

115TH CONGRESS  
2D SESSION

# H. R. 5462

To amend the Agricultural Act of 2014 to provide support for dairy producers,  
and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 2018

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

---

## A BILL

To amend the Agricultural Act of 2014 to provide support  
for dairy producers, 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 “Dairy Risk Manage-  
5       ment Act of 2018”.

6       **SEC. 2. DAIRY RISK MANAGEMENT PROGRAM FOR DAIRY**  
7       **PRODUCERS.**

8       (a) REVIEW OF DATA USED IN CALCULATION OF AV-  
9       ERAGE FEED COST.—Not later than 60 days after the  
10      date of the enactment of this Act, the Secretary of Agri-

1 culture shall submit to the Committee on Agriculture of  
2 the House of Representatives and the Committee on Agri-  
3 culture, Nutrition, and Forestry of the Senate a report  
4 evaluating the extent to which the average cost of feed  
5 used by a dairy operation to produce a hundredweight of  
6 milk calculated by the Secretary as required by section  
7 1402(a) of the Agricultural Act of 2014 (7 U.S.C.  
8 9052(a)) is representative of actual dairy feed costs.

9 (b) CORN SILAGE REPORT.—Not later than 1 year  
10 after the date of the enactment of this Act, the Secretary  
11 of Agriculture shall submit to the Committee on Agri-  
12 culture of the House of Representatives and the Com-  
13 mittee on Agriculture, Nutrition, and Forestry of the Sen-  
14 ate a report detailing the costs incurred by dairy oper-  
15 ations in the use of corn silage as feed, and the difference  
16 between the feed cost of corn silage and the feed cost of  
17 corn.

18 (c) COLLECTION OF ALFALFA HAY DATA.—Not later  
19 than 120 days after the date of the enactment of this Act,  
20 the Secretary of Agriculture, acting through the National  
21 Agricultural Statistics Service, shall revise monthly price  
22 survey reports to include prices for high-quality alfalfa hay  
23 in the top five milk producing States, as measured by vol-  
24 ume of milk produced during the previous month.

1 (d) REGISTRATION OF MULTIPRODUCER DAIRY OP-  
2 ERATIONS.—Section 1404(b) of the Agricultural Act of  
3 2014 (7 U.S.C. 9054(b)) is amended—

4 (1) in paragraph (3), by striking “If” and in-  
5 serting “Subject to paragraph (5), if”; and

6 (2) by adding at the end the following new  
7 paragraph:

8 “(5) CERTAIN MULTIPRODUCER DAIRY OPER-  
9 ATION EXCLUSIONS.—

10 “(A) EXCLUSION OF LOW-PERCENTAGE  
11 OWNERS.—To promote administrative efficiency  
12 in the dairy risk management program, a multi-  
13 producer dairy operation covered by paragraph  
14 (3) may elect, at the option of the multipro-  
15 ducer dairy operation, to exclude information  
16 from the registration process regarding any in-  
17 dividual owner of the multiproducer dairy oper-  
18 ation that—

19 “(i) holds less than a five percent  
20 ownership interest in the multiproducer  
21 dairy operation; or

22 “(ii) is entitled to less than five per-  
23 cent of the income, revenue, profit, gain,  
24 loss, expenditure, deduction, or credit of

1 the multiproducer dairy operation for any  
2 given year.

3 “(B) EFFECT OF EXCLUSION ON DAIRY  
4 RISK MANAGEMENT PAYMENTS.—To the extent  
5 that an individual owner of a multiproducer  
6 dairy operation is excluded under subparagraph  
7 (A) from the registration of the multiproducer  
8 dairy operation, any dairy risk management  
9 payment made to the multiproducer dairy oper-  
10 ation shall be reduced by an amount equal to  
11 the greater of the following:

12 “(i) The amount determined by multi-  
13 plying the dairy risk management payment  
14 otherwise determined under section 1406  
15 by the total percentage of ownership inter-  
16 ests represented by the excluded owners.

17 “(ii) The amount determined by mul-  
18 tiplying the dairy risk management pay-  
19 ment otherwise determined under section  
20 1406 by the total percentage of the in-  
21 come, revenue, profit, gain, loss, expendi-  
22 ture, deduction, or credit of the multipro-  
23 ducer dairy operation represented by the  
24 excluded owners.”.

1 (e) RELATION TO LIVESTOCK GROSS MARGIN FOR  
2 DAIRY PROGRAM.—Section 1404(d) of the Agricultural  
3 Act of 2014 (7 U.S.C. 9054(d)) is amended—

4 (1) by striking “but not both” and inserting  
5 “but not on the same production”;

6 (2) by striking “or the” and inserting “and  
7 the”; and

8 (3) by striking “margin protection program”  
9 and inserting “dairy risk management program”.

10 (f) PRODUCTION HISTORY OF PARTICIPATING DAIRY  
11 OPERATORS.—

12 (1) CONTINUED USE OF PRIOR DAIRY OPER-  
13 ATION PRODUCTION HISTORY.—Section 1405(a)(1)  
14 of the Agricultural Act of 2014 (7 U.S.C.  
15 9055(a)(1)) is amended by adding at the end the  
16 following new sentence: “The production history of  
17 a participating dairy operation shall continue to be  
18 based on annual milk marketings during the 2011,  
19 2012, or 2013 calendar year notwithstanding the op-  
20 eration of the dairy risk management program  
21 through 2023.”.

22 (2) ADJUSTMENT.—Section 1405(a) of the Ag-  
23 ricultural Act of 2014 (7 U.S.C. 9055(a)) is amend-  
24 ed—

1 (A) in paragraph (2), by striking “In sub-  
2 sequent years” and inserting “In the subse-  
3 quent calendar years ending before January 1,  
4 2019”; and

5 (B) in paragraph (3), by inserting “, as  
6 applicable” after “paragraph (2)”.

7 (3) LIMITATION ON CHANGES TO BUSINESS  
8 STRUCTURE.—Section 1405 of the Agricultural Act  
9 of 2014 (7 U.S.C. 9055) is amended by adding at  
10 the end the following new subsection:

11 “(d) LIMITATION ON CHANGES TO BUSINESS STRUC-  
12 TURE.—The Secretary may not make dairy risk manage-  
13 ment payments to a participating dairy operation if the  
14 Secretary determines that the participating dairy oper-  
15 ation has reorganized the structure of such operation sole-  
16 ly for the purpose of qualifying as a new operation under  
17 subsection (b).”.

18 (g) DAIRY RISK MANAGEMENT PAYMENTS.—

19 (1) ELECTION OF COVERAGE LEVEL THRESH-  
20 OLD AND COVERAGE PERCENTAGE.—Section 1406 of  
21 the Agricultural Act of 2014 (7 U.S.C. 9056) is  
22 amended—

23 (A) in subsection (a), by striking “annu-  
24 ally”; and

1 (B) by adding at the end the following new  
 2 subsection:

3 “(d) DEADLINE FOR ELECTION; DURATION.—Not  
 4 later than 90 days after the date of the enactment of this  
 5 subsection, each participating dairy operation shall elect  
 6 a coverage level threshold under subsection (a)(1) and a  
 7 coverage percentage under subsection (a)(2) to be used to  
 8 determine dairy risk management payments. This election  
 9 shall remain in effect for the participating dairy operation  
 10 for the duration of the dairy risk management program,  
 11 as specified in section 1409.”.

12 (2) ADDITIONAL COVERAGE LEVEL THRESH-  
 13 OLDS FOR CERTAIN PRODUCERS.—Section  
 14 1406(a)(1) of the Agricultural Act of 2014 (7  
 15 U.S.C. 9056(a)(1)) is amended by inserting after  
 16 “or \$8.00” the following: “(and in the case of pro-  
 17 duction subject to premiums under section 1407(b),  
 18 also \$8.50 or \$9.00)”.

19 (3) ELECTION OF PRODUCTION HISTORY COV-  
 20 ERAGE PERCENTAGE.—Section 1406(a)(2) of the  
 21 Agricultural Act of 2014 (7 U.S.C. 9056(a)(2)) is  
 22 amended by striking “beginning with 25 percent and  
 23 not exceeding” and inserting “but not to exceed”.

24 (h) PREMIUMS FOR PARTICIPATION IN DAIRY RISK  
 25 MANAGEMENT PROGRAM.—

1           (1) PREMIUM PER HUNDREDWEIGHT FOR FIRST  
 2       5   MILLION   POUNDS   OF   PRODUCTION.—Section  
 3       1407(b) of the Agricultural Act of 2014 (7 U.S.C.  
 4       9057(b)) is amended—

5           (A) by striking paragraph (2) and insert-  
 6       ing the following new paragraph:

7           “(2) PRODUCER PREMIUMS.—The following an-  
 8       nual premiums apply:

| “Coverage Level | Premium per Cwt. |
|-----------------|------------------|
| \$4.00          | None             |
| \$4.50          | \$0.002          |
| \$5.00          | \$0.005          |
| \$5.50          | \$0.008          |
| \$6.00          | \$0.010          |
| \$6.50          | \$0.017          |
| \$7.00          | \$0.041          |
| \$7.50          | \$0.057          |
| \$8.00          | \$0.090          |
| \$8.50          | \$0.120          |
| \$9.00          | \$0.170”;        |

9           and

10          (B) by striking paragraph (3).

11          (2) TECHNICAL CORRECTION.—Section 1407(d)  
 12       of the Agricultural Act of 2014 (7 U.S.C. 9057(d))  
 13       is amended in the subsection heading by striking  
 14       “TIME FOR” and inserting “METHOD OF”.

15          (i) CONFORMING AMENDMENTS RELATED TO PRO-  
 16       GRAM NAME.—

17          (1) HEADING.—The heading of part I of sub-  
 18       title D of title I of the Agricultural Act of 2014

1 (Public Law 113–79; 128 Stat. 688) is amended to  
2 read as follows:

3 **“PART I—DAIRY RISK MANAGEMENT PROGRAM**  
4 **FOR DAIRY PRODUCERS”.**

5 (2) DEFINITIONS.—Section 1401 of the Agri-  
6 cultural Act of 2014 (7 U.S.C. 9051) is amended—

7 (A) by striking paragraphs (5) and (6) and  
8 inserting the following new paragraphs:

9 “(5) DAIRY RISK MANAGEMENT PROGRAM.—  
10 The terms ‘dairy risk management program’ and  
11 ‘program’ mean the dairy risk management program  
12 required by section 1403.

13 “(6) DAIRY RISK MANAGEMENT PAYMENT.—  
14 The term ‘dairy risk management payment’ means a  
15 payment made to a participating dairy operation  
16 under the program pursuant to section 1406.”; and

17 (B) in paragraphs (7) and (8), by striking  
18 “margin protection” both places it appears.

19 (3) CALCULATION OF ACTUAL DAIRY PRODUC-  
20 TION MARGIN.—Section 1402(b)(1) of the Agricul-  
21 tural Act of 2014 (7 U.S.C. 9052(b)(1)) is amended  
22 by striking “margin protection” and inserting “dairy  
23 risk management”.

1           (4) PROGRAM OPERATION.—Section 1403 of  
2     the Agricultural Act of 2014 (7 U.S.C. 9053) is  
3     amended—

4           (A) in the section heading, by striking  
5     “**ESTABLISHMENT OF MARGIN PROTEC-**  
6     **TION**” and inserting “**DAIRY RISK MANAGE-**  
7     **MENT**”;

8           (B) by striking “Not later than September  
9     1, 2014, the Secretary shall establish and ad-  
10    minister a margin protection program” and in-  
11    serting “The Secretary shall continue to admin-  
12    ister a dairy risk management program”; and

13          (C) by striking “margin protection pay-  
14    ment” both places it appears and inserting  
15    “dairy risk management payment”.

16          (5) PARTICIPATION.—Section 1404 of the Agri-  
17    cultural Act of 2014 (7 U.S.C. 9054) is amended—

18          (A) in the section heading, by striking  
19    “**MARGIN PROTECTION**”;

20          (B) in subsection (a), by striking “margin  
21    protection program to receive margin protection  
22    payments” and inserting “dairy risk manage-  
23    ment program to receive dairy risk management  
24    payments”; and

1 (C) in subsections (b) and (c), by striking  
2 “margin protection” each place it appears.

3 (6) PRODUCTION HISTORY.—Section 1405 of  
4 the Agricultural Act of 2014 (7 U.S.C. 9055) is  
5 amended—

6 (A) in subsection (a)(1)—

7 (i) by striking “margin protection pro-  
8 gram” the first place it appears and insert-  
9 ing “dairy risk management program”;  
10 and

11 (ii) by striking “margin protection”  
12 the second place it appears; and

13 (B) in subsection (c), by striking “margin  
14 protection”.

15 (7) PAYMENTS.—Section 1406 of the Agricul-  
16 tural Act of 2014 (7 U.S.C. 9056) is amended—

17 (A) in the section heading, by striking  
18 “**MARGIN PROTECTION**” and inserting  
19 “**DAIRY RISK MANAGEMENT**”;

20 (B) by striking “margin protection” each  
21 place it appears and inserting “dairy risk man-  
22 agement”; and

23 (C) in the heading of subsection (c), by  
24 striking “**MARGIN PROTECTION**”.

1           (8) PREMIUMS.—Section 1407 of the Agricul-  
2       tural Act of 2014 (7 U.S.C. 9057) is amended—

3           (A) in the section heading, by striking  
4       “**MARGIN PROTECTION**” and inserting  
5       “**DAIRY RISK MANAGEMENT**”;

6           (B) in subsection (a), by striking “margin  
7       protection program” and inserting “dairy risk  
8       management program”; and

9           (C) in subsection (e), by striking “margin  
10      protection” both places it appears.

11          (9) PENALTIES.—Section 1408 of the Agricul-  
12      tural Act of 2014 (7 U.S.C. 9058) is amended by  
13      striking “margin protection” both places it appears  
14      and inserting “dairy risk management”.

15          (10) ADMINISTRATION AND ENFORCEMENT.—  
16      Section 1410 of the Agricultural Act of 2014 (7  
17      U.S.C. 9060) is amended by striking “margin pro-  
18      tection” each place it appears and inserting “dairy  
19      risk management”.

20          (j) EFFECTIVE DATE.—The amendments made by  
21      this section shall take effect 60 days after the date of the  
22      enactment of this Act.

23          (k) DURATION.—Section 1409 of the Agricultural  
24      Act of 2014 (7 U.S.C. 9059) is amended—

1 (1) by striking “margin protection” and insert-  
 2 ing “dairy risk management”; and

3 (2) by striking “2018” and inserting “2023”.

4 **SEC. 3. CLASS I SKIM MILK PRICE.**

5 (a) CLASS I SKIM MILK PRICE.—Section 8c(5)(A) of  
 6 the Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)),  
 7 reenacted with amendments by the Agricultural Marketing  
 8 Agreement Act of 1937, is amended by striking the third  
 9 and fourth sentences, including the table, and inserting  
 10 the following new sentence: “Throughout the 2-year period  
 11 beginning on the effective date of this sentence (and sub-  
 12 sequent to such 2-year period unless modified by amend-  
 13 ment to the order involved), for purposes of determining  
 14 prices for milk of the highest use classification, the Class  
 15 I skim milk price per hundredweight specified in section  
 16 1000.50(b) of title 7, Code of Federal Regulations (or suc-  
 17 cessor regulation), shall be the sum of the adjusted Class  
 18 I differential specified in section 1000.52 of such title 7,  
 19 plus the adjustment to Class I prices specified in sections  
 20 1005.51(b), 1006.51(b), and 1007.51(b) of such title 7  
 21 (or successor regulation), plus the simple average of the  
 22 advanced pricing factors computed in sections  
 23 1000.50(q)(1) and 1000.50(q)(2) of such title 7 (or suc-  
 24 cessor regulation), plus \$0.74.”.

25 (b) EFFECTIVE DATE AND IMPLEMENTATION.—

1           (1) EFFECTIVE DATE.—The amendment made  
2       by subsection (a) shall take effect on the first day  
3       of the first month beginning more than 120 days  
4       after the date of the enactment of this Act.

5           (2) IMPLEMENTATION.—Implementation of the  
6       amendment made by subsection (a) is not subject to  
7       any of the following:

8           (A) The notice and comment provisions of  
9       section 553 of title 5, United States Code.

10          (B) The notice and hearing requirements  
11       of paragraphs (3) and (4) of section 8c of the  
12       Agricultural Adjustment Act (7 U.S.C. 608c),  
13       reenacted with amendments by the Agricultural  
14       Marketing Agreement Act of 1937.

15          (C) The order amendment requirements of  
16       section 8c(17) of such Act (7 U.S.C. 608c(17)).

17          (D) A referendum under section 8c(19) of  
18       such Act (7 U.S.C. 608c(19)).

19 **SEC. 4. EXTENSION OF DAIRY FORWARD PRICING PRO-**  
20 **GRAM.**

21       Section 1502(e) of the Food, Conservation, and En-  
22       ergy Act of 2008 (7 U.S.C. 8772(e)) is amended—

23           (1) in paragraph (1), by striking “2018” and  
24       inserting “2023”; and

1           (2) in paragraph (2), by striking “2021” and  
2           inserting “2026”.

3   **SEC. 5. EXTENSION OF DAIRY INDEMNITY PROGRAM.**

4           Section 3 of Public Law 90–484 (7 U.S.C. 450*l*) is  
5   amended by striking “2018” and inserting “2023”.

6   **SEC. 6. EXTENSION OF DAIRY PROMOTION AND RESEARCH**  
7                   **PROGRAM.**

8           Section 113(e)(2) of the Dairy Production Stabiliza-  
9   tion Act of 1983 (7 U.S.C. 4504(e)(2)) is amended by  
10   striking “2018” and inserting “2023”.

11   **SEC. 7. REPEAL OF DAIRY PRODUCT DONATION PROGRAM.**

12           Section 1431 of the Agricultural Act of 2014 (7  
13   U.S.C. 9071) is repealed.

○