

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

