

(3) Use of fees

The Secretary shall use administrative fees collected under this subsection to cover administrative costs incurred to carry out the margin protection program.

(d) Relation to livestock gross margin for dairy program

A dairy operation may participate in the margin protection program or the livestock gross margin for dairy program under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.), but not both.

(Pub. L. 113–79, title I, §1404, Feb. 7, 2014, 128 Stat. 690.)

REFERENCES IN TEXT

The Federal Crop Insurance Act, referred to in subsec. (d), is subtitle A of title V of act Feb. 16, 1938, ch. 30, 52 Stat. 72, which is classified generally to subchapter I (§1501 et seq.) of chapter 36 of this title. For complete classification of this Act to the Code, see section 1501 of this title and Tables.

§ 9055. Production history of participating dairy operations**(a) Production history****(1) In general**

Except as provided in subsection (b), when a dairy operation first registers to participate in the margin protection program, the production history of the dairy operation for the margin protection program is equal to the highest annual milk marketings of the participating dairy operation during any one of the 2011, 2012, or 2013 calendar years.

(2) Adjustment

In subsequent years, the Secretary shall adjust the production history of a participating dairy operation determined under paragraph (1) to reflect any increase in the national average milk production.

(b) Election by new dairy operations

In the case of a participating dairy operation that has been in operation for less than a year, the participating dairy operation shall elect 1 of the following methods for the Secretary to determine the production history of the participating dairy operation:

(1) The volume of the actual milk marketings for the months the participating dairy operation has been in operation extrapolated to a yearly amount.

(2) An estimate of the actual milk marketings of the participating dairy operation based on the herd size of the participating dairy operation relative to the national rolling herd average data published by the Secretary.

(c) Required information

A participating dairy operation shall provide all information that the Secretary may require in order to establish the production history of the participating dairy operation for purposes of participating in the margin protection program.

(Pub. L. 113–79, title I, §1405, Feb. 7, 2014, 128 Stat. 690.)

§ 9056. Margin protection payments**(a) Coverage level threshold and coverage percentage**

For purposes of receiving margin protection payments for a consecutive 2-month period, a participating dairy operation shall annually elect—

(1) a coverage level threshold that is equal to \$4.00, \$4.50, \$5.00, \$5.50, \$6.00, \$6.50, \$7.00, \$7.50, or \$8.00; and

(2) a percentage of coverage, in 5-percent increments, beginning with 25 percent and not exceeding 90 percent of the production history of the participating dairy operation.

(b) Payment threshold

A participating dairy operation shall receive a margin protection payment whenever the average actual dairy production margin for a consecutive 2-month period is less than the coverage level threshold selected by the participating dairy operation.

(c) Amount of margin protection payment

The margin protection payment for the participating dairy operation shall be determined as follows:

(1) The Secretary shall calculate the amount by which the coverage level threshold selected by the participating dairy operation exceeds the average actual dairy production margin for the consecutive 2-month period.

(2) The amount determined under paragraph (1) shall be multiplied by—

(A) the coverage percentage selected by the participating dairy operation; and

(B) the production history of the participating dairy operation divided by 6.

(Pub. L. 113–79, title I, §1406, Feb. 7, 2014, 128 Stat. 691.)

§ 9057. Premiums for margin protection program**(a) Calculation of premiums**

For purposes of participating in the margin protection program, a participating dairy operation shall pay an annual premium equal to the product obtained by multiplying—

(1) the coverage percentage elected by the participating dairy operation under section 9056(a)(2) of this title;

(2) the production history of the participating dairy operation; and

(3) the premium per hundredweight of milk imposed by this section for the coverage level selected.

(b) Premium per hundredweight for first 4 million pounds of production**(1) In general**

For the first 4,000,000 pounds of milk marketings included in the production history of a participating dairy operation, the premium per hundredweight for each coverage level is specified in the table contained in paragraph (2).

(2) Producer premiums

Except as provided in paragraph (3), the following annual premiums apply:

Coverage Level	Premium per Cwt.
\$4.00	None

Coverage Level	Premium per Cwt.
\$4.50	\$0.010
\$5.00	\$0.025
\$5.50	\$0.040
\$6.00	\$0.055
\$6.50	\$0.090
\$7.00	\$0.217
\$7.50	\$0.300
\$8.00	\$0.475

(3) Special rule

The premium per hundredweight specified in the table contained in paragraph (2) for each coverage level (except the \$8.00 coverage level) shall be reduced by 25 percent for each of calendar years 2014 and 2015.

(c) Premium per hundredweight for production in excess of 4 million pounds

(1) In general

For milk marketings in excess of 4,000,000 pounds included in the production history of a participating dairy operation, the premium per hundredweight for each coverage level is specified in the table contained in paragraph (2).

(2) Producer premiums

The following annual premiums apply:

Coverage Level	Premium per Cwt.
\$4.00	None
\$4.50	\$0.020
\$5.00	\$0.040
\$5.50	\$0.100
\$6.00	\$0.155
\$6.50	\$0.290
\$7.00	\$0.830
\$7.50	\$1.060
\$8.00	\$1.360

(d) Time for payment of premium

The Secretary shall provide more than 1 method by which a participating dairy operation may pay the premium required under this section in any manner that maximizes participating dairy operation payment flexibility and program integrity.

(e) Premium obligations

(1) Pro-ration of premium for new participants

In the case of a participating dairy operation that first registers to participate in the margin protection program for a calendar year after the start of the calendar year, the participating dairy operation shall pay a pro-rated premium for that calendar year based on the portion of the calendar year for which the participating dairy operation purchases the coverage.

(2) Legal obligation

A participating dairy operation in the margin protection program for a calendar year shall be legally obligated to pay the applicable premium for that calendar year, except that the Secretary may waive that obligation, under terms and conditions determined by the Secretary, for any participating dairy operation in the case of death, retirement, permanent dissolution of a participating dairy oper-

ation, or other circumstances as the Secretary considers appropriate to ensure the integrity of the program.

(Pub. L. 113-79, title I, §1407, Feb. 7, 2014, 128 Stat. 691.)

§ 9058. Effect of failure to pay administrative fees or premiums

(a) Loss of benefits

A participating dairy operation that fails to pay the required annual administrative fee under section 9054 of this title or is in arrears on premium payments under section 9057 of this title—

(1) remains legally obligated to pay the administrative fee or premiums, as the case may be; and

(2) may not receive margin protection payments until the fees or premiums are fully paid.

(b) Enforcement

The Secretary may take such action as necessary to collect administrative fees and premium payments for participation in the margin protection program.

(Pub. L. 113-79, title I, §1408, Feb. 7, 2014, 128 Stat. 693.)

§ 9059. Duration

The margin protection program shall end on December 31, 2018.

(Pub. L. 113-79, title I, §1409, Feb. 7, 2014, 128 Stat. 693.)

§ 9060. Administration and enforcement

(a) In general

The Secretary shall promulgate regulations to address administrative and enforcement issues involved in carrying out the margin protection program.

(b) Reconstitution

The Secretary shall promulgate regulations to prohibit a dairy producer from reconstituting a dairy operation for the purpose of the dairy producer receiving margin protection payments.

(c) Administrative appeals

Using authorities under section 1308(h) of this title and subtitle H of the Department of Agriculture Reorganization Act (7 U.S.C. 6991 et seq.), the Secretary shall promulgate regulations to provide for administrative appeals of decisions of the Secretary that are adverse to participants of the margin protection program.

(Pub. L. 113-79, title I, §1410, Feb. 7, 2014, 128 Stat. 693.)

REFERENCES IN TEXT

The Department of Agriculture Reorganization Act, referred to in subsec. (c), probably means the Department of Agriculture Reorganization Act of 1994 which is title II of Pub. L. 103-354, Oct. 13, 1994, 108 Stat. 3209. Subtitle H of the Act is classified principally to subchapter VIII (§6991 et seq.) of chapter 98 of this title. For complete classification of this Act to the Code, see Tables.

CODIFICATION

Section is comprised of section 1410 of Pub. L. 113-79. Subsec. (d) of section 1410 of Pub. L. 113-79 amended section 7253 of this title.