

SEC. 1604. ADJUSTED GROSS INCOME LIMITATION.

The Food Security Act of 1985 is amended--

(1) by redesignating section 1001D (7 U.S.C. 1308-4) and section 1001E (7 U.S.C. 1308-5) as sections 1001E and 1001F, respectively; and

(2) by inserting after section 1001C (7 U.S.C. 1308-3) the following:

SEC. 1001D. ADJUSTED GROSS INCOME LIMITATION.

(a) DEFINITION OF AVERAGE ADJUSTED GROSS INCOME-

(1) IN GENERAL- In this section, the term 'average adjusted gross income', with respect to an individual or entity (for purposes of this section, as defined in section 1001(e)(2)(A)(ii)), means the 3-year average of the adjusted gross income or comparable measure of the individual or entity over the 3 preceding tax years, as determined by the Secretary.

(2) SPECIAL RULES FOR CERTAIN INDIVIDUALS AND ENTITIES- In the case of an entity that is not required to file a Federal income tax return or an individual or entity that did not have taxable income in 1 or more of the tax years used to determine the average under paragraph (1), the Secretary shall provide, by regulation, a method for determining the average adjusted gross income of the individual or entity for purposes of this section.

(b) LIMITATION-

(1) IN GENERAL- Notwithstanding any other provision of law, an individual or entity shall not be eligible to receive any benefit described in paragraph (2) during a crop year if the average adjusted gross income of the individual or entity exceeds \$2,500,000, unless not less than 75 percent of the average adjusted gross income of the individual or entity is derived from farming, ranching, or forestry operations, as determined by the Secretary.

(2) COVERED BENEFITS- Paragraph (1) applies with respect to the following:

(A) A direct payment or counter-cyclical payment under subtitle A or C of title I of the Farm Security and Rural Investment Act of 2002.

(B) A marketing loan gain or payment described in section 1001(d) of this Act.

(C) A payment under any program under title XII of this Act or title II of the Farm Security and Rural Investment Act of 2002. [emphasis added]

(c) CERTIFICATION- To comply with the limitation under subsection (b), an individual or entity shall provide to the Secretary--

(1) a certification by a certified public accountant or another third party that is acceptable to the Secretary that the average adjusted gross income of the individual or entity does not exceed the limitation specified in that subsection; or

(2) information and documentation regarding the adjusted gross income of the individual or entity through other procedures established by the Secretary.

(d) COMMENSURATE REDUCTION- In the case of a benefit described in subsection (b)(2) made in a crop year to an entity, general partnership, or joint venture, the amount of the benefit shall be reduced by an amount that is commensurate with the direct and indirect ownership interest in the entity, general partnership, or joint venture of each individual who has an average adjusted gross income in excess of the limitation specified in subsection (b) for the average of the 3 preceding crop years.

(e) EFFECTIVE PERIOD- This section shall apply only during the 2003 through 2007 crop years.