

106TH CONGRESS  
1ST SESSION

# S. 629

To amend the Federal Crop Insurance Act and the Agricultural Market Transition Act to provide a safety net to producers through cost of production crop insurance coverage, to improve procedures used to determine yields for crop insurance, to improve the noninsured crop assistance program, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MARCH 16, 1999

Mr. BAUCUS (for himself and Mr. CRAIG) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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## A BILL

To amend the Federal Crop Insurance Act and the Agricultural Market Transition Act to provide a safety net to producers through cost of production crop insurance coverage, to improve procedures used to determine yields for crop insurance, to improve the noninsured crop assistance program, and for other purposes.

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

3       **SECTION. 1. SHORT TITLE.**

4       This Act may be cited as the “Crop Insurance Im-

5       provement Act of 1999”.

1 **SEC. 2. COST OF PRODUCTION INSURANCE COVERAGE.**

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

4 (1) in subsection (c), by striking paragraph (5)  
5 and inserting the following:

6 “(5) EXPECTED MARKET PRICE.—

7 “(A) IN GENERAL.—For the purposes of  
8 this title, the Corporation shall establish or ap-  
9 prove the price level (referred to in this title as  
10 the ‘expected market price’) of each agricultural  
11 commodity for which insurance is offered.

12 “(B) AMOUNT.—The expected market  
13 price of an agricultural commodity—

14 “(i) except as otherwise provided in  
15 this subparagraph, shall be not less than  
16 the projected market price of the agricul-  
17 tural commodity, as determined by the  
18 Corporation;

19 “(ii) may be based on the actual mar-  
20 ket price of the agricultural commodity at  
21 the time of harvest, as determined by the  
22 Corporation; or

23 “(iii) in the case of cost of production  
24 or similar plans of insurance, shall be the  
25 projected cost of producing the agricultural

1 commodity, as determined by the Corpora-  
2 tion.”; and

3 (2) in subsection (h), by striking paragraph (6)  
4 and inserting the following:

5 “(6) COST OF PRODUCTION INSURANCE COV-  
6 ERAGE.—

7 “(A) IN GENERAL.—The Corporation shall  
8 offer a cost of production plan of insurance  
9 that—

10 “(i) allows producers to select a dollar  
11 amount of coverage per acre of an agricul-  
12 tural commodity for each production area  
13 described in subparagraph (B) designated  
14 by the Corporation; and

15 “(ii) is based on the actual or ex-  
16 pected cost of producing the agricultural  
17 commodity.

18 “(B) SIZE OF PRODUCTION AREA.—For  
19 the purposes of this paragraph, a production  
20 area shall be determined based on the similar  
21 characteristics of the acreage and the use of  
22 similar farming practices to produce the agri-  
23 cultural commodity and shall not be limited by  
24 the boundaries of a county.

1           “(C) CONSULTATION WITH STATE COMMIT-  
 2           TEES.—Prior to designating a production area  
 3           described in subparagraph (B), the Corporation  
 4           shall consult with the appropriate State com-  
 5           mittee.

6           “(D) AMOUNT OF COVERAGE.—Notwith-  
 7           standing subsection (c)(4), the dollar amount of  
 8           coverage per acre of an agricultural commodity  
 9           shall not exceed 90 percent of the cost of pro-  
 10          duction of the agricultural commodity, as deter-  
 11          mined by the Corporation, in the production  
 12          area described in subparagraph (B).”.

13 **SEC. 3. YIELD DETERMINATIONS.**

14          Section 508(g)(2) of the Federal Crop Insurance Act  
 15          (7 U.S.C. 1508(g)(2)) is amended—

16               (1) in subparagraph (A)—

17                       (A) by striking “Subject to subparagraph  
 18                       (B),” and inserting the following:

19                               “(i) IN GENERAL.—Subject to clause

20                               (ii) and subparagraph (B),”;

21                       (B) by adding at the end the following:

22                               “(ii) ROTATION PRACTICES.—

23                                       “(I) DEFINITION OF A PRO-  
 24                                       DUCER THAT HAS SUFFERED A LOSS  
 25                                       DUE TO A NATURAL DISASTER.—In

1 this clause, the term ‘a producer that  
 2 has suffered a loss due to a natural  
 3 disaster’ means a producer that has  
 4 suffered a loss due to a natural dis-  
 5 aster with respect to a crop that has  
 6 resulted in a substantial reduction in  
 7 the producer’s actual production his-  
 8 tory with respect to the crop, as deter-  
 9 mined by the Corporation.

10 “(II) YIELD BASED ON ACTUAL  
 11 PRODUCTION HISTORY.—Subject to  
 12 subparagraph (B), in the case of a  
 13 producer that has adopted an accept-  
 14 able rotation practice, involving 3 or  
 15 more agricultural commodities, the  
 16 yield for a crop shall be based on the  
 17 actual production history for the crop  
 18 for the 3 preceding crop years during  
 19 which the crop was produced on the  
 20 farm building up to a production data  
 21 base of 10 crop years for which the  
 22 actual production history is estab-  
 23 lished.

24 “(III) NATURAL DISASTERS.—  
 25 For the purposes of calculating the

1 actual production history of an agri-  
 2 cultural commodity under this clause,  
 3 a producer that has suffered a loss  
 4 due to a natural disaster with respect  
 5 to the crop may exclude 1 year of pro-  
 6 duction history for each 4 years of  
 7 production history for the crop for  
 8 which the producer has purchased  
 9 crop insurance.”; and

10 (2) in subparagraph (B)—

11 (A) by striking “assigned a yield” and in-  
 12 serting “assigned—

13 “(i) a yield”;

14 (B) by striking the period at the end and  
 15 inserting “; or”; and

16 (C) by adding at the end the following:

17 “(ii) a yield determined by the Cor-  
 18 poration, in the case of—

19 “(I) a person that has not been  
 20 actively engaged in farming for a  
 21 share of the production of the insured  
 22 crop for more than 2 crop years, as  
 23 determined by the Secretary;

24 “(II) a producer that produces  
 25 an agricultural commodity on land

1                   that has not been previously farmed  
 2                   by the producer; and  
 3                   “(III) a producer that rotates a  
 4                   crop produced on a farm to a crop  
 5                   that has not been previously produced  
 6                   on the farm.”.

7   **SEC. 4. NONINSURED CROP DISASTER ASSISTANCE PRO-**  
 8                   **GRAM.**

9           (a) OPERATION AND ADMINISTRATION OF PRO-  
 10 GRAM.—Section 196(a) of the Agricultural Market Transi-  
 11 tion Act (7 U.S.C. 7333(a)) is amended—

12           (1) in the first sentence of paragraph (1), by  
 13           striking “to provide coverage” and all that follows  
 14           through “Federal Crop Insurance Act (7 U.S.C.  
 15           1508(b))”; and

16           (2) in paragraph (2), by adding at the end the  
 17           following:

18                   “(C) COMBINATION OF SIMILAR TYPES OR  
 19           VARIETIES.—At the option of the Secretary, all  
 20           types or varieties of a crop or commodity de-  
 21           scribed in subparagraph (A) or (B) may be con-  
 22           sidered to be a single eligible crop under this  
 23           section.”.

24           (b) RECORDS.—Section 196(b) of the Agricultural  
 25 Market Transition Act (7 U.S.C. 7333(b)) is amended—

1           (1) by striking paragraph (2) and inserting the  
2           following:

3           “(2) RECORDS.—To be eligible for assistance  
4           under this section, a producer shall provide annually  
5           to the Secretary records of crop acreage, acreage  
6           yields, and production for each crop, as required by  
7           the Secretary.”; and

8           (2) in paragraph (3), by inserting “annual”  
9           after “shall provide”.

10          (c) LOSS REQUIREMENTS.—Section 196(c) of the  
11   Agricultural Market Transition Act (7 U.S.C. 7333(c)) is  
12   amended—

13           (1) by striking paragraph (1);

14           (2) in paragraph (2)—

15                   (A) by striking “Subject to paragraph (1),  
16                   the” and inserting “The”; and

17                   (B) by striking “because of drought, flood,  
18                   or other natural disaster, as determined by the  
19                   Secretary”;

20           (3) in paragraph (3)—

21                   (A) by striking “Subject to paragraph (1),  
22                   the” and inserting “The”; and

23                   (B) by striking “, because of drought,  
24                   flood, or other natural disaster as determined  
25                   by the Secretary,”;

1           (4) by redesignating paragraphs (2) and (3) as  
2           paragraphs (1) and (2), respectively; and

3           (5) by adding at the end the following:

4           “(3) AREA TRIGGER.—The Secretary shall pro-  
5           vide assistance to individual producers without any  
6           requirement of an area loss.”.

7           (d) PAYMENTS.—Section 196(d)(2)(B) of the Agri-  
8           cultural Market Transition Act (7 U.S.C. 7333(d)(2)(B))  
9           is amended by striking “55 percent of the average market  
10          price for the crop” and inserting “100 percent of the aver-  
11          age market price for the crop”.

12          (e) YIELD DETERMINATIONS.—Section 196 of the  
13          Agricultural Market Transition Act (7 U.S.C. 7333) is  
14          amended by striking subsection (e) and inserting the fol-  
15          lowing:

16          “(e) YIELD DETERMINATIONS.—

17                 “(1) ESTABLISHMENT.—The Secretary shall es-  
18                 tablish farm yields for the purposes of providing  
19                 noninsured crop disaster assistance under this sec-  
20                 tion.

21                 “(2) ACTUAL YIELDS.—Subject to paragraph  
22                 (3), the Secretary shall determine yields for an eligi-  
23                 ble crop on the basis of the quantity of production  
24                 per acre for the crop for the farm for each of the

1       5 crop years for which the crop was planted imme-  
 2       diately preceding the crop year, excluding—

3               “(A) the crop year with the highest yield  
 4               per acre on the farm; and

5               “(B) the crop year with the lowest yield  
 6               per acre on the farm.

7               “(3) STATE OR COUNTY YIELDS.—If insuffi-  
 8       cient records exist, as determined by the Secretary,  
 9       to determine the actual yield pursuant to paragraph  
 10      (2), the Secretary may establish a per acre yield  
 11      based on State or county yields for an eligible crop  
 12      on the basis of—

13              “(A) historical yields, as adjusted by the  
 14              Secretary to correct for abnormal factors affect-  
 15              ing the yields in the historical period; or

16              “(B) the Secretary’s estimate of actual  
 17              yields for the crop year involved if historical  
 18              yield data are not available.”.

19      (f) NEW ELIGIBLE CROPS.—Section 196 of the Agri-  
 20      cultural Market Transition Act (7 U.S.C. 7333) is  
 21      amended—

22              (1) in subsection (d)(1)—

23                      (A) by inserting “(except as provided in  
 24                      subsection (j))” after “percent”; and

1 (B) by inserting “determined under sub-  
 2 section (e)” after “for the crop”;

3 (2) by redesignating subsection (j) as sub-  
 4 section (l); and

5 (3) by inserting after subsection (i) the fol-  
 6 lowing:

7 “(j) NEW ELIGIBLE CROPS.—

8 “(1) IN GENERAL.—Subject to paragraph (2),  
 9 if a producer produces an eligible crop that is new  
 10 to an area (as determined by the Secretary), a pay-  
 11 ment for the producer shall be computed by sub-  
 12 stituting the following percentages of yields for the  
 13 percentages of yields specified in subsection (d)(1):

14 “(A) In the case of the first crop year of  
 15 the eligible crop produced by the producer, 35  
 16 percent of the established yield for the crop de-  
 17 termined under subsection (e).

18 “(B) In the case of each of the second  
 19 through fourth years of the eligible crop pro-  
 20 duced by the producer—

21 “(i) 45 percent of the established yield  
 22 for the crop determined under subsection  
 23 (e); or

24 “(ii) if the producer received a pay-  
 25 ment under this section for the first crop

1                   year of the eligible crop produced by the  
 2                   producer, 35 percent of the established  
 3                   yield for the crop determined under sub-  
 4                   section (e).

5                   “(2) TEMPORARY INELIGIBILITY.—If a pro-  
 6                   ducer of an eligible crop described in paragraph (1)  
 7                   receives a payment under this section in both the  
 8                   first and second crop years of the eligible crop, the  
 9                   producer shall be ineligible for a payment under this  
 10                  section until the producer has successfully produced  
 11                  the crop for at least 3 consecutive crop years with  
 12                  no loss reported, as determined by the Secretary.”.

13                  (g) SERVICE FEE.—Section 196 of the Agricultural  
 14                  Market Transition Act (7 U.S.C. 7333) (as amended by  
 15                  subsection (f)) is amended by inserting after subsection  
 16                  (j) the following:

17                  “(k) SERVICE FEE.—To be eligible to receive assist-  
 18                  ance for an eligible crop for a crop year under this section,  
 19                  a producer shall pay to the Secretary a service fee of \$50  
 20                  for each eligible crop.”.

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