### 112TH CONGRESS 2D SESSION

# S. 2270

To amend the Farm Security and Rural Investment Act of 2002 to improve energy programs.

### IN THE SENATE OF THE UNITED STATES

March 29, 2012

Mr. Harkin (for himself, Mr. Franken, Ms. Klobuchar, and Mr. Conrad) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

## A BILL

To amend the Farm Security and Rural Investment Act of 2002 to improve energy programs.

- 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 "Rural Energy Invest-
- 5 ment Act of 2012".
- 6 SEC. 2. FINDINGS.
- 7 Congress finds that—
- 8 (1) production of energy from domestic sources
- 9 offers considerable economic and energy security

1	benefits to the United States, including enduring
2	and desirable jobs;
3	(2) the agricultural and forestry sectors of the
4	United States offer significant potential for produc-
5	tion of renewable energy;
6	(3) both renewable energy production and adop-
7	tion of energy efficiency offer considerable environ-
8	mental benefits; and
9	(4) investments in energy efficiency projects
10	and renewable energy systems in rural areas of the
11	United States provide very significant energy secu-
12	rity, economic, and environmental benefits to the en-
13	tire United States in addition to the rural area bene-
14	fits.
15	SEC. 3. DEFINITIONS.
16	Section 9001 of the Farm Security and Rural Invest-
17	ment Act of 2002 (7 U.S.C. 8101) is amended—
18	(1) by redesignating paragraphs (5) through
19	(14) as paragraphs (6) through (15), respectively;
20	and
21	(2) by inserting after paragraph (4) the fol-
22	lowing:
23	"(5) BIOCHEMICAL.—The term 'biochemical'
24	means a chemical derived from renewable biomass.".

### 1 SEC. 4. BIOBASED MARKETS PROGRAM.

2	Section 9002 of the Farm Security and Rural Invest-
3	ment Act of 2002 (7 U.S.C. 8102) is amended—
4	(1) in subsection (a)—
5	(A) in paragraph (3), by adding at the end
6	the following:
7	"(F) BIOBASED PRODUCT DESIGNA-
8	TIONS.—Not later than 1 year after the date of
9	enactment of this subparagraph, the Secretary
10	shall—
11	"(i) increase the number of categories
12	of biobased products designated and indi-
13	vidual biobased products eligible for pre-
14	ferred purchasing by 50 percent;
15	"(ii) begin to designate intermediate
16	ingredients or feedstocks in the guidelines
17	issued under this paragraph; and
18	"(iii) develop a recommendation for
19	the designation of complex and finished
20	biobased products in those guidelines.
21	"(G) Changes in procurement mecha-
22	NISMS.—
23	"(i) Electronic product procure-
24	MENT CATALOGS.—The Secretary shall
25	work with relevant officials in agencies
26	that have electronic product procurement

1	catalogs to identify and implement solu-
2	tions to increase the visibility of biobased
3	and other sustainable products.
4	"(ii) Agency-specific product
5	SPECIFICATIONS.—
6	"(I) IN GENERAL.—Not later
7	than 1 year after the date of enact-
8	ment of this subparagraph and every
9	4 years thereafter, the Secretary, in
10	coordination with other appropriate
11	officials, shall work with the senior
12	sustainability officer of each agency
13	that has established agency-specific
14	product specifications to review and
15	revise the product specifications to en-
16	sure that, to the maximum extent
17	practicable, the product specifica-
18	tions—
19	"(aa) require the use of sus-
20	tainable products, including
21	biobased products designated in
22	accordance with this section; and
23	"(bb) do not contain any
24	language prohibiting the use of
25	biobased products.

1	"(II) Report.—Results of the
2	reviews conducted under subclause (I)
3	shall be reported annually to the Of-
4	fice of Management and Budget, the
5	Office of Science and Technology Pol-
6	icy, and the appropriate committees of
7	Congress.
8	"(H) Reporting.—
9	"(i) In general.—Not later than 1
10	year after the date of enactment of this
11	subparagraph, the Secretary and the Fed-
12	eral Acquisition Regulatory Council shall
13	jointly propose an amendment to the Fed-
14	eral Acquisition Regulation to require re-
15	porting of biobased product purchases, to
16	be made public on an annual basis.
17	"(ii) Reporting template.—After
18	the promulgation of the proposed amend-
19	ment described in clause (i), the Secretary,
20	in consultation with the Chief Acquisition
21	Officers Council, shall develop and make
22	available a reporting template to facilitate
23	the annual reporting requirement."; and
24	(B) by adding at the end the following:

1	"(5) COMPLIANCE.—The Secretary may take
2	such action as the Secretary determines to be nec-
3	essary—
4	"(A) to determine the compliance rate
5	among Federal agencies in buying designated
6	biobased products; and
7	"(B) to determine whether vendor and con-
8	tractor claims about biobased products meeting
9	item designation definitions and minimum re-
10	quired biobased content are accurate.";
11	(2) in subsection (b)—
12	(A) in paragraph (3)—
13	(i) by striking "The Secretary" and
14	inserting the following:
15	"(A) IN GENERAL.—The Secretary"; and
16	(ii) by adding at the end the fol-
17	lowing:
18	"(B) AUDITING AND COMPLIANCE.—The
19	Secretary may carry out such auditing and
20	compliance activities as the Secretary deter-
21	mines to be necessary to ensure compliance
22	with subparagraph (A), including the imposition
23	of a civil penalty of not more than \$10,000 on
24	a person who misuses the label and, after re-
25	ceiving a notice of violation, fails to take action

1	to correct the misuse described in the notice.";
2	and
3	(B) by adding at the end the following:
4	"(4) Complex and finished products.—Not
5	later than 1 year after the date of enactment of this
6	paragraph, the Secretary shall develop a rec-
7	ommendation for labeling complex and finished
8	products.";
9	(3) by redesignating subsections (d) through (h)
10	as subsections (e) through (i), respectively;
11	(4) by inserting after subsection (c) the fol-
12	lowing:
13	"(d) Outreach, Education, and Promotion.—
14	"(1) In General.—The Secretary shall carry
15	out a program of outreach, education, and pro-
16	motion activities intended to increase knowledge,
17	awareness, and benefits of biobased products.
18	"(2) Authorized activities.—In carrying
19	out this subsection, the Secretary, at a minimum,
20	shall—
21	"(A) not later than 1 year after the date
22	of enactment of this paragraph, update all ex-
23	isting BioPreferred and related sustainable ac-
24	quisition training materials of the Department;

1	"(B) work cooperatively with the senior
2	sustainability officers and chief acquisition offi-
3	cers of Federal agencies to immediately imple-
4	ment such BioPreferred program agency edu-
5	cation and outreach programs as are necessary
6	to meet the requirements of this section;
7	"(C) work actively with groups that sup-
8	port employment for the blind or disabled, such
9	as the Committee for Purchase From People
10	Who Are Blind or Severely Disabled, to pro-
11	mote education and outreach regarding BioPre-
12	ferred AbilityOne products to—
13	"(i) program, technical, and con-
14	tracting personnel; and
15	"(ii) Federal agency purchase card
16	holders;
17	"(D) conduct consumer education and out-
18	reach (including consumer and awareness sur-
19	veys);
20	"(E) conduct outreach to and support for
21	State and local governments interested in im-
22	plementing biobased purchasing programs;
23	"(F) partner with industry and nonprofit
24	groups to produce educational and outreach

1	materials and conduct educational and outreach
2	events;
3	"(G) sponsor special conferences and
4	events to bring together buyers and sellers of
5	biobased products; and
6	"(H) support pilot and demonstration
7	projects.";
8	(5) in subsection (h) (as redesignated by para-
9	graph (3)), by adding at the end the following:
10	"(3) Jobs creation research and re-
11	PORT.—Not later than 2 years after the date of en-
12	actment of this paragraph, the Secretary shall carry
13	out a study, and submit to the President and the ap-
14	propriate committees of Congress a report, on job
15	creation and the economic impact associated with
16	the biobased product industry, including—
17	"(A) the number of jobs in the United
18	States originating from the biobased product in-
19	dustry annually over the preceding 10 years, in-
20	cluding the job changes in specific sectors;
21	"(B) the dollar value of the domestic
22	biobased products industry at the time of the
23	report, including intermediates, feedstocks, and
24	finished products, but excluding biofuels:

1	"(C) a forecast for biobased job creation
2	potential over the next 10 years;
3	"(D) a forecast for growth in the biobased
4	industry over the next 10 years; and
5	"(E) jobs data for both biofuels and
6	biobased products, with data generated sepa-
7	rately for each category."; and
8	(6) in subsection (i) (as redesignated by para-
9	graph (3))—
10	(A) in paragraph (1)—
11	(i) in subparagraph (A), by striking
12	"and" at the end;
13	(ii) in subparagraph (B), by striking
14	the period at the end and inserting ";
15	and"; and
16	(iii) by adding at the end the fol-
17	lowing:
18	"(C) \$4,000,000 for each of fiscal years
19	2013 through 2017."; and
20	(B) in paragraph (2), by inserting "and
21	\$4,000,000 for each of fiscal years $2013$
22	through 2017" before the period at the end.
23	SEC. 5. BIOREFINERY ASSISTANCE.
24	Section 9003 of the Farm Security and Rural Invest-
25	ment Act of 2002 (7 U.S.C. 8103) is amended—

1	(1) in subsection $(b)(2)$ , by inserting "or a bio-
2	chemical" after "biofuel" each place it appears in
3	subparagraphs (A) and (B);
4	(2) in subsection (c)(1), by inserting "or bio-
5	chemicals" after "biofuels";
6	(3) in subsection $(d)(2)(C)$ —
7	(A) in clause (i), by inserting "or bio-
8	chemical" after "biofuel"; and
9	(B) in clause (iii), by inserting "or bio-
10	chemicals" after "biofuels";
11	(4) in subsection (e)(1)(C)—
12	(A) in clause (i), by inserting "or bio-
13	chemical" after "biofuel"; and
14	(B) in clauses (iii) and (vii), by inserting
15	"or biochemicals" after "biofuels" each place it
16	appears; and
17	(5) in subsection (h)—
18	(A) in paragraph (1)—
19	(i) in subparagraph (A), by striking
20	"and" at the end;
21	(ii) in subparagraph (B), by striking
22	the period at the end and inserting ";
23	and"; and
24	(iii) by adding at the end the fol-
25	lowing:

1	"(C) \$75,000,000 for each of fiscal years
2	2013 through 2017."; and
3	(B) in paragraph (2), by inserting "and
4	\$75,000,000 for each of fiscal years 2013
5	through 2017" before the period at the end.
6	SEC. 6. BIODIESEL FUEL EDUCATION PROGRAM.
7	Section 9006 of the Farm Security and Rural Invest-
8	ment Act of 2002 (7 U.S.C. 8106) is amended by striking
9	subsection (d) and inserting the following:
10	"(d) Funding.—
11	"(1) Mandatory funding.—Of the funds of
12	the Commodity Credit Corporation, the Secretary
13	shall use to carry out this section \$1,000,000 for
14	each of fiscal years 2013 through 2017, to remain
15	available until expended.
16	"(2) Discretionary funding.—In addition to
17	any other funds made available to carry out this sec-
18	tion, there is authorized to be appropriated to carry
19	out this section \$1,000,000 for each of fiscal years
20	2013 through 2017.".
21	SEC. 7. RURAL ENERGY FOR AMERICA PROGRAM.
22	Section 9007 of the Farm Security and Rural Invest-
23	ment Act of 2002 (7 U.S.C. 8107) is amended—
24	(1) in subsection $(b)(2)$ —

1	(A) in subparagraph (C), by striking
2	"and" at the end;
3	(B) by redesignating subparagraph (D) as
4	subparagraph (E); and
5	(C) by inserting after subparagraph (C)
6	the following:
7	"(D) a nonprofit organization; and";
8	(2) in subsection (c)—
9	(A) by striking paragraph (1) and insert-
10	ing the following:
11	"(1) Loan guarantee and grant pro-
12	GRAM.—
13	"(A) In general.—In addition to any
14	similar authority, the Secretary shall provide
15	loan guarantees and grants to agricultural pro-
16	ducers and rural small businesses—
17	"(i) to purchase renewable energy sys-
18	tems, including—
19	"(I) systems that may be used to
20	produce and sell electricity, such as
21	for agricultural, and associated resi-
22	dential, purposes; and
23	"(II) unique components of re-
24	newable energy systems; and

1	"(ii) to make energy efficiency im-
2	provements.
3	"(B) TIERED APPLICATION PROCESS.—
4	"(i) In general.—In providing loan
5	guarantees and grants under this sub-
6	section, the Secretary shall use a 3-tiered
7	application process that reflects the sizes
8	of proposed projects in accordance with
9	this subparagraph.
10	"(ii) Tier 1.—The Secretary shall es-
11	tablish a separate application process for
12	projects for which the cost of the activity
13	funded under this subsection is not more
14	than \$80,000.
15	"(iii) TIER 2.—The Secretary shall es-
16	tablish a separate application process for
17	projects for which the cost of the activity
18	funded under this subsection is greater
19	than \$80,000 but less than \$200,000.
20	"(iv) TIER 3.—The Secretary shall es-
21	tablish a separate application process for
22	projects for which the cost of the activity
23	funded under this subsection is equal to or
24	greater than \$200,000.

1	"(v) APPLICATION PROCESS.—The
2	Secretary shall establish an application,
3	evaluation, and oversight process that is
4	most simplified for tier I projects and more
5	comprehensive for each subsequent tier.";
6	(B) in paragraph (2)—
7	(i) in subparagraph (A), by inserting
8	"so as to ensure that the program sup-
9	ports a diversity of technologies across the
10	United States" before the semicolon at the
11	end;
12	(ii) in subparagraph (C), by inserting
13	"and public health" before "benefits"; and
14	(iii) by striking paragraph (F) and in-
15	serting the following:
16	"(F) the natural resource conservation
17	benefits of the renewable energy system; and;"
18	(C) in paragraph (3)—
19	(i) in subparagraph (A), by inserting
20	"in an amount not to exceed \$100,000 per
21	grant" after "in the form of grants"; and
22	(ii) by striking subparagraph (C);
23	(D) in paragraph (4)(C), by striking "75
24	percent of the cost" and inserting "all eligible
25	costs''; and

1	(E) by adding at the end the following:
2	"(5) Requirement.—In carrying out this sec-
3	tion, the Secretary shall not require a second meter
4	for on-farm residential portions of rural projects
5	connected to the grid.";
6	(3) in subsection (f)—
7	(A) by striking "Not later" and inserting
8	the following:
9	"(1) In general.—Not later"; and
10	(B) by adding at the end the following:
11	"(2) Subsequent report.—Not later than 4
12	years after the date of enactment of this paragraph,
13	the Secretary shall submit to Congress a report on
14	activities carried out under this section, including
15	the outcomes achieved by projects funded under this
16	section."; and
17	(4) in subsection (g)—
18	(A) in paragraph (1)(D), by striking "fis-
19	cal year 2012" and inserting "each of fiscal
20	years 2012 through 2017"; and
21	(B) in paragraph (3), by inserting "and
22	\$70,000,000 for each of fiscal years 2013
23	through 2017" before the period at the end

### 1 SEC. 8. BIOMASS RESEARCH AND DEVELOPMENT.

2	Section 9008 of the Farm Security and Rural Invest-
3	ment Act of 2002 (7 U.S.C. 8108) is amended—
4	(1) by striking "biofuels and" each place it ap-
5	pears in subsections (b), $(c)(3)$ , $(d)(2)(A)$ , $(e)$ , and
6	(g)(2) and inserting "biofuels, biochemicals, and";
7	(2) in subsection (e)—
8	(A) in paragraph (2)—
9	(i) in subparagraph (A)—
10	(I) by striking "at prices com-
11	petitive with fossil fuels" and insert-
12	ing "and biobased products"; and
13	(II) by inserting "and" after the
14	semicolon at the end;
15	(ii) by striking subparagraph (B);
16	(iii) by redesignating subparagraph
17	(C) as subparagraph (B); and
18	(iv) in subparagraph (B) (as so redes-
19	ignated), by inserting "biochemicals," after
20	"bioenergy,";
21	(B) in paragraph (3)—
22	(i) in subparagraph (B), in the sub-
23	paragraph heading, by inserting ", BIO-
24	CHEMICALS," after "BIOFUELS"; and
25	(ii) by striking subparagraph (C);
26	(C) by striking paragraph (4); and

1	(D) by redesignating paragraphs (5) and
2	(6) as paragraphs (4) and (5), respectively; and
3	(3) in subsection (h)—
4	(A) in paragraph (1)—
5	(i) in subparagraph (C), by striking
6	"and" at the end;
7	(ii) in subparagraph (D), by striking
8	the period at the end and inserting ";
9	and"; and
10	(iii) by adding at the end the fol-
11	lowing:
12	(E) \$30,000,000 for each of fiscal years
13	2013 through 2017."; and
14	(B) in paragraph (2), by inserting "and
15	\$30,000,000 for each of fiscal years $2013$
16	through 2017" before the period at the end.
17	SEC. 9. RURAL ENERGY SELF-SUFFICIENCY INITIATIVE.
18	Section 9009(d) of the Farm Security and Rural In-
19	vestment Act of 2002 (7 U.S.C. 8109(d)) is amended by
20	inserting "and \$10,000,000 for each of fiscal years 2013
21	through 2017" before the period at the end.
22	SEC. 10. BIOMASS CROP ASSISTANCE PROGRAM.
23	Section 9011 of the Farm Security and Rural Invest-
24	ment Act of 2002 (7 U.S.C. 8111) is amended—
25	(1) in subsection (a)—

1	(A) in paragraph (4)(B)(ii), by striking
2	"or has the potential to become invasive or nox-
3	ious'';
4	(B) in paragraph (5)—
5	(i) in subparagraph (B), in the matter
6	preceding clause (i), by striking "The
7	term" and inserting "Except as provided
8	in subparagraph (C), the term"; and
9	(ii) by adding at the end the fol-
10	lowing:
11	"(C) CERTAIN CONSERVATION PRO-
12	GRAMS.—Land described in clause (iii), (iv), or
13	(v) of subparagraph (B) may be prepared for
14	biomass production before October 1 of the cur-
15	rent fiscal year, as determined by the Secretary,
16	if a contract described in that clause that cov-
17	ers the land will expire at the end of the cur-
18	rent fiscal year."; and
19	(C) by adding at the end the following:
20	"(9) Qualifying eligible material.—The
21	term 'qualifying eligible material' means an eligible
22	material, including residue from crops described in
23	paragraph (6)(B)(i), that before transport and deliv-
24	ery to the biomass conversion facility—

1	"(A) is collected or harvested by the eligi-
2	ble material owner—
3	"(i) directly from—
4	"(I) National Forest System
5	land;
6	"(II) Bureau of Land Manage-
7	ment land;
8	"(III) non-Federal land; or
9	"(IV) land belonging to an In-
10	dian or Indian tribe that is held in
11	trust by the United States or subject
12	to a restriction against alienation im-
13	posed by the United States; and
14	"(ii) in accordance with—
15	"(I) applicable law and land
16	management plans;
17	"(II) a conservation, forest stew-
18	ardship, or equivalent plan, as deter-
19	mined by the Secretary;
20	"(III) Executive Order 13112
21	(42 U.S.C. 4321 note; relating to
22	invasive species); and
23	"(IV) if harvested from Federal
24	land, the requirements for old growth
25	forest maintenance, restoration, and

1	management direction provided by
2	section 102 of the Healthy Forests
3	Restoration Act of 2003 (16 U.S.C.
4	6512) for Federal land; and
5	"(B) if woody, is removed as a byproduct
6	of preventive treatments to—
7	"(i) reduce hazardous fire fuels;
8	"(ii) reduce or contain disease or in-
9	sect infestation;
10	"(iii) reduce or contain invasive spe-
11	cies; or
12	"(iv) improve ecosystem health in ac-
13	cordance with a landscape scale strategy,
14	as determined by the Secretary.";
15	(2) in subsection (c)—
16	(A) in paragraph (2)(B)—
17	(i) in clause (vii)—
18	(I) in subclause (II), by striking
19	"and" at the end;
20	(II) in subclause (III), by adding
21	"and" at the end; and
22	(III) by adding at the end the
23	following:
24	"(IV) geographic and feedstock
25	diversity of the proposed BCAP

1	project area as compared with existing
2	BCAP project areas;";
3	(ii) in clause (viii), by striking "and"
4	at the end;
5	(iii) by redesignating clause (ix) as
6	clause (x); and
7	(iv) by inserting after clause (viii) the
8	following:
9	"(ix) the prospects for significant pro-
10	ducer participation; and";
11	(B) in paragraph (3)(C)(ii), by striking
12	"15" and inserting "7"; and
13	(C) in paragraph (5)—
14	(i) in subparagraph (B)—
15	(I) in the matter preceding clause
16	(i), by striking "the amount" and in-
17	serting "Except as provided in sub-
18	paragraph (D), the amount";
19	(II) by striking "75 percent" and
20	inserting "50 percent"; and
21	(III) by inserting "but not to ex-
22	ceed \$500 per acre" after "by the
23	contract"; and
24	(ii) by adding at the end the fol-
25	lowing:

1	"(D) Beginning, socially disadvan-
2	TAGED, AND GEOGRAPHICALLY DISADVANTAGED
3	FARMERS OR RANCHERS.—In the case of a be-
4	ginning, socially disadvantaged, or geographi-
5	cally disadvantaged farmer or rancher (as de-
6	termined by the Secretary), the amount of an
7	establishment payment under this subsection
8	shall be up to 75 percent of the costs of estab-
9	lishing an eligible perennial crop covered by the
10	contract but not to exceed \$750 per acre, in-
11	cluding the costs described in clauses (i)
12	through (iii) of subparagraph (B).";
13	(3) in subsection (d)—
14	(A) in paragraph (1), by inserting "quali-
15	fying" before "eligible material" both places it
16	appears;
17	(B) in paragraph (2)(B)—
18	(i) by striking "paragraph (3)" and
19	inserting "paragraph (4)"; and
20	(ii) by striking "\$45 per ton for a pe-
21	riod of 2 years" and inserting "\$25 per
22	ton for a period of up to 3 years";
23	(C) by redesignating paragraph (3) as
24	paragraph (4); and

1	(D) by inserting after paragraph (2) the
2	following:
3	"(3) Limitation on assistance with col-
4	LECTION, HARVEST, STORAGE, AND TRANSPOR-
5	TATION.—To ensure effective administration of this
6	subsection, the Secretary may—
7	"(A) require such documentation from pro-
8	ducers or persons seeking payments as the Sec-
9	retary considers necessary;
10	"(B) establish limits on the total number
11	and amounts of payments received by any pro-
12	ducer or person under this subsection; and
13	"(C) implement any additional require-
14	ments the Secretary determines necessary.";
15	and
16	(4) by striking subsection (f) and inserting the
17	following:
18	"(f) Funding.—
19	"(1) Mandatory funding.—Of the funds of
20	the Commodity Credit Corporation, the Secretary
21	shall use to carry out this section \$75,000,000 for
22	each of fiscal years 2013 through 2017, of which not
23	more than \$15,000,000 for each fiscal year may be
24	used for collection, harvest, storage, and transpor-
25	tation.

- 1 "(2) DISCRETIONARY FUNDING.—In addition to
- 2 any other funds made available to carry out this sec-
- tion, there is authorized to be appropriated to carry
- 4 out this section \$75,000,000 for each of fiscal years
- 5 2013 through 2017".

### 6 SEC. 11. FOREST BIOMASS FOR ENERGY.

- 7 Section 9012(d) of the Farm Security and Rural In-
- 8 vestment Act of 2002 (7 U.S.C. 8112(d)) is amended by
- 9 striking "2012" and inserting "2017".

### 10 SEC. 12. COMMUNITY WOOD ENERGY PROGRAM.

- 11 Section 9013(e) of the Farm Security and Rural In-
- 12 vestment Act of 2002 (7 U.S.C. 8113(e)) is amended by
- 13 striking "2012" and inserting "2017".

### 14 SEC. 13. BUDGETARY EFFECTS.

- 15 The budgetary effects of this Act, for the purpose of
- 16 complying with the Statutory Pay-As-You-Go Act of 2010,
- 17 shall be determined by reference to the latest statement
- 18 titled "Budgetary Effects of PAYGO Legislation" for this
- 19 Act, submitted for printing in the Congressional Record
- 20 by the Chairman of the Senate Budget Committee, pro-
- 21 vided that such statement has been submitted prior to the
- 22 vote on passage.

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