I

113TH CONGRESS
1ST SESSION

H. R. 1932

To amend the Food Security Act of 1985 to restore integrity to and strengthen payment limitation rules for commodity payments and benefits.

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 2013

Mr. FORTENBERRY introduced the following bill; which was referred to the Committee on Agriculture

---

A BILL

To amend the Food Security Act of 1985 to restore integrity to and strengthen payment limitation rules for commodity payments and benefits.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Farm Program Integrity Act of 2013''.

SEC. 2. PAYMENT LIMITATIONS.

(a) IN GENERAL.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended—

(1) in subsection (a), by striking paragraph (3) and inserting the following:

"(3) LEGAL ENTITY.—

"(A) IN GENERAL.—The term 'legal entity' means—

"(i) an organization that (subject to the requirements of this section and section 1001A) is eligible to receive a payment under a provision of law referred to in subsection (b), (c), or (d);

"(ii) a corporation, joint stock company, association, limited partnership, limited liability company, limited liability partnership, charitable organization, estate, irrevocable trust, grantor of a revocable trust, or other similar entity (as determined by the Secretary); and

"(iii) an organization that is participating in a farming operation as a partner in a general partnership or as a participant in a joint venture.

"(B) EXCLUSION.—The term 'legal entity' does not include a general partnership or joint venture.";

(2) by striking subsections (b) through (d) and inserting the following:

"(b) LIMITATION ON PAYMENTS FOR COVERED COMMODITIES AND PEANUTS.—The total amount of payments received, directly or indirectly, by a person or legal entity for any crop year for 1 or more covered commodities and peanuts under title I of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8701 et seq.) (or a successor provision) may not exceed $125,000, of which—

"(1) not more than $75,000 may consist of marketing loan gains and loan deficiency payments under subtitle B or C of title I of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8731 et seq.) (or a successor provision); and

"(2) not more than $50,000 may consist of any other payments made for covered commodities and peanuts under title I of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8702 et seq.) (or a successor provision).

"(c) SPOUSAL EQUITY.—

"(1) IN GENERAL.—Notwithstanding subsection (b), except as provided in paragraph (2), if a person and the spouse of the person are covered by paragraph (2) and receive, directly or indirectly, any payment or gain covered by this section, the total amount of payments or gains (as applicable) covered by this section that the person and spouse may jointly receive during any crop year may not exceed an amount equal to twice the applicable dollar amounts specified in subsection (b).

"(2) EXCEPTIONS.—

"(A) SEPARATE FARMING OPERATIONS.— In the case of a married couple in which each spouse, before the marriage, was separately engaged in an unrelated farming operation, each spouse shall be treated as a separate person with respect to a farming operation brought into the marriage by a spouse, subject to the condition that the farming operation shall remain a separate farming operation, as determined by the Secretary.

"(B) ELECTION TO RECEIVE SEPARATE PAYMENTS.—A married couple may elect to receive payments separately in the name of each spouse if the total amount of payments and benefits described in subsection (b) that the married couple receives, directly or indirectly, does not exceed an amount equal to twice the applicable dollar amounts specified in those subsections.";

(3) in paragraph (3)(B) of subsection (f), by adding at the end the following:

"(iii) IRREVOCABLE TRUSTS.—In promulgating regulations to define the term 'legal entity' as the term applies to irrevocable trusts, the Secretary shall ensure that irrevocable trusts are legitimate entities that have not been created for the purpose of avoiding a payment limitation."; and

(4) in subsection (h), in the second sentence, by striking "or other entity" and inserting "or legal entity".

(b) CONFORMING AMENDMENTS.—

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

(A) in subsection (e), by striking "subsections (b) and (c)" each place it appears in paragraphs (1) and (3)(B) and inserting "subsection (b)";

(B) in subsection (f)—

(i) in paragraph (2), by striking "Subsections (b) and (c)" and inserting "Subsection (b)";

(ii) in paragraph (4)(B), by striking "subsection (b) or (c)" and inserting "subsection (b)";

(iii) in paragraph (5)—

(I) in subparagraph (A), by striking "subsection (d)"; and

(II) in subparagraph (B), by striking "subsection (b), (c), or (d)" and inserting "subsection (b)"; and

(iv) in paragraph (6)—

(I) in subparagraph (A), by striking "Notwithstanding subsection (d), except as provided in subsection (g)" and inserting "Except as provided in subsection (f)"; and

(II) in subparagraph (B), by striking "subsections (b), (c), and (d)" and inserting "subsection (b)";

(C) in subsection (g)—

(i) in paragraph (1)—

(I) by striking "subsection (f)(6)(A)" and inserting "subsection (e)(6)(A)"; and

(II) by striking "subsection (b) or (c)" and inserting "subsection (b)"; and

(ii) in paragraph (2)(A), by striking "subsections (b) and (c)" and inserting "subsection (b)"; and

(D) by redesignating subsections (e) through (h) as subsections (d) through (g), respectively.

(2) Section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1) is amended—

(A) in subsection (a), by striking "subsections (b) and (c) of section 1001" and inserting "section 1001(b)"; and

(B) in subsection (b)(1), by striking "subsection (b) or (c) of section 1001" and inserting "section 1001(b)".

(3) Section 1001B(a) of the Food Security Act of 1985 (7 U.S.C. 1308–2(a)) is amended in the matter preceding paragraph (1) by striking "subsections (b) and (c) of section 1001" and inserting "section 1001(b)".

(c) APPLICATION.—The amendments made by this section shall apply beginning with the 2014 crop year.

SEC. 3. PAYMENTS LIMITED TO ACTIVE FARMERS.

Section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1) is amended—

(1) in subsection (b)(2)—

(A) by striking ‘‘or active personal management’’ each place it appears in subparagraphs (A)(i)(II) and (B)(ii); and

(B) in subparagraph (C), by striking ‘‘, as applied to the legal entity, are met by the legal entity, the partners or members making a significant contribution of personal labor or active personal management’’ and inserting ‘‘are met by partners or members making a significant contribution of personal labor, those partners or members’’; and

(2) in subsection (c)—

(A) in paragraph (1)—

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

‘‘(A) the landowner share-rents the land at a rate that is usual and customary;’’;

(ii) in subparagraph (B), by striking the period at the end and inserting ‘‘; and’’; and

(iii) by adding at the end the following:

‘‘(C) the share of the payments received by the landowner is commensurate with the share of the crop or income received as rent.’’;

(B) in paragraph (2)(A), by striking "active personal management or";

(C) in paragraph (5)—

(i) by striking "(5)" and all that follows through "(A) IN GENERAL.—A person" and inserting the following:

"(5) CUSTOM FARMING SERVICES.—A person";

(ii) by inserting "under usual and customary terms" after "services"; and

(iii) by striking subparagraph (B); and

(D) by adding at the end the following:

"(7) FARM MANAGERS.—A person who otherwise meets the requirements of this subsection other than (b)(2)(A)(i)(II) shall be considered to be actively engaged in farming, as determined by the Secretary, with respect to the farming operation, including a farming operation that is a sole proprietorship, a legal entity such as a joint venture or general partnership, or a legal entity such as a corporation or limited partnership, if the person—

"(A) makes a significant contribution of management to the farming operation necessary for the farming operation, taking into account—

“(i) the size and complexity of the farming operation; and

“(ii) the management requirements normally and customarily required by similar farming operations;

“(B)(i) is the only person in the farming operation qualifying as actively engaged in farming by using the farm manager special class designation under this paragraph; and

“(ii) together with any other persons in the farming operation qualifying as actively engaged in farming under subsection (b)(2) or as part of a special class under this subsection, does not collectively receive, directly or indirectly, an amount equal to more than the applicable limits under section 1001(b);

“(C) does not use the management contribution under this paragraph to qualify as actively engaged in more than 1 farming operation; and

“(D) manages a farm operation that does not substantially share equipment, labor, or management with persons or legal entities that with the person collectively receive, directly or indirectly, an amount equal to more than the applicable limits under section 1001(b).''.

○