

§ Roll Call #1 defeated

Goodlatte/D. Scott Dairy Amendment

The Amendment would remove Subtitle D PART I—"DAIRY PRODUCER MARGIN PROTECTION AND DAIRY MARKET STABILIZATION PROGRAMS" and replaces it with a new "Dairy Producer Margin Insurance Program". The amendment provides dairy producers with the option to enroll in a new margin insurance program at levels of \$4.00 and up to \$8.00 in increments of fifty cents. Dairy producers are allowed to elect their coverage level and the percentage of coverage at the time of registration and annually thereafter. The Secretary is required to make payments to dairy producers enrolled in the program whenever the actual dairy producer margin drops below \$4.00 (or below a higher level of coverage up to \$8.00). The amendment leaves the rest of the underlying dairy title intact, including the removal of the Dairy Product Price Support Program, the MILC Program, and the Dairy Export Assistance Program.

AMENDMENT TO FARM BILL, H.R. 6083
OFFERED BY MR. GOODLATTE OF VIRGINIA

(Offered on behalf of himself and Mr. David Scott of Georgia)

In subtitle D of title I, relating to dairy, strike part I and insert the following new part:

1 **PART I—DAIRY PRODUCER MARGIN INSURANCE**
2 **PROGRAM**

3 **SEC. 1401. DAIRY PRODUCER MARGIN INSURANCE PRO-**
4 **GRAM.**

5 Subtitle E of title I of the Food, Conservation, and
6 Energy Act of 2008 (7 U.S.C. 8771 et seq.) is amended
7 by adding at the end the following:

8 **“SEC. 1511. DAIRY PRODUCER MARGIN INSURANCE PRO-**
9 **GRAM.**

10 “(a) DEFINITIONS.—In this section:

11 “(1) ACTUAL DAIRY PRODUCER MARGIN.—The
12 term ‘actual dairy producer margin ’ means the dif-
13 ference between the all-milk price and the average
14 feed cost, as calculated under subsection (b)(2).

15 “(2) ALL-MILK PRICE.—The term ‘all-milk
16 price’ means the average price received, per hun-
17 dredweight of milk, by dairy producers for all milk
18 sold to plants and dealers in the United States, as

1 reported by the National Agricultural Statistics
2 Service.

3 “(3) AVERAGE FEED COST.—The term ‘average
4 feed cost’ means the average cost of feed used by a
5 dairy operation to produce a hundredweight of milk,
6 determined under subsection (b)(1) using the sum of
7 the following:

8 “(A) The product determined by multi-
9 plying—

10 “(i) 1.0728; by

11 “(ii) the price of corn per bushel.

12 “(B) The product determined by multi-
13 plying—

14 “(i) 0.00735; by

15 “(ii) the price of soybean meal per
16 ton.

17 “(C) The product determined by multi-
18 plying—

19 “(i) 0.0137; by

20 “(ii) the price of alfalfa hay per ton.

21 “(4) CONSECUTIVE 2-MONTH PERIOD.—The
22 term ‘consecutive 2-month period’ refers to the 2-
23 month period consisting of the months of January
24 and February, March and April, May and June,

1 July and August, September and October, or No-
2 vember and December, respectively.

3 “(5) DAIRY PRODUCER.—The term ‘dairy pro-
4 ducer’ means an individual or entity that directly or
5 indirectly (as determined by the Secretary)—

6 “(A) shares in the risk of producing milk;
7 and

8 “(B) makes contributions (including land,
9 labor, management, equipment, or capital) to
10 the dairy operation of the individual or entity
11 that are at least commensurate with the share
12 of the individual or entity of the proceeds of the
13 operation.

14 “(6) MARGIN INSURANCE PROGRAM.—The term
15 ‘margin insurance program’ means the dairy pro-
16 ducer margin insurance program required by this
17 section.

18 “(7) PARTICIPATING DAIRY PRODUCER.—The
19 term ‘participating dairy producer’ means a dairy
20 producer that registers under subsection (d)(2) to
21 participate in the margin insurance program.

22 “(8) PRODUCTION HISTORY.—The term ‘pro-
23 duction history’ means the quantity of annual milk
24 marketings determined for a dairy producer under
25 subsection (e)(1).

1 “(9) UNITED STATES.—The term ‘United
2 States’, in a geographical sense, means the 50
3 States.

4 “(b) CALCULATION OF AVERAGE FEED COST AND
5 ACTUAL DAIRY PRODUCER MARGINS.—

6 “(1) CALCULATION OF AVERAGE FEED COST.—

7 The Secretary shall calculate the national average
8 feed cost for each month using the following data:

9 “(A) The price of corn for a month shall
10 be the price received during that month by agri-
11 cultural producers in the United States for
12 corn, as reported in the monthly Agriculture
13 Prices report by the Secretary.

14 “(B) The price of soybean meal for a
15 month shall be the central Illinois price for soy-
16 bean meal, as reported in the Market News –
17 Monthly Soybean Meal Price Report by the Sec-
18 retary.

19 “(C) The price of alfalfa hay for a month
20 shall be the price received during that month by
21 agricultural producers in the United States for
22 alfalfa hay, as reported in the monthly Agri-
23 culture Prices report by the Secretary.

24 “(2) CALCULATION OF ACTUAL DAIRY PRO-
25 DUCER MARGINS.—The Secretary shall calculate the

1 actual dairy producer margin for each consecutive 2-
2 month period by subtracting—

3 “(A) the average feed cost for that con-
4 secutive 2-month period, determined in accord-
5 ance with paragraph (1); from

6 “(B) the all-milk price for that consecutive
7 2-month period.

8 “(c) ESTABLISHMENT OF DAIRY PRODUCER MARGIN
9 INSURANCE PROGRAM.—The Secretary shall establish and
10 administer a dairy producer margin insurance program for
11 the purpose of protecting dairy producer income by paying
12 participating dairy producers margin insurance payments
13 when actual dairy producer margins are less than the
14 threshold levels for the payments.

15 “(d) ELIGIBILITY AND REGISTRATION OF DAIRY
16 PRODUCERS FOR MARGIN INSURANCE PROGRAM.—

17 “(1) ELIGIBILITY.—All dairy producers in the
18 United States shall be eligible to participate in the
19 margin insurance program.

20 “(2) REGISTRATION PROCESS.—

21 “(A) REGISTRATION.—

22 “(i) IN GENERAL.—The Secretary
23 shall register all interested dairy producers
24 in the margin insurance program.

1 “(ii) MANNER AND FORM.—The Sec-
2 retary shall specify the manner and form
3 by which a dairy producer shall register for
4 the margin insurance program.

5 “(B) TREATMENT OF MULTI-PRODUCER
6 OPERATIONS.—If a dairy operation consists of
7 more than 1 dairy producer, all of the dairy
8 producers of the operation shall be treated as a
9 single dairy producer for purposes of—

10 “(i) purchasing margin insurance; and

11 “(ii) payment of producer premiums
12 under subsection (f)(4).

13 “(C) TREATMENT OF PRODUCERS WITH
14 MULTIPLE DAIRY OPERATIONS.—If a dairy pro-
15 ducer operates 2 or more dairy operations, each
16 dairy operation of the producer shall require a
17 separate registration to participate and pur-
18 chase margin insurance.

19 “(3) TIME FOR REGISTRATION.—

20 “(A) EXISTING DAIRY PRODUCERS.—Dur-
21 ing the 1-year period beginning on the date of
22 enactment of this section, a dairy producer that
23 is actively engaged in a dairy operation as of
24 that date may register with the Secretary to
25 participate in the margin insurance program.

1 “(B) NEW ENTRANTS.—A dairy producer
2 that has no existing interest in a dairy oper-
3 ation as of the date of enactment of this sec-
4 tion, but that, after that date, establishes a new
5 dairy operation, may register with the Secretary
6 during the 180-day period beginning on the
7 date on which the dairy operation first markets
8 milk commercially to participate in the margin
9 insurance program.

10 “(4) RETROACTIVITY.—

11 “(A) NOTICE OF AVAILABILITY OF RETRO-
12 ACTIVE PROTECTION.—Not later than 30 days
13 after the effective date of this section, the Sec-
14 retary shall publish a notice in the Federal Reg-
15 ister to inform dairy producers of the avail-
16 ability of retroactive margin insurance, subject
17 to the condition that interested producers must
18 file a notice of intent (in such form and manner
19 as the Secretary specifies in the Federal Reg-
20 ister notice) to participate in the margin insur-
21 ance program.

22 “(B) RETROACTIVE MARGIN INSURANCE.—

23 “(i) AVAILABILITY.—If a dairy pro-
24 ducer files a notice of intent under sub-
25 paragraph (A) to participate in the margin

1 insurance program before the initiation of
2 the sign-up period for the margin insur-
3 ance program and subsequently signs up
4 for the margin insurance program, the pro-
5 ducer shall receive margin insurance retro-
6 active to the effective date of this section.

7 “(ii) DURATION.—Retroactive margin
8 insurance under this paragraph for a dairy
9 producer shall apply from the effective
10 date of this section until the date on which
11 the producer signs up for the margin in-
12 surance program.

13 “(C) NOTICE OF INTENT AND OBLIGATION
14 TO PARTICIPATE.—In no way does filing a no-
15 tice of intent under this paragraph obligate a
16 dairy producer to sign up for the margin insur-
17 ance program once the program rules are final,
18 but if a producer does file a notice of intent and
19 subsequently signs up for the margin insurance
20 program, that dairy producer is obligated to
21 pay premiums for any retroactive margin insur-
22 ance selected in the notice of intent.

23 “(5) RECONSTITUTION.—The Secretary shall
24 ensure that a dairy producer does not reconstitute a

1 dairy operation for the sole purpose of purchasing
2 margin insurance.

3 “(e) PRODUCTION HISTORY OF PARTICIPATING
4 DAIRY PRODUCERS.—

5 “(1) DETERMINATION OF PRODUCTION HIS-
6 TORY.—

7 “(A) IN GENERAL.—The Secretary shall
8 determine the production history of the dairy
9 operation of each participating dairy producer
10 in the margin insurance program.

11 “(B) CALCULATION.—Except as provided
12 in subparagraph (C), the production history of
13 a participating dairy producer shall be equal to
14 the highest annual milk marketings of the dairy
15 producer during any 1 of the 3 calendar years
16 immediately preceding the registration of the
17 dairy producer for participation in the margin
18 insurance program.

19 “(C) NEW PRODUCERS.—If a dairy pro-
20 ducer has been in operation for less than 1
21 year, the Secretary shall determine the produc-
22 tion history of the dairy producer by extrap-
23 olation of the actual milk marketings for the
24 months that the dairy producer has been in op-
25 eration to a yearly amount.

1 “(D) NO CHANGE IN PRODUCTION HIS-
2 TORY FOR MARGIN INSURANCE.—Once the pro-
3 duction history of a participating dairy pro-
4 ducer is determined under subparagraph (B) or
5 (C), the production history shall not be subse-
6 quently changed for purposes of determining
7 the amount of any margin insurance payments
8 for the dairy producer made under subsection
9 (f)(7).

10 “(2) REQUIRED INFORMATION.—A partici-
11 pating dairy producer shall provide all information
12 that the Secretary may require in order to establish
13 the production history of the dairy operation of the
14 dairy producer.

15 “(3) TRANSFER OF PRODUCTION HISTORY.—

16 “(A) TRANSFER BY SALE.—

17 “(i) REQUEST FOR TRANSFER.—If an
18 existing dairy producer sells an entire
19 dairy operation to another party, the seller
20 and purchaser may jointly request that the
21 Secretary transfer to the purchaser the in-
22 terest of the seller in the production his-
23 tory of the dairy operation.

24 “(ii) TRANSFER.—If the Secretary de-
25 termines that the seller has sold the entire

1 dairy operation to the purchaser, the Sec-
2 retary shall approve the transfer and,
3 thereafter, the seller shall have no interest
4 in the production history of the sold dairy
5 operation.

6 “(B) TRANSFER BY LEASE.—

7 “(i) REQUEST FOR TRANSFER.—If an
8 existing dairy producer leases an entire
9 dairy operation to another party, the lessor
10 and lessee may jointly request that the
11 Secretary transfer to the lessee for the du-
12 ration of the term of the lease the interest
13 of the lessor in the production history of
14 the dairy operation.

15 “(ii) TRANSFER.—If the Secretary de-
16 termines that the lessor has leased the en-
17 tire dairy operation to the lessee, the Sec-
18 retary shall approve the transfer and,
19 thereafter, the lessor shall have no interest
20 for the duration of the term of the lease in
21 the production history of the leased dairy
22 operation.

23 “(C) COVERAGE LEVEL.—A purchaser or
24 lessee to whom the Secretary transfers a pro-
25 duction history under this paragraph may not

1 obtain a different level of margin insurance cov-
2 erage held by the seller or lessor from whom the
3 transfer was obtained.

4 “(D) NEW ENTRANTS.—The Secretary
5 may not transfer the production history deter-
6 mined for a dairy producer described in sub-
7 section (d)(3)(B) to another person.

8 “(4) MOVEMENT AND TRANSFER OF PRODUC-
9 TION HISTORY.—

10 “(A) MOVEMENT AND TRANSFER AUTHOR-
11 IZED.—Subject to subparagraph (B), if a dairy
12 producer moves from 1 location to another loca-
13 tion, the dairy producer may maintain the pro-
14 duction history associated with the operation.

15 “(B) NOTIFICATION REQUIREMENT.—A
16 dairy producer shall notify the Secretary of any
17 move of a dairy operation under subparagraph
18 (A).

19 “(C) SUBSEQUENT OCCUPATION OF VA-
20 CATED LOCATION.—A party subsequently occu-
21 pying a dairy operation location vacated as de-
22 scribed in subparagraph (A) shall have no inter-
23 est in the production history previously associ-
24 ated with the operation at that location.

25 “(f) MARGIN INSURANCE.—

1 “(1) IN GENERAL.—At the time of the registra-
2 tion of a dairy producer in the margin insurance
3 program under subsection (d) and annually there-
4 after during the duration of the margin insurance
5 program, an eligible dairy producer may purchase
6 margin insurance.

7 “(2) SELECTION OF PAYMENT THRESHOLD.—A
8 participating dairy producer purchasing margin in-
9 surance shall elect a coverage level in any increment
10 of \$0.50, with a minimum of \$4.00 and a maximum
11 of \$8.00.

12 “(3) SELECTION OF COVERAGE PERCENTAGE.—
13 A participating dairy producer purchasing margin
14 insurance shall elect a percentage of coverage, equal
15 to not more than 80 percent nor less than 25 per-
16 cent, of the production history of the dairy operation
17 of the participating dairy producer.

18 “(4) PRODUCER PREMIUMS.—

19 “(A) PREMIUMS REQUIRED.—A partici-
20 pating dairy producer that purchases margin
21 insurance shall pay an annual premium equal to
22 the product obtained by multiplying—

23 “(i) the percentage selected by the
24 dairy producer under paragraph (3);

1 “(ii) the production history applicable
2 to the dairy producer; and

3 “(iii) the premium per hundredweight
4 of milk, as specified in the applicable table
5 under paragraph (B) or (C).

6 “(B) PREMIUM PER HUNDREDWEIGHT FOR
7 FIRST 4 MILLION POUNDS OF PRODUCTION.—
8 For the first 4,000,000 pounds of milk mar-
9 ketings included in the annual production his-
10 tory of a participating dairy operation, the pre-
11 mium per hundredweight corresponding to each
12 coverage level specified in the following table is
13 as follows:

“Coverage Level	Premium per Cwt.
\$4.00	\$0.000
\$4.50	\$0.01
\$5.00	\$0.02
\$5.50	\$0.035
\$6.00	\$0.045
\$6.50	\$0.09
\$7.00	\$0.18
\$7.50	\$0.60
\$8.00	\$0.95

14 “(C) PREMIUM PER HUNDREDWEIGHT FOR
15 PRODUCTION IN EXCESS OF 4 MILLION
16 POUNDS.—For milk marketings in excess of
17 4,000,000 pounds included in the annual pro-
18 duction history of a participating dairy oper-

1 ation, the premium per hundredweight cor-
2 responding to each coverage level is as follows:

“Coverage Level	Premium per Cwt.
\$4.00	\$0.030
\$4.50	\$0.045
\$5.00	\$0.066
\$5.50	\$0.11
\$6.00	\$0.185
\$6.50	\$0.29
\$7.00	\$0.38
\$7.50	\$0.83
\$8.00	\$1.06

3 “(D) TIME FOR PAYMENT.—

4 “(i) FIRST YEAR.—As soon as prac-
5 ticable after a dairy producer registers to
6 participate in the margin insurance pro-
7 gram and purchases margin insurance, the
8 dairy producer shall pay the premium de-
9 termined under subparagraph (A) for the
10 dairy producer for the first calendar year
11 of the margin insurance.

12 “(ii) SUBSEQUENT YEARS.—

13 “(I) IN GENERAL.—When the
14 dairy producer first purchases margin
15 insurance, the dairy producer shall
16 also elect the method by which the
17 dairy producer will pay premiums
18 under this subsection for subsequent
19 years in accordance with 1 of the

1 schedules described in subclauses (II)
2 and (III).

3 “(II) SINGLE ANNUAL PAY-
4 MENT.—The participating dairy pro-
5 ducer may elect to pay 100 percent of
6 the annual premium determined under
7 subparagraph (A) for the dairy pro-
8 ducer for a calendar year by not later
9 than January 15 of the calendar year.

10 “(III) SEMI-ANNUAL PAY-
11 MENTS.—The participating dairy pro-
12 ducer may elect to pay—

13 “(aa) 50 percent of the an-
14 nual premium determined under
15 subparagraph (A) for the dairy
16 producer for a calendar year by
17 not later than January 15 of the
18 calendar year; and

19 “(bb) the remaining 50 per-
20 cent of the premium by not later
21 than June 15 of the calendar
22 year.

23 “(5) PRODUCER PREMIUM OBLIGATIONS.—

24 “(A) PRO-RATION OF FIRST YEAR PRE-
25 MIUM.—A participating dairy producer that

1 purchases margin insurance after initial reg-
2 istration in the margin insurance program shall
3 pay a pro-rated premium for the first calendar
4 year based on the date on which the producer
5 purchases the coverage.

6 “(B) SUBSEQUENT PREMIUMS.—Except as
7 provided in subparagraph (A), the annual pre-
8 mium for a participating dairy producer shall
9 be determined under paragraph (4) for each
10 year in which the margin insurance program is
11 in effect.

12 “(C) LEGAL OBLIGATION.—

13 “(i) IN GENERAL.—Except as pro-
14 vided in clauses (ii) and (iii), a partici-
15 pating dairy producer that purchases mar-
16 gin insurance shall be legally obligated to
17 pay the applicable premiums for the entire
18 period of the margin insurance program
19 (as provided in the payment schedule elect-
20 ed under paragraph (4)(B)), and may not
21 opt out of the margin insurance program.

22 “(ii) DEATH.—If the dairy producer
23 dies, the estate of the deceased may cancel
24 the margin insurance and shall not be re-

1 sponsible for any further premium pay-
2 ments.

3 “(iii) RETIREMENT.—If the dairy pro-
4 ducer retires, the producer may request
5 that Secretary cancel the margin insurance
6 if the producer has terminated the dairy
7 operation entirely and certifies under oath
8 that the producer will not be actively en-
9 gaged in any dairy operation for at least
10 the next 7 years.

11 “(6) PAYMENT THRESHOLD.—A participating
12 dairy producer with margin insurance shall receive a
13 margin insurance payment whenever the average ac-
14 tual dairy producer margin for a consecutive 2-
15 month period is less than the coverage level thresh-
16 old selected by the dairy producer under paragraph
17 (2).

18 “(7) MARGIN INSURANCE PAYMENTS.—

19 “(A) IN GENERAL.—The Secretary shall
20 make a margin insurance protection payment to
21 each participating dairy producer whenever the
22 average actual dairy producer margin for a con-
23 secutive 2-month period is less than the cov-
24 erage level threshold selected by the dairy pro-
25 ducer under paragraph (2).

1 “(B) AMOUNT OF PAYMENT.—The margin
2 insurance payment for the dairy operation of a
3 participating dairy producer shall be determined
4 as follows:

5 “(i) The Secretary shall calculate the
6 difference between—

7 “(I) the coverage level threshold
8 selected by the dairy producer under
9 paragraph (2); and

10 “(II) the average actual dairy
11 producer margin for the consecutive
12 2-month period.

13 “(ii) The amount determined under
14 clause (i) shall be multiplied by—

15 “(I) the percentage selected by
16 the dairy producer under paragraph
17 (3); and

18 “(II) the lesser of—

19 “(aa) the quotient obtained
20 by dividing—

21 “(AA) the production
22 history applicable to the pro-
23 ducer under subsection
24 (e)(1); by

25 “(BB) 6; and

1 “(bb) the actual quantity of
2 milk marketed by the dairy oper-
3 ation of the dairy producer dur-
4 ing the consecutive 2-month pe-
5 riod.

6 “(g) EFFECT OF FAILURE TO PAY PREMIUMS.—

7 “(1) LOSS OF BENEFITS.—A participating
8 dairy producer that is in arrears on premium pay-
9 ments for margin insurance—

10 “(A) remains legally obligated to pay the
11 premiums; and

12 “(B) may not receive margin insurance
13 until the premiums are fully paid.

14 “(2) ENFORCEMENT.—The Secretary may take
15 such action as is necessary to collect premium pay-
16 ments for margin insurance.

17 “(h) DURATION.—The Secretary shall conduct the
18 margin insurance program during the period beginning on
19 October 1, 2012, and ending on September 30, 2017.”.

