

113TH CONGRESS
1ST SESSION

S. 746

To amend the Food, Conservation, and Energy Act of 2008 to establish
a market-driven inventory system.

IN THE SENATE OF THE UNITED STATES

APRIL 17, 2013

Mr. COWAN introduced the following bill; which was read twice and referred
to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To amend the Food, Conservation, and Energy Act of 2008
to establish a market-driven inventory system.

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. MARKET-DRIVEN INVENTORY SYSTEM.**

4 (a) IN GENERAL.—Subtitle B of title I of the Food,
5 Conservation, and Energy Act of 2008 (7 U.S.C. 8731 et
6 seq.) is amended by adding at the end the following:

7 **“SEC. 1211. MARKET-DRIVEN INVENTORY SYSTEM.**

8 “(a) DEFINITIONS.—In this section:

9 “(1) INVENTORY CAP.—The term ‘inventory
10 cap’ means the market commodity-specific limita-

1 tions on participation in the program described in
2 subsection (b)(3).

3 “(2) MARKET COMMODITY.—The term ‘market
4 commodity’ means corn, oats, barley, grain sorghum,
5 wheat, and soybeans.

6 “(3) PROGRAM.—The term ‘program’ means
7 the market-driven inventory system program estab-
8 lished in accordance with this section.

9 “(4) STORAGE PERIOD.—The term ‘storage pe-
10 riod’ means, for a market commodity enrolled in the
11 program, the period that—

12 “(A) begins on the date of enrollment of
13 the market commodity in the program; and

14 “(B) ends on the date on which the Sec-
15 retary authorizes loan repayment and release
16 under subsection (d).

17 “(b) RECOURSE LOANS AVAILABLE.—

18 “(1) IN GENERAL.—Subject to paragraph (3),
19 for each of the 2014 through 2018 crops of each
20 market commodity, the Secretary shall make avail-
21 able recourse loans in accordance with this section to
22 producers on a farm that elect to participate in the
23 program for 1 or more market commodities.

24 “(2) ENROLLMENT.—

1 “(A) IN GENERAL.—Enrollment in the
2 program shall be voluntary and considered on a
3 rolling basis.

4 “(B) LIMITATIONS.—

5 “(i) IN GENERAL.—The Secretary
6 may implement enrollment restrictions if
7 the market prices of a market commodity
8 are close to the recourse loan rate or the
9 release price described in subsection (d)(2).

10 “(ii) END OF RESTRICTIONS.—Any
11 enrollment restrictions implemented under
12 clause (i) for a market commodity shall
13 end as soon as the Secretary determines
14 that the 1-month average of the market
15 commodity is below the recourse loan rate
16 for that market commodity.

17 “(3) INVENTORY CAP.—Participation in the
18 program for corn, wheat, and soybeans shall be lim-
19 ited to not more than the following:

20 “(A) Corn, 3,000,000,000 bushels.

21 “(B) Oats, 20,000,000 bushels.

22 “(C) Barley, 40,000,000 bushels.

23 “(D) Grain sorghum, 40,000,000 bushels.

24 “(E) Wheat, 800,000,000 bushels.

25 “(F) Soybeans, 400,000,000 bushels.

1 “(c) STORAGE PERIOD.—

2 “(1) IN GENERAL.—As a condition of partici-
3 tion, for each market commodity that the producers
4 on a farm enroll in the program, the producers on
5 the farm shall, throughout the storage period—

6 “(A) store the market commodity;

7 “(B) maintain the market commodity in
8 proper condition, as determined by the Sec-
9 retary; and

10 “(C) not sell or otherwise release into the
11 market the market commodity.

12 “(2) OWNERSHIP.—During the storage pe-
13 riod—

14 “(A) title to the market commodity shall
15 remain with the producers on the farm, subject
16 to the conditions on participation described in
17 paragraph (1); and

18 “(B) the Secretary shall have a first lien
19 on the market commodity for which a recourse
20 loan under this section is received.

21 “(3) PAYMENT.—

22 “(A) IN GENERAL.—During the storage
23 period, the Secretary shall make storage pay-
24 ments to the producers on the farm at a rate

1 of \$0.40 per bushel of market commodity per
2 crop year.

3 “(B) DURATION.—The Secretary shall ter-
4minate the making of storage payments for a
5market commodity to producers on a farm on
6the date on which the release price for the mar-
7ket commodity is triggered in accordance with
8subsection (d).

9 “(d) LOAN REPAYMENT AND RELEASE.—

10 “(1) IN GENERAL.—Subject to paragraph (4),
11the Secretary shall authorize loan repayment and re-
12lease for a market commodity on the date on which
13the release price for that market commodity is trig-
14gered.

15 “(2) RELEASE PRICE.—The release price for a
16market commodity shall be equal to 160 percent of
17the applicable recourse loan rate described in sub-
18section (e).

19 “(3) PRODUCER OPTIONS.—Subject to para-
20graph (4), once the Secretary has authorized loan
21repayment and release for a market commodity, the
22producers on a farm may—

23 “(A) sell or otherwise release into the mar-
24ket the market commodity; or

1 “(B) continue to store the market com-
2 modity, but without receiving additional storage
3 payments for the market commodity.

4 “(4) PARTIAL RELEASE.—

5 “(A) IN GENERAL.—Regardless of whether
6 the inventory cap for a market commodity has
7 been reached, if the Secretary determines,
8 based on available information, that the total
9 quantity of the market commodity stored is so
10 great that release of all of the stored market
11 commodity into the market would depress mar-
12 ket prices below the release level, the Secretary
13 may establish a maximum release quantity to
14 limit the sale and release of the stored market
15 commodity.

16 “(B) ADMINISTRATION.—In the case of a
17 partial release described in subparagraph (A)—

18 “(i) the producers on a farm that first
19 enrolled in the program shall be eligible
20 first to sell or otherwise release into the
21 market the stored market commodity; and

22 “(ii) the producers on a farm that do
23 not have the option of selling or otherwise
24 releasing into the market the stored mar-
25 ket commodity shall continue to be eligible

1 to receive storage payments for the market
2 commodity.

3 “(e) RECOURSE LOAN RATES.—For purposes of each
4 of the 2014 through 2018 crop years, the recourse loan
5 rate for a market commodity under this section shall be
6 equal to the following:

7 “(1) Corn, \$3.50 per bushel.

8 “(2) Oats, \$2.49 per bushel.

9 “(3) Barley, \$3.50 per bushel.

10 “(4) Grain sorghum, \$3.50 per bushel.

11 “(5) Wheat, \$5.28 per bushel.

12 “(6) Soybeans, \$8.97 per bushel.

13 “(f) SET-ASIDE PROGRAM.—

14 “(1) IN GENERAL.—If the inventory cap for a
15 market commodity is reached and the market price
16 of the market commodity is below the recourse loan
17 rate for the market commodity, the Secretary may
18 establish a set-aside program under which producers
19 on a farm may remove acres from production for the
20 following crop year.

21 “(2) ELIGIBILITY.—To be eligible to enroll
22 acres in the set-aside program under paragraph (1),
23 the producers on a farm shall be required to have
24 produced the applicable market commodity during at

1 least 1 of the last 2 crop years, as determined by the
2 Secretary.

3 “(3) REQUIREMENTS.—

4 “(A) COVER CROP.—

5 “(i) IN GENERAL.—As a condition on
6 participation in the set-aside program, pro-
7 ducers on a farm shall be required to
8 maintain an approved cover crop on all en-
9 rolled acreage.

10 “(ii) PLANTING FLEXIBILITY.—Pro-
11 ducers on a farm may plant any crop on
12 acreage not enrolled in the set-aside pro-
13 gram.

14 “(B) SECRETARIAL DISCRETION.—If the
15 Secretary establishes a set-aside program under
16 paragraph (1), the Secretary shall determine, at
17 the discretion of the Secretary—

18 “(i) the amount of the payment to be
19 made to producers that elect to participate
20 in the set-aside program;

21 “(ii) the percentage of the total acre-
22 age planted to the market commodity that
23 the producers are required to remove from
24 production as a condition of participation;
25 and

1 “(iii) the extent to which grazing and
2 other noncommercial uses of the land en-
3 rolled in the set-aside program shall be
4 permitted.”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Section 1001 of the Food, Conservation,
7 and Energy Act of 2008 (7 U.S.C. 8702) is amend-
8 ed—

9 (A) in paragraph (4)—

10 (i) by striking “wheat, corn, grain sor-
11 ghum, barley, oats”; and

12 (ii) by striking “soybeans”; and

13 (B) in paragraph (8)—

14 (i) by striking “wheat, corn, grain sor-
15 ghum, barley, oats”; and

16 (ii) by striking “soybeans”.

17 (2) Section 1103(b) of the Food, Conservation,
18 and Energy Act of 2008 (7 U.S.C. 8713) is amend-
19 ed—

20 (A) by striking paragraphs (1), (2), (3),
21 (4), (5), and (9); and

22 (B) by redesignating paragraphs (6), (7),
23 (8), and (10) as paragraphs (1), (2), (3), and
24 (4), respectively.

1 (3) Section 1104(c)(3) of the Food, Conserva-
2 tion, and Energy Act of 2008 (7 U.S.C. 8714(c)(3))
3 is amended—

4 (A) by striking subparagraphs (A), (B),
5 (C), (D), (E), and (I); and

6 (B) by redesignating subparagraphs (F),
7 (G), and (H) and (J) through (N) as subpara-
8 graphs (A), (B), and (C) and (D) through (H),
9 respectively.

10 (4) Section 1202(c) of the Food, Conservation,
11 and Energy Act of 2008 (7 U.S.C. 8732(c)) is
12 amended—

13 (A) by striking paragraphs (1), (2), (3),
14 (4), (5), and (10); and

15 (B) by redesignating paragraphs (6)
16 through (9) and (11) through (19) as para-
17 graphs (1) through (4) and (5) through (13),
18 respectively.

19 (c) APPLICATION.—The amendments made by this
20 section apply beginning with the 2014 crop of a market
21 commodity (as defined in section 1211(a) of the Food,
22 Conservation, and Energy Act of 2008 (as added by sub-
23 section (a))).

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