained by multiplying—

“(I) a payment rate for the commodity that is equal to 100 percent of the noninsured crop assistance program established price for the commodity;

“(II) the payment acres for the commodity that is equal to the number of acres planted, or prevented from being planted, to the commodity; and

“(III) the payment yield for the commodity that is equal to the higher of—

“(aa) the adjusted noninsured crop assistance program yield guarantee; or

“(bb) the counter-cyclical program payment yield for each crop.

“(B) ADJUSTMENT INSURANCE GUARANTEE.—Notwithstanding subparagraph (A), in the case of an insurable commodity for which a plan of insurance provides for an adjustment in the guarantee, such as in the case of prevented planting, the adjusted insurance guarantee shall be the basis for determining the disaster assistance program guarantee for the insurable commodity.

“(C) ADJUSTED ASSISTANCE LEVEL.—Notwithstanding subparagraph (A), in the case of a noninsurable commodity for which the noninsured crop assistance program provides for an adjustment in the level of assistance, such as in the case of unharvested crops, the adjusted assistance level shall be the basis for determining the disaster assistance program guarantee for the noninsurable commodity.

“(D) EQUITABLE TREATMENT FOR NON-YIELD BASED POLICIES.—The Secretary shall establish equitable treatment for non-yield based policies and plans of insurance, such as the Adjusted Gross Revenue Lite insurance program.

“(4) FARM REVENUE.—

“(A) IN GENERAL.—For purposes of this subsection, the total farm revenue for a farm, shall equal the sum obtained by adding—

“(i) the estimated actual value for each crop produced on a farm by using the product obtained by multiplying—

“(I) the actual crop acreage harvested by an eligible producer on a farm;

“(II) the estimated actual yield of the crop production; and

“(III) subject to subparagraphs (B) and (C), to the extent practicable, the national average market price received for the marketing year, as determined by the Secretary;

“(ii) 15 percent of amount of any direct payments made to the producer under sections 1103 and 1303 of the Food, Conservation, and Energy Act of 2008 or successor sections;

“(iii) the total amount of any counter-cyclical payments made to the producer under sections 1104 and 1304 of the Food, Conservation, and Energy Act of 2008 or successor sections or of any average crop revenue election payments made to the producer under section 1105 of that Act;

“(iv) the total amount of any loan deficiency payments, marketing loan gains, and marketing certificate gains made to the producer under subtitles B and C of the Food, Conservation, and Energy Act of 2008 or successor subtitles;

“(v) the amount of payments for prevented planting on a farm;

“(vi) the amount of crop insurance indemnities received by an eligible producer on a farm for each crop on a farm;

“(vii) the amount of payments an eligible producer on a farm received under the noninsured crop assistance program for each crop on a farm; and

“(viii) the value of any other natural disaster assistance payments provided by the Federal Government to an eligible producer on a farm for each crop on a farm for the same loss for which the eligible producer is seeking assistance.

“(B) ADJUSTMENT.—The Secretary shall adjust the average market price received by the eligible producer on a farm—

“(i) to reflect the average quality discounts applied to the local or regional market price of a crop or mechanically harvested forage due to a reduction in the intrinsic characteristics of the production resulting from adverse weather, as determined annually by the State office of the Farm Service Agency; and

“(ii) to account for a crop the value of which is reduced due to excess moisture resulting from a disaster-related condition.

“(C) MAXIMUM AMOUNT FOR CERTAIN CROPS.—With respect to a crop for which an eligible producer on a farm receives assistance under the noninsured crop assistance program, the national average market price received during the marketing year shall be an amount not more than 100 percent of the price of the crop established under the noninsured crop assistance program.

“(5) EXPECTED REVENUE.—The expected revenue for each crop on a farm shall equal the sum obtained by adding—

“(A) the product obtained by multiplying—

“(i) the greatest of—

“(I) the adjusted actual production history yield of the eligible producer on a farm; and

“(II) the counter-cyclical program payment yield;

“(ii) the acreage planted or prevented from being planted for each crop; and

“(iii) 100 percent of the insurance price guarantee; and

“(B) the product obtained by multiplying—

“(i) 100 percent of the adjusted noninsured crop assistance program yield; and

“(ii) 100 percent of the noninsured crop assistance program price for each of the crops on a farm.

“(c) LIVESTOCK INDEMNITY PAYMENTS.—

“(1) PAYMENTS.—The Secretary shall use such sums as are necessary from the Trust Fund to make livestock indemnity payments to eligible producers on farms that have incurred livestock death losses in excess of the normal mortality due to adverse weather, as determined by the Secretary, during the calendar year, including losses due to hurricanes, floods, blizzards, disease, wildfires, extreme heat, and extreme cold.

“(2) PAYMENT RATES.—Indemnity payments to an eligible producer on a farm under paragraph (1) shall be made at a rate of 75 percent of the market value of the applicable livestock on the day before the date of death of the livestock, as determined by the Secretary.

“(d) LIVESTOCK FORAGE DISASTER PROGRAM.—

“(1) DEFINITIONS.—In this subsection:

“(A) COVERED LIVESTOCK.—

“(i) IN GENERAL.—Except as provided in clause (ii), the term ‘covered livestock’ means livestock of an eligible livestock producer that, during the 60 days prior to the beginning date of a qualifying drought or fire condition, as determined by the Secretary, the eligible livestock producer—

“(I) owned;

“(II) leased;

“(III) purchased;

“(IV) entered into a contract to purchase;

“(V) is a contract grower; or

“(VI) sold or otherwise disposed of due to qualifying drought conditions during—

“(aa) the current production year; or

“(bb) subject to paragraph (3)(B)(ii), 1 or both of the 2 production years immediately preceding the current production year.

“(ii) EXCLUSION.—The term ‘covered livestock’ does not include livestock that were or would have been in a feedlot, on the beginning date of the qualifying drought or fire condition, as a part of the normal business operation of the eligible livestock producer, as determined by the Secretary.

“(B) DROUGHT MONITOR.—The term ‘drought monitor’ means a system for classifying drought severity according

to a range of abnormally dry to exceptional drought, as defined by the Secretary.

“(C) ELIGIBLE LIVESTOCK PRODUCER.—

“(i) IN GENERAL.—The term ‘eligible livestock producer’ means an eligible producer on a farm that—

“(I) is an owner, cash or share lessee, or contract grower of covered livestock that provides the pastureland or grazing land, including cash-leased pastureland or grazing land, for the livestock;

“(II) provides the pastureland or grazing land for covered livestock, including cash-leased pastureland or grazing land that is physically located in a county affected by drought;

“(III) certifies grazing loss; and

“(IV) meets all other eligibility requirements established under this subsection.

“(ii) EXCLUSION.—The term ‘eligible livestock producer’ does not include an owner, cash or share lessee, or contract grower of livestock that rents or leases pastureland or grazing land owned by another person on a rate-of-gain basis.

“(D) NORMAL CARRYING CAPACITY.—The term ‘normal carrying capacity’, with respect to each type of grazing land or pastureland in a county, means the normal carrying capacity, as determined under paragraph (3)(D)(i), that would be expected from the grazing land or pastureland for livestock during the normal grazing period, in the absence of a drought or fire that diminishes the production of the grazing land or pastureland.

“(E) NORMAL GRAZING PERIOD.—The term ‘normal grazing period’, with respect to a county, means the normal grazing period during the calendar year for the county, as determined under paragraph (3)(D)(i).

“(2) PROGRAM.—The Secretary shall use such sums as are necessary from the Trust Fund to provide compensation for losses to eligible livestock producers due to grazing losses for covered livestock due to—

“(A) a drought condition, as described in paragraph (3); or

“(B) fire, as described in paragraph (4).

“(3) ASSISTANCE FOR LOSSES DUE TO DROUGHT CONDITIONS.—

“(A) ELIGIBLE LOSSES.—

“(i) IN GENERAL.—An eligible livestock producer may receive assistance under this subsection only for grazing losses for covered livestock that occur on land that—

“(I) is native or improved pastureland with permanent vegetative cover; or

“(II) is planted to a crop specifically for the purpose of providing grazing for covered livestock.

“(ii) EXCLUSIONS.—An eligible livestock producer may not receive assistance under this subsection for grazing losses that occur on land used for haying or grazing under 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.).

“(B) MONTHLY PAYMENT RATE.—

“(i) IN GENERAL.—Except as provided in clause (ii), the payment rate for assistance under this paragraph for 1 month shall, in the case of drought, be equal to 60 percent of the lesser of—

“(I) the monthly feed cost for all covered livestock owned or leased by the eligible livestock producer, as determined under subparagraph (C); or

“(II) the monthly feed cost calculated by using the normal carrying capacity of the eligible grazing land of the eligible livestock producer.

“(ii) PARTIAL COMPENSATION.—In the case of an eligible livestock producer that sold or otherwise disposed of covered livestock due to drought conditions in 1 or both of the 2 production years immediately preceding the current production year, as determined by the Secretary, the payment rate shall be 80 percent of the payment rate otherwise calculated in accordance with clause (i).

“(C) MONTHLY FEED COST.—

“(i) IN GENERAL.—The monthly feed cost shall equal the product obtained by multiplying—

“(I) 30 days;

“(II) a payment quantity that is equal to the feed grain equivalent, as determined under clause (ii); and

“(III) a payment rate that is equal to the corn price per pound, as determined under clause (iii).

“(ii) FEED GRAIN EQUIVALENT.—For purposes of clause (i)(I), the feed grain equivalent shall equal—

“(I) in the case of an adult beef cow, 15.7 pounds of corn per day; or

“(II) in the case of any other type of weight of livestock, an amount determined by the Secretary that represents the average number of pounds of corn per day necessary to feed the livestock.

“(iii) CORN PRICE PER POUND.—For purposes of clause (i)(II), the corn price per pound shall equal the quotient obtained by dividing—

“(I) the higher of—

“(aa) the national average corn price per bushel for the 12-month period immediately preceding March 1 of the year for which the disaster assistance is calculated; or

“(bb) the national average corn price per bushel for the 24-month period immediately preceding that March 1; by

“(II) 56.

“(D) NORMAL GRAZING PERIOD AND DROUGHT MONITOR INTENSITY.—

“(i) FSA COUNTY COMMITTEE DETERMINATIONS.—

“(I) IN GENERAL.—The Secretary shall determine the normal carrying capacity and normal

grazing period for each type of grazing land or pastureland in the county served by the applicable committee.

“(II) CHANGES.—No change to the normal carrying capacity or normal grazing period established for a county under subclause (I) shall be made unless the change is requested by the appropriate State and county Farm Service Agency committees.

“(ii) DROUGHT INTENSITY.—

“(I) D2.—An eligible livestock producer that owns or leases grazing land or pastureland that is physically located in a county that is rated by the U.S. Drought Monitor as having a D2 (severe drought) intensity in any area of the county for at least 8 consecutive weeks during the normal grazing period for the county, as determined by the Secretary, shall be eligible to receive assistance under this paragraph in an amount equal to 1 monthly payment using the monthly payment rate determined under subparagraph (B).

“(II) D3.—An eligible livestock producer that owns or leases grazing land or pastureland that is physically located in a county that is rated by the U.S. Drought Monitor as having at least a D3 (extreme drought) intensity in any area of the county at any time during the normal grazing period for the county, as determined by the Secretary, shall be eligible to receive assistance under this paragraph—

“(aa) in an amount equal to 2 monthly payments using the monthly payment rate determined under subparagraph (B); or

“(bb) if the county is rated as having a D3 (extreme drought) intensity in any area of the county for at least 4 weeks during the normal grazing period for the county, or is rated as having a D4 (exceptional drought) intensity in any area of the county at any time during the normal grazing period, in an amount equal to 3 monthly payments using the monthly payment rate determined under subparagraph (B).

“(4) ASSISTANCE FOR LOSSES DUE TO FIRE ON PUBLIC MANAGED LAND.—

“(A) IN GENERAL.—An eligible livestock producer may receive assistance under this paragraph only if—

“(i) the grazing losses occur on rangeland that is managed by a Federal agency; and

“(ii) the eligible livestock producer is prohibited by the Federal agency from grazing the normal permitted livestock on the managed rangeland due to a fire.

“(B) PAYMENT RATE.—The payment rate for assistance under this paragraph shall be equal to 50 percent of the monthly feed cost for the total number of livestock covered by the Federal lease of the eligible livestock producer, as determined under paragraph (3)(C).

“(C) PAYMENT DURATION.—

“(i) IN GENERAL.—Subject to clause (ii), an eligible livestock producer shall be eligible to receive assistance under this paragraph for the period—

“(I) beginning on the date on which the Federal agency excludes the eligible livestock producer from using the managed rangeland for grazing; and

“(II) ending on the last day of the Federal lease of the eligible livestock producer.

“(ii) LIMITATION.—An eligible livestock producer may only receive assistance under this paragraph for losses that occur on not more than 180 days per year.

“(5) MINIMUM RISK MANAGEMENT PURCHASE REQUIREMENTS.—

“(A) IN GENERAL.—Except as otherwise provided in this paragraph, a livestock producer shall only be eligible for assistance under this subsection if the livestock producer—

“(i) obtained a policy or plan of insurance under subtitle A for the grazing land incurring the losses for which assistance is being requested; or

“(ii) filed the required paperwork, and paid the administrative fee by the applicable State filing deadline, for the noninsured crop assistance program for the grazing land incurring the losses for which assistance is being requested.

“(B) WAIVER FOR SOCIALLY DISADVANTAGED, LIMITED RESOURCE, OR BEGINNING FARMER OR RANCHER.—In the case of an eligible livestock producer that is a socially disadvantaged farmer or rancher or limited resource or beginning farmer or rancher, as determined by the Secretary, the Secretary may—

“(i) waive subparagraph (A); and

“(ii) provide disaster assistance under this section at a level that the Secretary determines to be equitable and appropriate.

“(C) WAIVER FOR 2008 CALENDAR YEAR.—In the case of an eligible livestock producer that suffered losses on grazing land during the 2008 calendar year but does not meet the requirements of subparagraph (A), the Secretary shall waive subparagraph (A) if the eligible livestock producer pays a fee in an amount equal to the applicable noninsured crop assistance program fee or catastrophic risk protection plan fee required under subparagraph (A) to the Secretary not later than 90 days after the date of enactment of this subtitle.

“(D) EQUITABLE RELIEF.—

“(i) IN GENERAL.—The Secretary may provide equitable relief to an eligible livestock producer that is otherwise ineligible or unintentionally fails to meet the requirements of subparagraph (A) for the grazing land incurring the loss on a case-by-case basis, as determined by the Secretary.

“(ii) 2008 CALENDAR YEAR.—In the case of an eligible livestock producer that suffered losses on

grazing land during the 2008 calendar year, the Secretary shall take special consideration to provide equitable relief in cases in which the eligible livestock producer failed to meet the requirements of subparagraph (A) due to the enactment of this subtitle after the closing date of sales periods for crop insurance under subtitle A and the noninsured crop assistance program.

“(6) NO DUPLICATIVE PAYMENTS.—

“(A) IN GENERAL.—An eligible livestock producer may elect to receive assistance for grazing or pasture feed losses due to drought conditions under paragraph (3) or fire under paragraph (4), but not both for the same loss, as determined by the Secretary.

“(B) RELATIONSHIP TO SUPPLEMENTAL REVENUE ASSISTANCE.—An eligible livestock producer that receives assistance under this subsection may not also receive assistance for losses to crops on the same land with the same intended use under subsection (b).

“(e) EMERGENCY ASSISTANCE FOR LIVESTOCK, HONEY BEES, AND FARM-RAISED FISH.—

“(1) IN GENERAL.—The Secretary shall use up to \$50,000,000 per year from the Trust Fund to provide emergency relief to eligible producers of livestock, honey bees, and farm-raised fish to aid in the reduction of losses due to disease, adverse weather, or other conditions, such as blizzards and wildfires, as determined by the Secretary, that are not covered under subsection (b), (c), or (d).

“(2) USE OF FUNDS.—Funds made available under this subsection shall be used to reduce losses caused by feed or water shortages, disease, or other factors as determined by the Secretary.

“(3) AVAILABILITY OF FUNDS.—Any funds made available under this subsection shall remain available until expended.

“(f) TREE ASSISTANCE PROGRAM.—

“(1) DEFINITIONS.—In this subsection:

“(A) ELIGIBLE ORCHARDIST.—The term ‘eligible orchardist’ means a person that produces annual crops from trees for commercial purposes.

“(B) NATURAL DISASTER.—The term ‘natural disaster’ means plant disease, insect infestation, drought, fire, freeze, flood, earthquake, lightning, or other occurrence, as determined by the Secretary.

“(C) NURSERY TREE GROWER.—The term ‘nursery tree grower’ means a person who produces nursery, ornamental, fruit, nut, or Christmas trees for commercial sale, as determined by the Secretary.

“(D) TREE.—The term ‘tree’ includes a tree, bush, and vine.

“(2) ELIGIBILITY.—

“(A) LOSS.—Subject to subparagraph (B), the Secretary shall provide assistance—

“(i) under paragraph (3) to eligible orchardists and nursery tree growers that planted trees for commercial purposes but lost the trees as a result of a natural disaster, as determined by the Secretary; and

“(ii) under paragraph (3)(B) to eligible orchardists and nursery tree growers that have a production history for commercial purposes on planted or existing trees but lost the trees as a result of a natural disaster, as determined by the Secretary.

“(B) LIMITATION.—An eligible orchardist or nursery tree grower shall qualify for assistance under subparagraph (A) only if the tree mortality of the eligible orchardist or nursery tree grower, as a result of damaging weather or related condition, exceeds 15 percent (adjusted for normal mortality).

“(3) ASSISTANCE.—Subject to paragraph (4), the assistance provided by the Secretary to eligible orchardists and nursery tree growers for losses described in paragraph (2) shall consist of—

“(A)(i) reimbursement of 70 percent of the cost of replanting trees lost due to a natural disaster, as determined by the Secretary, in excess of 15 percent mortality (adjusted for normal mortality); or

“(ii) at the option of the Secretary, sufficient seedlings to reestablish a stand; and

“(B) reimbursement of 50 percent of the cost of pruning, removal, and other costs incurred by an eligible orchardist or nursery tree grower to salvage existing trees or, in the case of tree mortality, to prepare the land to replant trees as a result of damage or tree mortality due to a natural disaster, as determined by the Secretary, in excess of 15 percent damage or mortality (adjusted for normal tree damage and mortality).

“(4) LIMITATIONS ON ASSISTANCE.—

“(A) DEFINITIONS OF LEGAL ENTITY AND PERSON.—In this paragraph, the terms ‘legal entity’ and ‘person’ have the meaning given those terms in section 1001(a) of the Food Security Act of 1985 (7 U.S.C. 1308(a) (as amended by section 1603 of the Food, Conservation, and Energy Act of 2008).

“(B) AMOUNT.—The total amount of payments received, directly or indirectly, by a person or legal entity (excluding a joint venture or general partnership) under this subsection may not exceed \$100,000 for any crop year, or an equivalent value in tree seedlings.

“(C) ACRES.—The total quantity of acres planted to trees or tree seedlings for which a person or legal entity shall be entitled to receive payments under this subsection may not exceed 500 acres.

“(g) RISK MANAGEMENT PURCHASE REQUIREMENT.—

“(1) IN GENERAL.—Except as otherwise provided in this section, the eligible producers on a farm shall not be eligible for assistance under this section (other than subsection (c)) if the eligible producers on the farm—

“(A) in the case of each insurable commodity of the eligible producers on the farm, did not obtain a policy or plan of insurance under subtitle A (excluding a crop insurance pilot program under that subtitle); or

“(B) in the case of each noninsurable commodity of the eligible producers on the farm, did not file the required paperwork, and pay the administrative fee by the

applicable State filing deadline, for the noninsured crop assistance program.

“(2) MINIMUM.—To be considered to have obtained insurance under paragraph (1)(A), an eligible producer on a farm shall have obtained a policy or plan of insurance with not less than 50 percent yield coverage at 55 percent of the insurable price for each crop grazed, planted, or intended to be planted for harvest on a whole farm.

“(3) WAIVER FOR SOCIALLY DISADVANTAGED, LIMITED RESOURCE, OR BEGINNING FARMER OR RANCHER.—With respect to eligible producers that are socially disadvantaged farmers or ranchers or limited resource or beginning farmers or ranchers, as determined by the Secretary, the Secretary may—

“(A) waive paragraph (1); and

“(B) provide disaster assistance under this section at a level that the Secretary determines to be equitable and appropriate.

“(4) WAIVER FOR 2008 CROP YEAR.—In the case of an eligible producer that suffered losses in an insurable commodity or noninsurable commodity during the 2008 crop year but does not meet the requirements of paragraph (1), the Secretary shall waive paragraph (1) if the eligible producer pays a fee in an amount equal to the applicable noninsured crop assistance program fee or catastrophic risk protection plan fee required under paragraph (1) to the Secretary not later than 90 days after the date of enactment of this subtitle.

“(5) EQUITABLE RELIEF.—

“(A) IN GENERAL.—The Secretary may provide equitable relief to eligible producers on a farm that are otherwise ineligible or unintentionally fail to meet the requirements of paragraph (1) for 1 or more crops on a farm on a case-by-case basis, as determined by the Secretary.

“(B) 2008 CROP YEAR.—In the case of eligible producers on a farm that suffered losses in an insurable commodity or noninsurable commodity during the 2008 crop year, the Secretary shall take special consideration to provide equitable relief in cases in which the eligible producers failed to meet the requirements of paragraph (1) due to the enactment of this subtitle after the closing date of sales periods for crop insurance under subtitle A and the noninsured crop assistance program.

“(h) PAYMENT LIMITATIONS.—

“(1) DEFINITIONS OF LEGAL ENTITY AND PERSON.—In this subsection, the terms ‘legal entity’ and ‘person’ have the meaning given those terms in section 1001(a) of the Food Security Act of 1985 (7 U.S.C. 1308(a) (as amended by section 1603 of the Food, Conservation, and Energy Act of 2008)).

“(2) AMOUNT.—The total amount of disaster assistance payments received, directly or indirectly, by a person or legal entity (excluding a joint venture or general partnership) under this section (excluding payments received under subsection (f)) may not exceed \$100,000 for any crop year.

“(3) AGI LIMITATION.—Section 1001D of the Food Security Act of 1985 (7 U.S.C. 1308–3a) or any successor provision shall apply with respect to assistance provided under this section.

“(4) DIRECT ATTRIBUTION.—Subsections (e) and (f) of section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) or any successor provisions relating to direct attribution shall apply with respect to assistance provided under this section.

“(i) PERIOD OF EFFECTIVENESS.—This section shall be effective only for losses that are incurred as the result of a disaster, adverse weather, or other environmental condition that occurs on or before September 30, 2011, as determined by the Secretary.

“(j) NO DUPLICATIVE PAYMENTS.—In implementing any other program which makes disaster assistance payments (except for indemnities made under subtitle A and section 196 of the Federal Agriculture Improvement and Reform Act of 1996), the Secretary shall prevent duplicative payments with respect to the same loss for which a person receives a payment under subsections (b), (c), (d), (e), or (f).

“(k) APPLICATION.—

“(1) IN GENERAL.—Subject to paragraph (2) and notwithstanding any provision of subtitle A, subtitle A shall not apply to this subtitle.

“(2) CROSS REFERENCES.—Paragraph (1) shall not apply to a specific reference in this subtitle to a provision of subtitle A.”.

(b) TRANSITION.—For purposes of the 2008 crop year, the Secretary shall carry out subsections (f)(4) and (h) of section 531 of the Federal Crop Insurance Act (as added by subsection (a)) in accordance with the terms and conditions of sections 1001 through 1001D of the Food Security Act of 1985 (16 U.S.C. 1308 et seq.), as in effect on September 30, 2007.

(c) CONFORMING AMENDMENTS.—

(1) Section 501 of the Federal Crop Insurance Act (7 U.S.C. 1501) is amended by striking the section heading and enumerator and inserting the following:

## “Subtitle A—Federal Crop Insurance Act

“SEC. 501. SHORT TITLE AND APPLICATION OF OTHER PROVISIONS.”.

(2) Subtitle A of the Federal Crop Insurance Act (as designated under paragraph (1)) is amended—

(A) by striking “This title” each place it appears and inserting “This subtitle”; and

(B) by striking “this title” each place it appears and inserting “this subtitle”.

### SEC. 12034. FISHERIES DISASTER ASSISTANCE.

Of the funds of the Commodity Credit Corporation, the Secretary of Agriculture shall transfer to the Secretary of Commerce \$170,000,000 for fiscal year 2008 for the National Marine Fisheries Service to distribute to commercial and recreational members of the fishing communities affected by the salmon fishery failure in the States of California, Oregon, and Washington designated under section 312(a) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a(a)) on May 1, 2008, in accordance with that section.

## **Subtitle B—Small Business Disaster Loan Program**

### **SEC. 12051. SHORT TITLE.**

This subtitle may be cited as the “Small Business Disaster Response and Loan Improvements Act of 2008”.

### **SEC. 12052. DEFINITIONS.**

In this subtitle—

(1) the terms “Administration” and “Administrator” mean the Small Business Administration and the Administrator thereof, respectively;

(2) the term “disaster area” means an area affected by a natural or other disaster, as determined for purposes of paragraph (1) or (2) of section 7(b) of the Small Business Act (15 U.S.C. 636(b)), during the period of such declaration;

(3) the term “disaster loan program of the Administration” means assistance under section 7(b) of the Small Business Act (15 U.S.C. 636(b)), as amended by this Act;

(4) the term “disaster update period” means the period beginning on the date on which the President declares a major disaster (including any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under paragraph (9) of section 7(b) of the Small Business Act (15 U.S.C. 636(b)), as added by this Act) and ending on the date on which such declaration terminates;

(5) the term “major disaster” has the meaning given that term in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122);

(6) the term “small business concern” has the meaning given that term under section 3 of the Small Business Act (15 U.S.C. 632); and

(7) the term “State” means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and any territory or possession of the United States.

## **PART I—DISASTER PLANNING AND RESPONSE**

### **SEC. 12061. ECONOMIC INJURY DISASTER LOANS TO NONPROFITS.**

(a) IN GENERAL.—Section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) is amended—

(1) in the matter preceding subparagraph (A)—

(A) by inserting after “small business concern” the following: “, private nonprofit organization,”; and

(B) by inserting after “the concern” the following: “, the organization,”; and

(2) in subparagraph (D) by inserting after “small business concerns” the following: “, private nonprofit organizations,”.

(b) CONFORMING AMENDMENT.—Section 7(c)(5)(C) of the Small Business Act (15 U.S.C. 636(c)(5)(C)) is amended by inserting after “business” the following: “, private nonprofit organization,”.

**SEC. 12062. COORDINATION OF DISASTER ASSISTANCE PROGRAMS WITH FEMA.**

The Small Business Act (15 U.S.C. 631 et seq.) is amended—  
(1) by redesignating section 37 as section 44; and  
(2) by inserting after section 36 the following:

**“SEC. 37. COORDINATION OF DISASTER ASSISTANCE PROGRAMS WITH FEMA.**

“(a) COORDINATION REQUIRED.—The Administrator shall ensure that the disaster assistance programs of the Administration are coordinated, to the maximum extent practicable, with the disaster assistance programs of the Federal Emergency Management Agency.

“(b) REGULATIONS REQUIRED.—The Administrator, in consultation with the Administrator of the Federal Emergency Management Agency, shall establish regulations to ensure that each application for disaster assistance is submitted as quickly as practicable to the Administration or directed to the appropriate agency under the circumstances.

“(c) COMPLETION; REVISION.—The initial regulations shall be completed not later than 270 days after the date of the enactment of the Small Business Disaster Response and Loan Improvements Act of 2008. Thereafter, the regulations shall be revised on an annual basis.

“(d) REPORT.—The Administrator shall include a report on the regulations whenever the Administration submits the report required by section 43.”.

**SEC. 12063. PUBLIC AWARENESS OF DISASTER DECLARATION AND APPLICATION PERIODS.**

(a) IN GENERAL.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (3), the following:

“(4) COORDINATION WITH FEMA.—

“(A) IN GENERAL.—Notwithstanding any other provision of law, for any disaster declared under this subsection or major disaster (including any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under paragraph (9)), the Administrator, in consultation with the Administrator of the Federal Emergency Management Agency, shall ensure, to the maximum extent practicable, that all application periods for disaster relief under this Act correspond with application deadlines established under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), or as extended by the President.

“(B) DEADLINES.—Notwithstanding any other provision of law, not later than 10 days before the closing date of an application period for a major disaster (including any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under paragraph (9)), the Administrator, in consultation with the Administrator of the Federal Emergency Management Agency, shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report that includes—

“(i) the deadline for submitting applications for assistance under this Act relating to that major disaster;

“(ii) information regarding the number of loan applications and disbursements processed by the Administrator relating to that major disaster for each day during the period beginning on the date on which that major disaster was declared and ending on the date of that report; and

“(iii) an estimate of the number of potential applicants that have not submitted an application relating to that major disaster.

“(5) PUBLIC AWARENESS OF DISASTERS.—If a disaster is declared under this subsection or the Administrator declares eligibility for additional disaster assistance under paragraph (9), the Administrator shall make every effort to communicate through radio, television, print, and web-based outlets, all relevant information needed by disaster loan applicants, including—

“(A) the date of such declaration;

“(B) cities and towns within the area of such declaration;

“(C) loan application deadlines related to such disaster;

“(D) all relevant contact information for victim services available through the Administration (including links to small business development center websites);

“(E) links to relevant Federal and State disaster assistance websites, including links to websites providing information regarding assistance available from the Federal Emergency Management Agency;

“(F) information on eligibility criteria for Administration loan programs, including where such applications can be found; and

“(G) application materials that clearly state the function of the Administration as the Federal source of disaster loans for homeowners and renters.”.

(b) MARKETING AND OUTREACH.—Not later than 90 days after the date of enactment of this Act, the Administrator shall create a marketing and outreach plan that—

(1) encourages a proactive approach to the disaster relief efforts of the Administration;

(2) makes clear the services provided by the Administration, including contact information, application information, and timelines for submitting applications, the review of applications, and the disbursement of funds;

(3) describes the different disaster loan programs of the Administration, including how they are made available and the eligibility requirements for each loan program;

(4) provides for regional marketing, focusing on disasters occurring in each region before the date of enactment of this Act, and likely scenarios for disasters in each such region; and

(5) ensures that the marketing plan is made available at small business development centers and on the website of the Administration.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) IN GENERAL.—Section 3 of the Small Business Act (15 U.S.C. 632) is amended by adding at the end the following:  
“(s) MAJOR DISASTER.—In this Act, the term ‘major disaster’ has the meaning given that term in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122).”.

(2) TECHNICAL CORRECTION.—Section 7(b)(2) of the Small Business Act (15 U.S.C. 636(b)(2)) is amended by striking “Disaster Relief and Emergency Assistance Act” and inserting “Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)”.

**SEC. 12064. CONSISTENCY BETWEEN ADMINISTRATION REGULATIONS AND STANDARD OPERATING PROCEDURES.**

(a) IN GENERAL.—The Administrator shall, promptly following the date of enactment of this Act, conduct a study of whether the standard operating procedures of the Administration for loans offered under section 7(b) of the Small Business Act (15 U.S.C. 636(b)) are consistent with the regulations of the Administration for administering the disaster loan program.

(b) REPORT.—Not later than 180 days after the date of enactment of this Act, the Administrator shall submit to Congress a report containing all findings and recommendations of the study conducted under subsection (a).

**SEC. 12065. INCREASING COLLATERAL REQUIREMENTS.**

Section 7(c)(6) of the Small Business Act (15 U.S.C. 636(c)(6)) is amended by striking “\$10,000 or less” and inserting “\$14,000 or less (or such higher amount as the Administrator determines appropriate in the event of a major disaster)”.

**SEC. 12066. PROCESSING DISASTER LOANS.**

(a) AUTHORITY FOR QUALIFIED PRIVATE CONTRACTORS TO PROCESS DISASTER LOANS.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (5), as added by this Act, the following:

“(6) AUTHORITY FOR QUALIFIED PRIVATE CONTRACTORS.—

“(A) DISASTER LOAN PROCESSING.—The Administrator may enter into an agreement with a qualified private contractor, as determined by the Administrator, to process loans under this subsection in the event of a major disaster (including any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under paragraph (9)), under which the Administrator shall pay the contractor a fee for each loan processed.

“(B) LOAN LOSS VERIFICATION SERVICES.—The Administrator may enter into an agreement with a qualified lender or loss verification professional, as determined by the Administrator, to verify losses for loans under this subsection in the event of a major disaster (including any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under paragraph (9)), under which the Administrator shall pay the lender or verification professional a fee for each loan for which such lender or verification professional verifies losses.”.

(b) **COORDINATION OF EFFORTS BETWEEN THE ADMINISTRATOR AND THE INTERNAL REVENUE SERVICE TO EXPEDITE LOAN PROCESSING.**—The Administrator and the Commissioner of Internal Revenue shall, to the maximum extent practicable, ensure that all relevant and allowable tax records for loan approval are shared with loan processors in an expedited manner, upon request by the Administrator.

**SEC. 12067. INFORMATION TRACKING AND FOLLOW-UP SYSTEM.**

The Small Business Act is amended by inserting after section 37, as added by this Act, the following:

**“SEC. 38. INFORMATION TRACKING AND FOLLOW-UP SYSTEM FOR DISASTER ASSISTANCE.**

“(a) **SYSTEM REQUIRED.**—The Administrator shall develop, implement, or maintain a centralized information system to track communications between personnel of the Administration and applicants for disaster assistance. The system shall ensure that whenever an applicant for disaster assistance communicates with such personnel on a matter relating to the application, the following information is recorded:

“(1) The method of communication.

“(2) The date of communication.

“(3) The identity of the personnel.

“(4) A summary of the subject matter of the communication.

“(b) **FOLLOW-UP REQUIRED.**—The Administrator shall ensure that an applicant for disaster assistance receives, by telephone, mail, or electronic mail, follow-up communications from the Administration at all critical stages of the application process, including the following:

“(1) When the Administration determines that additional information or documentation is required to process the application.

“(2) When the Administration determines whether to approve or deny the loan.

“(3) When the primary contact person managing the loan application has changed.”

**SEC. 12068. INCREASED DEFERMENT PERIOD.**

(a) **IN GENERAL.**—Section 7 of the Small Business Act (15 U.S.C. 636) is amended—

(1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(2) by inserting after subsection (e), as so redesignated, the following:

“(f) **ADDITIONAL REQUIREMENTS FOR 7(b) LOANS.**—

“(1) **INCREASED DEFERMENT AUTHORIZED.**—

“(A) **IN GENERAL.**—In making loans under subsection (b), the Administrator may provide, to the person receiving the loan, an option to defer repayment on the loan.

“(B) **PERIOD.**—The period of a deferment under subparagraph (A) may not exceed 4 years.”

(b) **TECHNICAL AND CONFORMING AMENDMENTS.**—The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(1) in section 4(c)—

(A) in paragraph (1), by striking “7(c)(2)” and inserting “7(d)(2)”; and

(B) in paragraph (2)—

(i) by striking “7(c)(2)” and inserting “7(d)(2)”; and  
(ii) by striking “7(e),”;  
(2) in section 7(b), in the undesignated matter following paragraph (3)—

(A) by striking “That the provisions of paragraph (1) of subsection (c)” and inserting “That the provisions of paragraph (1) of subsection (d)”; and

(B) by striking “Notwithstanding the provisions of any other law the interest rate on the Administration’s share of any loan made under subsection (b) except as provided in subsection (c),” and inserting “Notwithstanding any other provision of law, and except as provided in subsection (d), the interest rate on the Administration’s share of any loan made under subsection (b)”.

**SEC. 12069. DISASTER PROCESSING REDUNDANCY.**

The Small Business Act (15 U.S.C. 631 et seq.) is amended by inserting after section 38, as added by this Act, the following:

**“SEC. 39. DISASTER PROCESSING REDUNDANCY.**

“(a) IN GENERAL.—The Administrator shall ensure that the Administration has in place a facility for disaster loan processing that, whenever the Administration’s primary facility for disaster loan processing becomes unavailable, is able to take over all disaster loan processing from that primary facility within 2 days.

“(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.”.

**SEC. 12070. NET EARNINGS CLAUSES PROHIBITED.**

Section 7 of the Small Business Act (15 U.S.C. 636) is amended by inserting after subsection (f), as added by this Act, the following:

“(g) NET EARNINGS CLAUSES PROHIBITED FOR 7(b) LOANS.—In making loans under subsection (b), the Administrator shall not require the borrower to pay any non-amortized amount for the first five years after repayment begins.”.

**SEC. 12071. ECONOMIC INJURY DISASTER LOANS IN CASES OF ICE STORMS AND BLIZZARDS.**

Section 3(k)(2) of the Small Business Act (15 U.S.C. 632(k)(2)) is amended—

- (1) in subparagraph (A) by striking “and”;
- (2) in subparagraph (B) by striking the period at the end and inserting “; and”;
- (3) by adding at the end the following:  
“(C) ice storms and blizzards.”.

**SEC. 12072. DEVELOPMENT AND IMPLEMENTATION OF MAJOR DISASTER RESPONSE PLAN.**

(a) IN GENERAL.—Not later than 3 months after the date of enactment of this Act, the Administrator shall—

- (1) by rule, amend the 2006 Atlantic hurricane season disaster response plan of the Administration (in this section referred to as the “disaster response plan”) to apply to major disasters; and
- (2) submit a report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on

Small Business of the House of Representatives detailing the amendments to the disaster response plan.

(b) CONTENTS.—The report required under subsection (a)(2) shall include—

(1) any updates or modifications made to the disaster response plan since the report regarding the disaster response plan submitted to Congress on July 14, 2006;

(2) a description of how the Administrator plans to use and integrate District Office personnel of the Administration in the response to a major disaster, including information on the use of personnel for loan processing and loan disbursement;

(3) a description of the disaster scalability model of the Administration and on what basis or function the plan is scaled;

(4) a description of how the agency-wide Disaster Oversight Council is structured, which offices comprise its membership, and whether the Associate Deputy Administrator for Entrepreneurial Development of the Administration is a member;

(5) a description of how the Administrator plans to coordinate the disaster efforts of the Administration with State and local government officials, including recommendations on how to better incorporate State initiatives or programs, such as State-administered bridge loan programs, into the disaster response of the Administration;

(6) recommendations, if any, on how the Administration can better coordinate its disaster response operations with the operations of other Federal, State, and local entities;

(7) any surge plan for the disaster loan program of the Administration in effect on or after August 29, 2005 (including surge plans for loss verification, loan processing, mailroom, customer service or call center operations, and a continuity of operations plan);

(8) the number of full-time equivalent employees and job descriptions for the planning and disaster response staff of the Administration;

(9) the in-service and preservice training procedures for disaster response staff of the Administration;

(10) information on the logistical support plans of the Administration (including equipment and staffing needs, and detailed information on how such plans will be scalable depending on the size and scope of the major disaster);

(11) a description of the findings and recommendations of the Administrator, if any, based on a review of the response of the Administration to Hurricane Katrina of 2005, Hurricane Rita of 2005, and Hurricane Wilma of 2005; and

(12) a plan for how the Administrator, in consultation with the Administrator of the Federal Emergency Management Agency, will coordinate the provision of accommodations and necessary resources for disaster assistance personnel to effectively perform their responsibilities in the aftermath of a major disaster.

(c) BIENNIAL DISASTER SIMULATION EXERCISE.—

(1) EXERCISE REQUIRED.—The Administrator shall conduct a disaster simulation exercise at least once every 2 fiscal years. The exercise shall include the participation of, at a minimum, not less than 50 percent of the individuals in the disaster reserve corps and shall test, at maximum capacity, all of the information technology and telecommunications systems of the

Administration that are vital to the activities of the Administration during such a disaster.

(2) REPORT.—The Administrator shall include a report on the disaster simulation exercises conducted under paragraph (1) each time the Administration submits a report required under section 43 of the Small Business Act, as added by this Act.

**SEC. 12073. DISASTER PLANNING RESPONSIBILITIES.**

(a) ASSIGNMENT OF SMALL BUSINESS ADMINISTRATION DISASTER PLANNING RESPONSIBILITIES.—The disaster planning function of the Administration shall be assigned to an individual appointed by the Administrator who—

- (1) is not an employee of the Office of Disaster Assistance of the Administration;
- (2) has proven management ability;
- (3) has substantial knowledge in the field of disaster readiness and emergency response; and
- (4) has demonstrated significant experience in the area of disaster planning.

(b) RESPONSIBILITIES.—The individual assigned the disaster planning function of the Administration shall report directly and solely to the Administrator and shall be responsible for—

- (1) creating, maintaining, and implementing the comprehensive disaster response plan of the Administration described in section 12072;
- (2) ensuring there are in-service and pre-service training procedures for the disaster response staff of the Administration;
- (3) coordinating and directing the training exercises of the Administration relating to disasters, including disaster simulation exercises and disaster exercises coordinated with other government departments and agencies; and
- (4) other responsibilities relevant to disaster planning and readiness, as determined by the Administrator.

(c) COORDINATION.—In carrying out the responsibilities described in subsection (b), the individual assigned the disaster planning function of the Administration shall coordinate with—

- (1) the Office of Disaster Assistance of the Administration;
- (2) the Administrator of the Federal Emergency Management Agency; and
- (3) other Federal, State, and local disaster planning offices, as necessary.

(d) RESOURCES.—The Administrator shall ensure that the individual assigned the disaster planning function of the Administration has adequate resources to carry out the duties under this section.

(e) REPORT.—Not later than 30 days after the date of enactment of this Act, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives a report containing—

- (1) a description of the actions of the Administrator to assign an individual the disaster planning function of the Administration;
- (2) information detailing the background and expertise of the individual assigned; and
- (3) information on the status of the implementation of the responsibilities described in subsection (b).

**SEC. 12074. ASSIGNMENT OF EMPLOYEES OF THE OFFICE OF DISASTER ASSISTANCE AND DISASTER CADRE.**

(a) IN GENERAL.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (6), as added by this Act, the following:

“(7) DISASTER ASSISTANCE EMPLOYEES.—

“(A) IN GENERAL.—In carrying out this section, the Administrator may, where practicable, ensure that the number of full-time equivalent employees—

“(i) in the Office of the Disaster Assistance is not fewer than 800; and

“(ii) in the Disaster Cadre of the Administration is not fewer than 1,000.

“(B) REPORT.—In carrying out this subsection, if the number of full-time employees for either the Office of Disaster Assistance or the Disaster Cadre of the Administration is below the level described in subparagraph (A) for that office, not later than 21 days after the date on which that staffing level decreased below the level described in subparagraph (A), the Administrator shall submit to the Committee on Appropriations and the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Appropriations and Committee on Small Business of the House of Representatives, a report—

“(i) detailing staffing levels on that date;

“(ii) requesting, if practicable and determined appropriate by the Administrator, additional funds for additional employees; and

“(iii) containing such additional information, as determined appropriate by the Administrator.”.

**SEC. 12075. COMPREHENSIVE DISASTER RESPONSE PLAN.**

The Small Business Act (15 U.S.C. 631 et seq.) is amended inserting after section 39, as added by this Act, the following:

**“SEC. 40. COMPREHENSIVE DISASTER RESPONSE PLAN.**

“(a) PLAN REQUIRED.—The Administrator shall develop, implement, or maintain a comprehensive written disaster response plan. The plan shall include the following:

“(1) For each region of the Administration, a description of the disasters most likely to occur in that region.

“(2) For each disaster described under paragraph (1)—

“(A) an assessment of the disaster;

“(B) an assessment of the demand for Administration assistance most likely to occur in response to the disaster;

“(C) an assessment of the needs of the Administration, with respect to such resources as information technology, telecommunications, human resources, and office space, to meet the demand referred to in subparagraph (B); and

“(D) guidelines pursuant to which the Administration will coordinate with other Federal agencies and with State and local authorities to best respond to the demand referred to in subparagraph (B) and to best use the resources referred to in that subparagraph.

“(b) COMPLETION; REVISION.—The first plan required by subsection (a) shall be completed not later than 180 days after the date of the enactment of this section. Thereafter, the Administrator

shall update the plan on an annual basis and following any major disaster relating to which the Administrator declares eligibility for additional disaster assistance under section 7(b)(9).

“(c) KNOWLEDGE REQUIRED.—The Administrator shall carry out subsections (a) and (b) through an individual with substantial knowledge in the field of disaster readiness and emergency response.

“(d) REPORT.—The Administrator shall include a report on the plan whenever the Administration submits the report required by section 43.”.

**SEC. 12076. PLANS TO SECURE SUFFICIENT OFFICE SPACE.**

The Small Business Act is amended by inserting after section 40, as added by this Act, the following:

**“SEC. 41. PLANS TO SECURE SUFFICIENT OFFICE SPACE.**

“(a) PLANS REQUIRED.—The Administrator shall develop long-term plans to secure sufficient office space to accommodate an expanded workforce in times of disaster.

“(b) REPORT.—The Administrator shall include a report on the plans developed under subsection (a) each time the Administration submits a report required under section 43.”.

**SEC. 12077. APPLICANTS THAT HAVE BECOME A MAJOR SOURCE OF EMPLOYMENT DUE TO CHANGED ECONOMIC CIRCUMSTANCES.**

Section 7(b)(3)(E) of the Small Business Act (15 U.S.C. 636(b)(3)(E)) is amended by inserting after “constitutes” the following: “, or have become due to changed economic circumstances,”.

**SEC. 12078. DISASTER LOAN AMOUNTS.**

(a) INCREASED LOAN CAPS.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (7), as added by this Act, the following:

“(8) INCREASED LOAN CAPS.—

“(A) AGGREGATE LOAN AMOUNTS.—Except as provided in subparagraph (B), and notwithstanding any other provision of law, the aggregate loan amount outstanding and committed to a borrower under this subsection may not exceed \$2,000,000.

“(B) WAIVER AUTHORITY.—The Administrator may, at the discretion of the Administrator, increase the aggregate loan amount under subparagraph (A) for loans relating to a disaster to a level established by the Administrator, based on appropriate economic indicators for the region in which that disaster occurred.”.

(b) DISASTER MITIGATION.—

(1) IN GENERAL.—Section 7(b)(1)(A) of the Small Business Act (15 U.S.C. 636(b)(1)(A)) is amended by inserting “of the aggregate costs of such damage or destruction (whether or not compensated for by insurance or otherwise)” after “20 per centum”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to a loan or guarantee made after the date of enactment of this Act.

(c) TECHNICAL AMENDMENTS.—Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended—

- (1) in the matter preceding paragraph (1), by striking “the, Administration” and inserting “the Administration”; and
- (2) in the undesignated matter at the end—
  - (A) by striking “, (2), and (4)” and inserting “and (2)”; and
  - (B) by striking “, (2), or (4)” and inserting “(2)”.

**SEC. 12079. SMALL BUSINESS BONDING THRESHOLD.**

(a) IN GENERAL.—Except as provided in subsection (b), and notwithstanding any other provision of law, for any procurement related to a major disaster, the Administrator may, upon such terms and conditions as the Administrator may prescribe, guarantee and enter into commitments to guarantee any surety against loss resulting from a breach of the terms of a bid bond, payment bond, performance bond, or bonds ancillary thereto, by a principal on any total work order or contract amount at the time of bond execution that does not exceed \$5,000,000.

(b) INCREASE OF AMOUNT.—Upon request of the head of any Federal agency other than the Administration involved in reconstruction efforts in response to a major disaster, the Administrator may guarantee and enter into a commitment to guarantee any security against loss under subsection (a) on any total work order or contract amount at the time of bond execution that does not exceed \$10,000,000.

(c) LIMITATION ON USE OF OTHER FUNDS.—The Administrator may carry out this section only with amounts appropriated in advance specifically to carry out this section.

## **PART II—DISASTER LENDING**

**SEC. 12081. ELIGIBILITY FOR ADDITIONAL DISASTER ASSISTANCE.**

Section 7(b) of the Small Business Act (15 U.S.C. 636(b)) is amended by inserting immediately after paragraph (8), as added by this Act, the following:

“(9) DECLARATION OF ELIGIBILITY FOR ADDITIONAL DISASTER ASSISTANCE.—

“(A) IN GENERAL.—If the President declares a major disaster, the Administrator may declare eligibility for additional disaster assistance in accordance with this paragraph.

“(B) THRESHOLD.—A major disaster for which the Administrator declares eligibility for additional disaster assistance under this paragraph shall—

“(i) have resulted in extraordinary levels of casualties or damage or disruption severely affecting the population (including mass evacuations), infrastructure, environment, economy, national morale, or government functions in an area;

“(ii) be comparable to the description of a catastrophic incident in the National Response Plan of the Administration, or any successor thereto, unless there is no successor to such plan, in which case this clause shall have no force or effect; and

“(iii) be of such size and scope that—

“(I) the disaster assistance programs under the other paragraphs under this subsection are

incapable of providing adequate and timely assistance to individuals or business concerns located within the disaster area; or

“(II) a significant number of business concerns outside the disaster area have suffered disaster-related substantial economic injury as a result of the incident.”.

**SEC. 12082. ADDITIONAL ECONOMIC INJURY DISASTER LOAN ASSISTANCE.**

Paragraph (9) of section 7(b) of the Small Business Act (15 U.S.C. 636(b)), as added by section 12081, is amended by adding at the end the following:

“(C) ADDITIONAL ECONOMIC INJURY DISASTER LOAN ASSISTANCE.—

“(i) IN GENERAL.—If the Administrator declares eligibility for additional disaster assistance under this paragraph, the Administrator may make such loans under this subparagraph (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administrator determines appropriate to eligible small business concerns located anywhere in the United States.

“(ii) PROCESSING TIME.—

“(I) IN GENERAL.—If the Administrator determines that the average processing time for applications for disaster loans under this subparagraph relating to a specific major disaster is more than 15 days, the Administrator shall give priority to the processing of such applications submitted by eligible small business concerns located inside the disaster area, until the Administrator determines that the average processing time for such applications is not more than 15 days.

“(II) SUSPENSION OF APPLICATIONS FROM OUTSIDE DISASTER AREA.—If the Administrator determines that the average processing time for applications for disaster loans under this subparagraph relating to a specific major disaster is more than 30 days, the Administrator shall suspend the processing of such applications submitted by eligible small business concerns located outside the disaster area, until the Administrator determines that the average processing time for such applications is not more than 15 days.

“(iii) LOAN TERMS.—A loan under this subparagraph shall be made on the same terms as a loan under paragraph (2).

“(D) DEFINITIONS.—In this paragraph—

“(i) the term ‘disaster area’ means the area for which the applicable major disaster was declared;

“(ii) the term ‘disaster-related substantial economic injury’ means economic harm to a business concern that results in the inability of the business concern to—

“(I) meet its obligations as it matures;

“(II) meet its ordinary and necessary operating expenses; or

“(III) market, produce, or provide a product or service ordinarily marketed, produced, or provided by the business concern because the business concern relies on materials from the disaster area or sells or markets in the disaster area; and

“(iii) the term ‘eligible small business concern’ means a small business concern—

“(I) that has suffered disaster-related substantial economic injury as a result of the applicable major disaster; and

“(II)(aa) for which not less than 25 percent of the market share of that small business concern is from business transacted in the disaster area;

“(bb) for which not less than 25 percent of an input into a production process of that small business concern is from the disaster area; or

“(cc) that relies on a provider located in the disaster area for a service that is not readily available elsewhere.”.

**SEC. 12083. PRIVATE DISASTER LOANS.**

(a) **IN GENERAL.**—Section 7 of the Small Business Act (15 U.S.C. 636) is amended by inserting after subsection (b) the following:

“(c) **PRIVATE DISASTER LOANS.**—

“(1) **DEFINITIONS.**—In this subsection—

“(A) the term ‘disaster area’ means any area for which the President declared a major disaster relating to which the Administrator declares eligibility for additional disaster assistance under subsection (b)(9), during the period of that major disaster declaration;

“(B) the term ‘eligible individual’ means an individual who is eligible for disaster assistance under subsection (b)(1) relating to a major disaster relating to which the Administrator declares eligibility for additional disaster assistance under subsection (b)(9);

“(C) the term ‘eligible small business concern’ means a business concern that is—

“(i) a small business concern, as defined under this Act; or

“(ii) a small business concern, as defined in section 103 of the Small Business Investment Act of 1958;

“(D) the term ‘preferred lender’ means a lender participating in the Preferred Lender Program;

“(E) the term ‘Preferred Lender Program’ has the meaning given that term in subsection (a)(2)(C)(ii); and

“(F) the term ‘qualified private lender’ means any privately-owned bank or other lending institution that—

“(i) is not a preferred lender; and

“(ii) the Administrator determines meets the criteria established under paragraph (10).

“(2) **PROGRAM REQUIRED.**—The Administrator shall carry out a program, to be known as the Private Disaster Assistance program, under which the Administration may guarantee timely payment of principal and interest, as scheduled, on

any loan made to an eligible small business concern located in a disaster area and to an eligible individual.

“(3) USE OF LOANS.—A loan guaranteed by the Administrator under this subsection may be used for any purpose authorized under subsection (b).

“(4) ONLINE APPLICATIONS.—

“(A) ESTABLISHMENT.—The Administrator may establish, directly or through an agreement with another entity, an online application process for loans guaranteed under this subsection.

“(B) OTHER FEDERAL ASSISTANCE.—The Administrator may coordinate with the head of any other appropriate Federal agency so that any application submitted through an online application process established under this paragraph may be considered for any other Federal assistance program for disaster relief.

“(C) CONSULTATION.—In establishing an online application process under this paragraph, the Administrator shall consult with appropriate persons from the public and private sectors, including private lenders.

“(5) MAXIMUM AMOUNTS.—

“(A) GUARANTEE PERCENTAGE.—The Administrator may guarantee not more than 85 percent of a loan under this subsection.

“(B) LOAN AMOUNT.—The maximum amount of a loan guaranteed under this subsection shall be \$2,000,000.

“(6) TERMS AND CONDITIONS.—A loan guaranteed under this subsection shall be made under the same terms and conditions as a loan under subsection (b).

“(7) LENDERS.—

“(A) IN GENERAL.—A loan guaranteed under this subsection made to—

“(i) a qualified individual may be made by a preferred lender; and

“(ii) a qualified small business concern may be made by a qualified private lender or by a preferred lender that also makes loans to qualified individuals.

“(B) COMPLIANCE.—If the Administrator determines that a preferred lender knowingly failed to comply with the underwriting standards for loans guaranteed under this subsection or violated the terms of the standard operating procedure agreement between that preferred lender and the Administration, the Administrator shall do 1 or more of the following:

“(i) Exclude the preferred lender from participating in the program under this subsection.

“(ii) Exclude the preferred lender from participating in the Preferred Lender Program for a period of not more than 5 years.

“(8) FEES.—

“(A) IN GENERAL.—The Administrator may not collect a guarantee fee under this subsection.

“(B) ORIGINATION FEE.—The Administrator may pay a qualified private lender or preferred lender an origination fee for a loan guaranteed under this subsection in an amount agreed upon in advance between the qualified private lender or preferred lender and the Administrator.

“(9) DOCUMENTATION.—A qualified private lender or preferred lender may use its own loan documentation for a loan guaranteed by the Administrator under this subsection, to the extent authorized by the Administrator. The ability of a lender to use its own loan documentation for a loan guaranteed under this subsection shall not be considered part of the criteria for becoming a qualified private lender under the regulations promulgated under paragraph (10).

“(10) IMPLEMENTATION REGULATIONS.—

“(A) IN GENERAL.—Not later than 1 year after the date of enactment of the Small Business Disaster Response and Loan Improvements Act of 2008, the Administrator shall issue final regulations establishing permanent criteria for qualified private lenders.

“(B) REPORT TO CONGRESS.—Not later than 6 months after the date of enactment of the Small Business Disaster Response and Loan Improvements Act of 2008, the Administrator shall submit a report on the progress of the regulations required by subparagraph (A) to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives.

“(11) AUTHORIZATION OF APPROPRIATIONS.—

“(A) IN GENERAL.—Amounts necessary to carry out this subsection shall be made available from amounts appropriated to the Administration to carry out subsection (b).

“(B) AUTHORITY TO REDUCE INTEREST RATES AND OTHER TERMS AND CONDITIONS.—Funds appropriated to the Administration to carry out this subsection, may be used by the Administrator to meet the loan terms and conditions specified in paragraph (6).

“(12) PURCHASE OF LOANS.—The Administrator may enter into an agreement with a qualified private lender or preferred lender to purchase any loan guaranteed under this subsection.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any major disaster declared on or after the date of enactment of this Act.

**SEC. 12084. IMMEDIATE DISASTER ASSISTANCE PROGRAM.**

The Small Business Act is amended by inserting after section 41, as added by this Act, the following:

**“SEC. 42. IMMEDIATE DISASTER ASSISTANCE PROGRAM.**

“(a) PROGRAM REQUIRED.—The Administrator shall carry out a program, to be known as the Immediate Disaster Assistance program, under which the Administration participates on a deferred (guaranteed) basis in 85 percent of the balance of the financing outstanding at the time of disbursement of the loan if such balance is less than or equal to \$25,000 for businesses affected by a disaster.

“(b) ELIGIBILITY REQUIREMENT.—To receive a loan guaranteed under subsection (a), the applicant shall also apply for, and meet basic eligibility standards for, a loan under subsection (b) or (c) of section 7.

“(c) USE OF PROCEEDS.—A person who receives a loan under subsection (b) or (c) of section 7 shall use the proceeds of that loan to repay all loans guaranteed under subsection (a), if any, before using the proceeds for any other purpose.

“(d) LOAN TERMS.—

“(1) NO PREPAYMENT PENALTY.—There shall be no prepayment penalty on a loan guaranteed under subsection (a).

“(2) REPAYMENT.—A person who receives a loan guaranteed under subsection (a) and who is disapproved for a loan under subsection (b) or (c) of section 7, as the case may be, shall repay the loan guaranteed under subsection (a) not later than the date established by the Administrator, which may not be earlier than 10 years after the date on which the loan guaranteed under subsection is disbursed.

“(e) APPROVAL OR DISAPPROVAL.—The Administrator shall ensure that each applicant for a loan under the program receives a decision approving or disapproving of the application within 36 hours after the Administration receives the application.”.

**SEC. 12085. EXPEDITED DISASTER ASSISTANCE LOAN PROGRAM.**

(a) DEFINITION.—In this section, the term “program” means the expedited disaster assistance business loan program established under subsection (b).

(b) CREATION OF PROGRAM.—The Administrator shall take such administrative action as is necessary to establish and implement an expedited disaster assistance business loan program under which the Administration may, on an expedited basis, guarantee timely payment of principal and interest, as scheduled on any loan made to an eligible small business concern under paragraph (9) of section 7(b) of the Small Business Act (15 U.S.C. 636(b)), as added by this Act.

(c) CONSULTATION REQUIRED.—In establishing the program, the Administrator shall consult with—

(1) appropriate personnel of the Administration (including District Office personnel of the Administration);

(2) appropriate technical assistance providers (including small business development centers);

(3) appropriate lenders and credit unions;

(4) the Committee on Small Business and Entrepreneurship of the Senate; and

(5) the Committee on Small Business of the House of Representatives.

(d) RULES.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Administrator shall issue rules in final form establishing and implementing the program in accordance with this section. Such rules shall apply as provided for in this section, beginning 90 days after their issuance in final form.

(2) CONTENTS.—The rules promulgated under paragraph (1) shall—

(A) identify whether appropriate uses of funds under the program may include—

(i) paying employees;

(ii) paying bills and other financial obligations;

(iii) making repairs;

(iv) purchasing inventory;

(v) restarting or operating a small business concern in the community in which it was conducting operations prior to the applicable major disaster, or to a neighboring area, county, or parish in the disaster area; or

(vi) covering additional costs until the small business concern is able to obtain funding through insurance claims, Federal assistance programs, or other sources; and

(B) set the terms and conditions of any loan made under the program, subject to paragraph (3).

(3) TERMS AND CONDITIONS.—A loan guaranteed by the Administration under this section—

(A) shall be for not more than \$150,000;

(B) shall be a short-term loan, not to exceed 180 days, except that the Administrator may extend such term as the Administrator determines necessary or appropriate on a case-by-case basis;

(C) shall have an interest rate not to exceed 300 basis points above the interest rate established by the Board of Governors of the Federal Reserve System that 1 bank charges another for reserves that are lent on an overnight basis on the date the loan is made;

(D) shall have no prepayment penalty;

(E) may only be made to a borrower that meets the requirements for a loan under section 7(b) of the Small Business Act (15 U.S.C. 636(b)), as amended by this Act;

(F) may be refinanced as part of any subsequent disaster assistance provided under section 7(b) of the Small Business Act (15 U.S.C. 636(b)), as amended by this Act;

(G) may receive expedited loss verification and loan processing, if the applicant is—

(i) a major source of employment in the disaster area (which shall be determined in the same manner as under section 7(b)(3)(B) of the Small Business Act (15 U.S.C. 636(b)(3)(B))); or

(ii) vital to recovery efforts in the region (including providing debris removal services, manufactured housing, or building materials); and

(H) shall be subject to such additional terms as the Administrator determines necessary or appropriate.

(e) REPORT TO CONGRESS.—Not later than 5 months after the date of enactment of this Act, the Administrator shall report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives on the progress of the Administrator in establishing the program.

(f) AUTHORIZATION.—There are authorized to be appropriated to the Administrator such sums as are necessary to carry out this section.

**SEC. 12086. GULF COAST DISASTER LOAN REFINANCING PROGRAM.**

(a) IN GENERAL.—The Administrator may carry out a program to refinance Gulf Coast disaster loans (in this section referred to as the “program”).

(b) TERMS.—The terms of a Gulf Coast disaster loan refinanced under the program shall be identical to the terms of the original loan, except that the Administrator may provide an option to defer repayment on the loan. A deferment under the program shall end not later than 4 years after the date on which the initial disbursement under the original loan was made.

(c) AMOUNT.—The amount of a Gulf Coast disaster loan refinanced under the program shall not exceed the amount of the original loan.

(d) DISCLOSURE OF ACCRUED INTEREST.—If the Administrator provides an option to defer repayment under the program, the Administrator shall disclose the accrued interest that must be paid under the option.

(e) DEFINITION.—In this section, the term “Gulf Coast disaster loan” means a loan—

(1) made under section 7(b) of the Small Business Act (15 U.S.C. 636(b));

(2) in response to Hurricane Katrina of 2005, Hurricane Rita of 2005, or Hurricane Wilma of 2005; and

(3) to a small business concern located in a county or parish designated by the Administrator as a disaster area by reason of a hurricane described in paragraph (2) under disaster declaration 10176, 10177, 10178, 10179, 10180, 10181, 10203, 10204, 10205, 10206, 10222, or 10223.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

### **PART III—MISCELLANEOUS**

#### **SEC. 12091. REPORTS ON DISASTER ASSISTANCE.**

(a) MONTHLY ACCOUNTING REPORT TO CONGRESS.—

(1) REPORTING REQUIREMENTS.—Not later than the fifth business day of each month during the applicable period for a major disaster, the Administrator shall submit to the Committee on Small Business and Entrepreneurship and the Committee on Appropriations of the Senate and to the Committee on Small Business and the Committee on Appropriations of the House of Representatives a report on the operation of the disaster loan program authorized under section 7 of the Small Business Act (15 U.S.C. 636) for that major disaster during the preceding month.

(2) CONTENTS.—Each report submitted under paragraph (1) shall include—

(A) the daily average lending volume, in number of loans and dollars, and the percent by which each category has increased or decreased since the previous report under paragraph (1);

(B) the weekly average lending volume, in number of loans and dollars, and the percent by which each category has increased or decreased since the previous report under paragraph (1);

(C) the amount of funding spent over the month for loans, both in appropriations and program level, and the percent by which each category has increased or decreased since the previous report under paragraph (1);

(D) the amount of funding available for loans, both in appropriations and program level, and the percent by which each category has increased or decreased since the previous report under paragraph (1), noting the source of any additional funding;

(E) an estimate of how long the available funding for such loans will last, based on the spending rate;

(F) the amount of funding spent over the month for staff, along with the number of staff, and the percent by which each category has increased or decreased since the previous report under paragraph (1);

(G) the amount of funding spent over the month for administrative costs, and the percent by which such spending has increased or decreased since the previous report under paragraph (1);

(H) the amount of funding available for salaries and expenses combined, and the percent by which such funding has increased or decreased since the previous report under paragraph (1), noting the source of any additional funding; and

(I) an estimate of how long the available funding for salaries and expenses will last, based on the spending rate.

(b) WEEKLY DISASTER UPDATES TO CONGRESS FOR PRESIDENTIALLY DECLARED DISASTERS.—

(1) IN GENERAL.—Each week during a disaster update period, the Administration shall submit to the Committee on Small Business and Entrepreneurship of the Senate and to the Committee on Small Business of the House of Representatives a report on the operation of the disaster loan program of the Administration for the area in which the President declared a major disaster.

(2) CONTENTS.—Each report submitted under paragraph (1) shall include—

(A) the number of Administration staff performing loan processing, field inspection, and other duties for the declared disaster, and the allocations of such staff in the disaster field offices, disaster recovery centers, workshops, and other Administration offices nationwide;

(B) the daily number of applications received from applicants in the relevant area, as well as a breakdown of such figures by State;

(C) the daily number of applications pending application entry from applicants in the relevant area, as well as a breakdown of such figures by State;

(D) the daily number of applications withdrawn by applicants in the relevant area, as well as a breakdown of such figures by State;

(E) the daily number of applications summarily declined by the Administration from applicants in the relevant area, as well as a breakdown of such figures by State;

(F) the daily number of applications declined by the Administration from applicants in the relevant area, as well as a breakdown of such figures by State;

(G) the daily number of applications in process from applicants in the relevant area, as well as a breakdown of such figures by State;

(H) the daily number of applications approved by the Administration from applicants in the relevant area, as well as a breakdown of such figures by State;

(I) the daily dollar amount of applications approved by the Administration from applicants in the relevant area, as well as a breakdown of such figures by State;

(J) the daily amount of loans dispersed, both partially and fully, by the Administration to applicants in the relevant area, as well as a breakdown of such figures by State;

(K) the daily dollar amount of loans disbursed, both partially and fully, from the relevant area, as well as a breakdown of such figures by State;

(L) the number of applications approved, including dollar amount approved, as well as applications partially and fully disbursed, including dollar amounts, since the last report under paragraph (1); and

(M) the declaration date, physical damage closing date, economic injury closing date, and number of counties included in the declaration of a major disaster.

(c) PERIODS WHEN ADDITIONAL DISASTER ASSISTANCE IS MADE AVAILABLE.—

(1) IN GENERAL.—During any period for which the Administrator declares eligibility for additional disaster assistance under paragraph (9) of section 7(b) of the Small Business Act (15 U.S.C. 632(b)), as amended by this Act, the Administrator shall, on a monthly basis, submit to the Committee on Small Business and Entrepreneurship of the Senate and to the Committee on Small Business of the House of Representatives a report on the disaster assistance operations of the Administration with respect to the applicable major disaster.

(2) CONTENTS.—Each report submitted under paragraph (1) shall specify—

(A) the number of applications for disaster assistance distributed;

(B) the number of applications for disaster assistance received;

(C) the average time for the Administration to approve or disapprove an application for disaster assistance;

(D) the amount of disaster loans approved;

(E) the average time for initial disbursement of disaster loan proceeds; and

(F) the amount of disaster loan proceeds disbursed.

(d) NOTICE OF THE NEED FOR SUPPLEMENTAL FUNDS.—On the same date that the Administrator notifies any committee of the Senate or the House of Representatives that supplemental funding is necessary for the disaster loan program of the Administration in any fiscal year, the Administrator shall notify in writing the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives regarding the need for supplemental funds for that loan program.

(e) REPORT ON CONTRACTING.—

(1) IN GENERAL.—Not later than 6 months after the date on which the President declares a major disaster, and every 6 months thereafter until the date that is 18 months after the date on which the major disaster was declared, the Administrator shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate and to the Committee on Small Business of the House of Representatives regarding Federal contracts awarded as a result of that major disaster.

(2) CONTENTS.—Each report submitted under paragraph (1) shall include—

(A) the total number of contracts awarded as a result of that major disaster;

(B) the total number of contracts awarded to small business concerns as a result of that major disaster;

(C) the total number of contracts awarded to women and minority-owned businesses as a result of that major disaster; and

(D) the total number of contracts awarded to local businesses as a result of that major disaster.

(f) REPORT ON LOAN APPROVAL RATE.—

(1) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, the Administrator shall submit a report to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small Business of the House of Representatives detailing how the Administration can improve the processing of applications under the disaster loan program of the Administration.

(2) CONTENTS.—The report submitted under paragraph (1) shall include—

(A) recommendations, if any, regarding—

(i) staffing levels during a major disaster;

(ii) how to improve the process for processing, approving, and disbursing loans under the disaster loan program of the Administration, to ensure that the maximum assistance is provided to victims in a timely manner;

(iii) the viability of using alternative methods for assessing the ability of an applicant to repay a loan, including the credit score of the applicant on the day before the date on which the disaster for which the applicant is seeking assistance was declared;

(iv) methods, if any, for the Administration to expedite loss verification and loan processing of disaster loans during a major disaster for businesses affected by, and located in the area for which the President declared, the major disaster that are a major source of employment in the area or are vital to recovery efforts in the region (including providing debris removal services, manufactured housing, or building materials);

(v) legislative changes, if any, needed to implement findings from the Accelerated Disaster Response Initiative of the Administration; and

(vi) a description of how the Administration plans to integrate and coordinate the response to a major disaster with the technical assistance programs of the Administration; and

(B) the plans of the Administrator for implementing any recommendation made under subparagraph (A).

(g) REPORTS ON DISASTER ASSISTANCE.—The Small Business Act is amended by inserting after section 42, as added by this Act, the following:

**“SEC. 43. ANNUAL REPORTS ON DISASTER ASSISTANCE.**

“Not later than 45 days after the end of a fiscal year, the Administrator shall submit to the Committee on Small Business and Entrepreneurship of the Senate and the Committee on Small

Business of the House of Representatives a report on the disaster assistance operations of the Administration for that fiscal year. The report shall—

“(1) specify the number of Administration personnel involved in such operations;

“(2) describe any material changes to those operations, such as changes to technologies used or to personnel responsibilities;

“(3) describe and assess the effectiveness of the Administration in responding to disasters during that fiscal year, including a description of the number and amounts of loans made for damage and for economic injury; and

“(4) describe the plans of the Administration for preparing to respond to disasters during the next fiscal year.”.

## **TITLE XIII—COMMODITY FUTURES**

### **SEC. 13001. SHORT TITLE.**

This title may be cited as the “CFTC Reauthorization Act of 2008”.

## **Subtitle A—General Provisions**

### **SEC. 13101. COMMISSION AUTHORITY OVER AGREEMENTS, CONTRACTS OR TRANSACTIONS IN FOREIGN CURRENCY.**

(a) **IN GENERAL.**—Section 2(c)(2) of the Commodity Exchange Act (7 U.S.C. 2(c)(2)) is amended by striking subparagraphs (B) and (C) and inserting the following:

“(B) **AGREEMENTS, CONTRACTS, AND TRANSACTIONS IN RETAIL FOREIGN CURRENCY.**—

“(i) This Act applies to, and the Commission shall have jurisdiction over, an agreement, contract, or transaction in foreign currency that—

“(I) is a contract of sale of a commodity for future delivery (or an option on such a contract) or an option (other than an option executed or traded on a national securities exchange registered pursuant to section 6(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78f(a))); and

“(II) is offered to, or entered into with, a person that is not an eligible contract participant, unless the counterparty, or the person offering to be the counterparty, of the person is—

“(aa) a financial institution;

“(bb)(AA) a broker or dealer registered under section 15(b) (except paragraph (11) thereof) or 15C of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b), 78o–5); or

“(BB) an associated person of a broker or dealer registered under section 15(b) (except paragraph (11) thereof) or 15C of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b), 78o–5) concerning the financial or securities activities of which the broker or dealer makes and keeps records under section 15C(b) or