AMENDMENT NO.______ Calendar No.______

Purpose: To limit the amount of premium subsidy provided by the Federal Crop Insurance Corporation on behalf of any person or legal entity with an average adjusted gross income in excess of $750,000, with a delayed application of the limitation until completion of a study on the effects of the limitation.

Viz:

1 At the appropriate place, insert the following:

2 SEC. _____ LIMITATION ON PREMIUM SUBSIDY BASED

3 ON AVERAGE ADJUSTED GROSS INCOME.

4 Section 508(e) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)) (as amended by section 11023(b)) is

5 amended by adding at the end the following:

6 "(9) LIMITATION ON PREMIUM SUBSIDY BASED

7 ON AVERAGE ADJUSTED GROSS INCOME."—
“(A) Definition of Average Adjusted Gross Income.—In this paragraph, the term ‘average adjusted gross income’ has the meaning given the term in section 1001D(a) of the Food Security Act of 1985 (7 U.S.C. 1308-3a(a)).

“(B) Limitation.—Notwithstanding any other provision of this subtitle and beginning with the 2014 reinsurance year, in the case of any producer that is a person or legal entity that has an average adjusted gross income in excess of $750,000 based on the most recent data available from the Farm Service Agency as of the beginning of the reinsurance year, the total amount of premium subsidy provided with respect to additional coverage under subsection (c), section 508B, or section 508C issued on behalf of the producer for a reinsurance year shall be 15 percentage points less than the premium subsidy provided in accordance with this subsection that would otherwise be available for the applicable policy, plan of insurance, and coverage level selected by the producer.

“(C) Application.—
“(i) STUDY.—Not later than 1 year after the date of enactment of this Act, the Secretary, in consultation with the Government Accountability Office, shall carry out a study to determine the effects of the limitation described in subparagraph (B) on—

“(I) the overall operations of the Federal crop insurance program;

“(II) the number of producers participating in the Federal crop insurance program;

“(III) the level of coverage purchased by participating producers;

“(IV) the amount of premiums paid by participating producers and the Federal Government;

“(V) any potential liability for participating producers, approved insurance providers, and the Federal Government;

“(VI) different crops or growing regions;

“(VII) program rating structures;
“(VIII) creation of schemes or devices to evade the impact of the limitation; and

“(IX) administrative and operating expenses paid to approved insurance providers and underwriting gains and loss for the Federal government and approved insurance providers.

“(ii) EFFECTIVENESS.—The limitation described in subparagraph (B) shall not take effect unless the Secretary determines, through the study described in clause (i), that the limitation would not—

“(I) significantly increase the premium amount paid by producers with an average adjusted gross income of less than $750,000;

“(II) result in a decline in the crop insurance coverage available to producers; and

“(III) increase the total cost of the Federal crop insurance program.”