

104TH CONGRESS  
1ST SESSION

# S. 1227

To extend and revise agricultural price support and related programs for cotton, peanuts, and oilseeds, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 8 (legislative day, SEPTEMBER 5), 1995

Mr. HEFLIN introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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## A BILL

To extend and revise agricultural price support and related programs for cotton, peanuts, and oilseeds, and for other purposes.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Southern Agricultural Act of 1995”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

### TITLE I—COTTON

Sec. 101. Loans, payments, and acreage reduction programs for the 1996 through 2002 crops of upland cotton.

- Sec. 102. Extra long staple cotton program.
- Sec. 103. Suspension of base acreage allotments, marketing quotas, and related provisions.
- Sec. 104. Miscellaneous cotton provisions.
- Sec. 105. Skiprow practices.
- Sec. 106. Preliminary allotments for 2003 crop of upland cotton.
- Sec. 107. Cottonseed and cottonseed oil.
- Sec. 108. Cotton classification services.

## TITLE II—PEANUTS

- Sec. 201. Suspension of marketing quotas and acreage allotments.
- Sec. 202. National poundage quotas and acreage allotments.
- Sec. 203. Sale, lease, or transfer of farm poundage quota.
- Sec. 204. Marketing penalties; disposition of additional peanuts.
- Sec. 205. Experimental and research programs for peanuts.
- Sec. 206. Price support program.
- Sec. 207. Reports and records.
- Sec. 208. Suspension of certain price support provisions.
- Sec. 209. Regulations.

## TITLE III—OILSEEDS

- Sec. 301. Loans and payments for oilseeds for 1996 through 2002 marketing years.

## TITLE IV—GENERAL COMMODITY PROVISIONS

### Subtitle A—Amendments to Agricultural Act of 1949

- Sec. 401. Supplemental set-aside and acreage limitation authority.
- Sec. 402. Deficiency and land diversion payments.
- Sec. 403. Adjustment of established prices.
- Sec. 404. Adjustment of support prices.
- Sec. 405. Program option for future crops.
- Sec. 406. Application of terms in the Agricultural Act of 1949.
- Sec. 407. Acreage base and yield system.

### Subtitle B—Miscellaneous Commodity Provisions

- Sec. 411. Payment limitations.
- Sec. 412. Normally planted acreage.
- Sec. 413. Normal supply.
- Sec. 414. Determinations of the Secretary.
- Sec. 415. Options pilot program.
- Sec. 416. National Agricultural Cost of Production Standards Review Board.

### Subtitle C—Application

- Sec. 421. Application.

# **TITLE I—COTTON**

## **SEC. 101. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1996 THROUGH 2002 CROPS OF UPLAND COTTON.**

Section 103B of the Agricultural Act of 1949 (7 U.S.C. 1444–2) is amended to read as follows:

## **“SEC. 103B. LOANS, PAYMENTS, AND ACREAGE REDUCTION PROGRAMS FOR THE 1996 THROUGH 2002 CROPS OF UPLAND COTTON.**

“(a) LOANS.—

“(1) IN GENERAL.—Except as otherwise provided in this subsection, the Secretary shall, on presentation of warehouse receipts or other acceptable evidence of title, as determined by the Secretary, reflecting accrued storage charges of not more than 60 days, make available for each of the 1996 through 2002 crops of upland cotton to producers on a farm nonrecourse loans for upland cotton produced on the farm for a term of 10 months from the first day of the month in which the loan is made at such loan level, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at an average location in the United States a level that is not less than the lesser of—

1           “(A) 85 percent of the average price  
2           (weighted by market and month) of the base  
3           quality of cotton as quoted in the designated  
4           United States spot markets during 3 years of  
5           the 5-year period ending July 31 of the year in  
6           which the loan level is announced, excluding the  
7           year in which the average price was the highest  
8           and the year in which the average price was the  
9           lowest in the period; or

10           “(B) 90 percent of the average price, for  
11           the 15-week period beginning July 1 of the year  
12           in which the loan level is announced, of the 5  
13           lowest-priced growths of the growths quoted for  
14           Middling  $1\frac{3}{32}$ -inch cotton C.I.F. Northern Eu-  
15           rope (adjusted downward by the average dif-  
16           ference during the period April 15 through Oc-  
17           tober 15 of the year in which the loan is an-  
18           nounced between the average Northern Euro-  
19           pean price quotation of the quality of cotton  
20           and the market quotations in the designated  
21           United States spot markets for the base quality  
22           of upland cotton), as determined by the Sec-  
23           retary.

24           “(2) ADJUSTMENTS TO LOAN LEVEL.—

1           “(A) LIMITATION ON DECREASE IN LOAN  
2           LEVEL.—The loan level for any crop determined  
3           under paragraph (1) may not be reduced by  
4           more than 5 percent from the level determined  
5           for the preceding crop, and may not be reduced  
6           below 50 cents per pound.

7           “(B) LIMITATION ON INCREASE IN LOAN  
8           LEVEL.—If for any crop the average Northern  
9           European price determined under paragraph  
10          (1)(B) is less than the average United States  
11          spot market price determined under paragraph  
12          (1)(A), the Secretary may increase the loan  
13          level to such level as the Secretary may consider  
14          appropriate, not in excess of the average United  
15          States spot market price determined under  
16          paragraph (1)(A).

17          “(3) ANNOUNCEMENT OF LOAN LEVEL.—The  
18          loan level for any crop of upland cotton shall be de-  
19          termined and announced by the Secretary not later  
20          than November 1 of the calendar year preceding the  
21          marketing year for which the loan is to be effective  
22          or, in the case of the 1996 crop, as soon as is prac-  
23          ticable after the date of enactment of the Southern  
24          Agricultural Act of 1995. The loan level for a crop  
25          shall not be changed after announcement.

1           “(4) EXTENSION OF LOAN PERIOD.—

2                 “(A) IN GENERAL.—Except as provided in  
3           subparagraph (B), nonrecourse loans provided  
4           for in this section shall, on request of the pro-  
5           ducers on a farm during the 10th month of the  
6           loan period for the cotton, be made available for  
7           an additional term of 8 months.

8                 “(B) LIMITATION.—A request to extend  
9           the loan period shall not be approved in any  
10          month in which the average price of the base  
11          quality of upland cotton, as determined by the  
12          Secretary, in the designated spot markets for  
13          the preceding month exceeds 130 percent of the  
14          average price of the base quality of cotton in  
15          the designated United States spot markets for  
16          the preceding 36-month period.

17           “(5) MARKETING LOANS.—

18                 “(A) IN GENERAL.—If the Secretary deter-  
19           mines that the prevailing world market price for  
20           upland cotton (adjusted to United States qual-  
21           ity and location) is below the loan level deter-  
22           mined under paragraphs (1) through (4), to  
23           make United States upland cotton competitive  
24           in world markets, the Secretary shall permit the

1 producers on a farm to repay a loan made for  
2 any crop at—

3 “(i) a level that is the lesser of—

4 “(I) the loan level determined for  
5 the crop; and

6 “(II) the greater of—

7 “(aa) 70 percent of the loan  
8 level determined for the crop; and

9 “(bb) the prevailing world  
10 market price for upland cotton  
11 (adjusted to United States qual-  
12 ity and location), as determined  
13 by the Secretary; or

14 “(ii) such other level (not in excess of  
15 the loan level determined for the crop nor  
16 less than 70 percent of the loan level) that  
17 the Secretary determines will—

18 “(I) minimize potential loan for-  
19 feitures;

20 “(II) minimize the accumulation  
21 of upland cotton stocks by the Federal  
22 Government;

23 “(III) minimize the cost incurred  
24 by the Federal Government in storing  
25 upland cotton; and

1                   “(IV) allow upland cotton pro-  
2                   duced in the United States to be mar-  
3                   keted freely and competitively, both  
4                   domestically and internationally.

5                   “(B) FIRST HANDLER MARKETING CER-  
6                   TIFICATES.—

7                   “(i) IN GENERAL.—During the period  
8                   beginning August 1, 1996, and ending  
9                   July 31, 2003, if a program carried out  
10                  under subparagraph (A) or subsection (b)  
11                  fails to make United States upland cotton  
12                  fully competitive in world markets and the  
13                  prevailing world market price of upland  
14                  cotton (adjusted to United States quality  
15                  and location), as determined by the Sec-  
16                  retary, is below the current loan repayment  
17                  rate for upland cotton determined under  
18                  subparagraph (A), to make United States  
19                  upland cotton competitive in world markets  
20                  and to maintain and expand domestic con-  
21                  sumption and exports of upland cotton  
22                  produced in the United States, the Sec-  
23                  retary shall provide for the issuance of  
24                  marketing certificates or cash payments in  
25                  accordance with this subparagraph.



1           “(ii) PAYMENTS.—The Commodity  
2           Credit Corporation, under such regulations  
3           as the Secretary may prescribe, shall make  
4           payments, through the issuance of market-  
5           ing certificates or cash payments, to first  
6           handlers of cotton (who shall be persons  
7           regularly engaged in buying or selling up-  
8           land cotton) who have entered into an  
9           agreement with the Commodity Credit Cor-  
10          poration to participate in the program es-  
11          tablished under this subparagraph. The  
12          payments shall be made in such monetary  
13          amounts and subject to such terms and  
14          conditions as the Secretary determines will  
15          make upland cotton produced in the Unit-  
16          ed States available at competitive prices,  
17          consistent with the purposes of this sub-  
18          paragraph.

19          “(iii) VALUE.—The value of each cer-  
20          tificate or cash payment issued under  
21          clause (ii) shall be based on the difference  
22          between—

23                  “(I) the loan repayment rate for  
24                  upland cotton; and

1                   “(II) the prevailing world market  
2                   price of upland cotton (adjusted to  
3                   United States quality and location),  
4                   as determined by the Secretary.

5                   “(iv) REDEMPTION, MARKETING, OR  
6                   EXCHANGE.—The Commodity Credit Cor-  
7                   poration, under regulations prescribed by  
8                   the Secretary, may assist any person re-  
9                   ceiving marketing certificates under this  
10                  subparagraph in the redemption of the cer-  
11                  tificates for cash, or marketing or ex-  
12                  change of the certificates for agricultural  
13                  commodities or products owned by the  
14                  Commodity Credit Corporation, at such  
15                  times, in such manner, and at such price  
16                  levels as the Secretary determines will best  
17                  effectuate the purposes of the program es-  
18                  tablished under this subparagraph. Any  
19                  price restrictions that may otherwise apply  
20                  to the disposition of agricultural commod-  
21                  ities by the Commodity Credit Corporation  
22                  shall not apply to the redemption of certifi-  
23                  cates under this subparagraph.

24                  “(v) DESIGNATION OF COMMODITIES  
25                  AND PRODUCTS; CHARGES.—Insofar as

1 practicable, the Secretary shall permit  
2 owners of certificates to designate the com-  
3 modities and the products of the commod-  
4 ities, including storage sites of the com-  
5 modities and products, that the owners  
6 would prefer to receive in exchange for cer-  
7 tificates. If any certificate is not presented  
8 for redemption, marketing, or exchange  
9 within a reasonable number of days after  
10 the issuance of the certificate (as deter-  
11 mined by the Secretary), the reasonable  
12 costs of storage and other carrying  
13 charges, as determined by the Secretary,  
14 shall be deducted from the value of the  
15 certificate for the period beginning after  
16 the reasonable number of days and ending  
17 on the date of the presentation of the cer-  
18 tificate to the Commodity Credit Corpora-  
19 tion.

20 “(vi) DISPLACEMENT.—The Secretary  
21 shall take such measures as may be nec-  
22 essary to prevent the marketing or ex-  
23 change of agricultural commodities and  
24 products for certificates under this sub-  
25 section from adversely affecting the income

1 of producers of the commodities or prod-  
2 ucts.

3 “(vii) TRANSFERS.—Under regula-  
4 tions prescribed by the Secretary, certifi-  
5 cates issued to cotton handlers under this  
6 subparagraph may be transferred to other  
7 handlers and persons approved by the Sec-  
8 retary.

9 “(C) PREVAILING WORLD MARKET  
10 PRICE.—

11 “(i) IN GENERAL.—The Secretary  
12 shall prescribe by regulation—

13 “(I) a formula to determine the  
14 prevailing world market price for up-  
15 land cotton (adjusted to United States  
16 quality and location); and

17 “(II) a mechanism by which the  
18 Secretary shall announce periodically  
19 the prevailing world market price for  
20 upland cotton (adjusted to United  
21 States quality and location).

22 “(ii) USE.—The prevailing world mar-  
23 ket price for upland cotton (adjusted to  
24 United States quality and location) estab-  
25 lished under this subparagraph shall be

1 used under subparagraphs (A), (B), and  
2 (E).

3 “(D) ADJUSTMENT OF PREVAILING WORLD  
4 MARKET PRICE.—

5 “(i) IN GENERAL.—During the period  
6 beginning August 1, 1996, and ending  
7 July 31, 2003, the prevailing world market  
8 price for upland cotton (adjusted to United  
9 States quality and location) established  
10 under subparagraph (C) shall be further  
11 adjusted if—

12 “(I) the adjusted prevailing world  
13 market price is less than 115 percent  
14 of the current crop year loan level for  
15 the base quality of upland cotton, as  
16 determined by the Secretary; and

17 “(II) the Friday through Thurs-  
18 day average price for the lowest-priced  
19 United States growth as quoted for  
20 Middling  $1\frac{3}{32}$ -inch cotton delivered  
21 C.I.F. Northern Europe is greater  
22 than the Friday through Thursday av-  
23 erage price of the 5 lowest-priced  
24 growths of upland cotton, as quoted  
25 for Middling  $1\frac{3}{32}$ -inch cotton, deliv-

1           ered C.I.F. Northern Europe (referred  
2           to in this subsection as the ‘Northern  
3           Europe price’).

4           “(ii) FURTHER ADJUSTMENT.—Ex-  
5           cept as provided in clause (iii), the ad-  
6           justed prevailing world market price shall  
7           be further adjusted on the basis of some or  
8           all of the following data, as available:

9                   “(I) The United States share of  
10                  world exports.

11                  “(II) The current level of cotton  
12                  export sales and cotton export ship-  
13                  ments.

14                  “(III) Other data determined by  
15                  the Secretary to be relevant in estab-  
16                  lishing an accurate prevailing world  
17                  market price for upland cotton (ad-  
18                  justed to United States quality and lo-  
19                  cation).

20           “(iii) LIMITATION ON FURTHER AD-  
21           JUSTMENT.—The adjustment under clause  
22           (ii) may not exceed the difference be-  
23           tween—

24                   “(I) the Friday through Thurs-  
25                  day average price for the lowest-priced

1 United States growth as quoted for  
2 Middling 1<sup>3</sup>/<sub>32</sub>-inch cotton delivered  
3 C.I.F. Northern Europe; and

4 “(II) the Northern Europe price.

5 “(E) COTTON USER MARKETING CERTIFI-  
6 CATES.—

7 “(i) ISSUANCE.—Subject to clause  
8 (iv), during the period beginning August 1,  
9 1996, and ending July 31, 2003, the Sec-  
10 retary shall issue marketing certificates or  
11 cash payments to domestic users and ex-  
12 porters for documented purchases by do-  
13 mestic users and sales for export by ex-  
14 porters made in the week following a con-  
15 secutive 4-week period in which—

16 “(I) the Friday through Thurs-  
17 day average price for the lowest-priced  
18 United States growth, as quoted for  
19 Middling 1<sup>3</sup>/<sub>32</sub>-inch cotton, delivered  
20 C.I.F. Northern Europe exceeds the  
21 Northern Europe price by more than  
22 1.25 cents per pound; and

23 “(II) the prevailing world market  
24 price for upland cotton (adjusted to  
25 United States quality and location),

1 established under subparagraph (C),  
2 does not exceed 130 percent of the  
3 current crop year loan level for the  
4 base quality of upland cotton, as de-  
5 termined by the Secretary.

6 “(ii) VALUE.—The value of the mar-  
7 keting certificates or cash payments shall  
8 be based on the amount of the difference  
9 (reduced by 1.25 cents per pound) in the  
10 prices during the 4th week of the consecu-  
11 tive 4-week period multiplied by the quan-  
12 tity of upland cotton included in the docu-  
13 mented sales.

14 “(iii) ADMINISTRATION.—Clauses (iv)  
15 through (vii) of subparagraph (B) shall  
16 apply to marketing certificates issued  
17 under this subparagraph. Any such certifi-  
18 cates may be transferred to other persons  
19 in accordance with regulations issued by  
20 the Secretary.

21 “(iv) EXCEPTION.—The Secretary  
22 shall not issue marketing certificates or  
23 cash payments under clause (i) if, for the  
24 immediately preceding consecutive 10-week  
25 period, the Friday through Thursday aver-



1 age price for the lowest priced United  
2 States growth, as quoted for Middling  
3  $1\frac{3}{32}$ -inch cotton, delivered C.I.F. Northern  
4 Europe, adjusted for the value of any cer-  
5 tificate issued under this subparagraph, ex-  
6 ceeds the Northern Europe price by more  
7 than 1.25 cents per pound.

8 “(F) SPECIAL IMPORT QUOTA.—

9 “(i) IN GENERAL.—The President  
10 shall carry out an import quota program  
11 that shall provide that, during the period  
12 beginning August 1996 and ending July  
13 31, 2003, whenever the Secretary deter-  
14 mines and announces that for any consec-  
15utive 10-week period, the Friday through  
16 Thursday average price for the lowest-  
17 priced United States growth, as quoted for  
18 Middling  $1\frac{3}{32}$ -inch cotton, delivered C.I.F.  
19 Northern Europe, adjusted for the value of  
20 any certificates issued under subparagraph  
21 (E), exceeds the Northern Europe price by  
22 more than 1.25 cents per pound, there  
23 shall immediately be in effect a special im-  
24 port quota.

1           “(ii) QUANTITY.—The quota shall be  
2           equal to the consumption of upland cotton  
3           for 1 week by domestic mills at the season-  
4           ally adjusted average rate of the most re-  
5           cent 3 months for which data are available.

6           “(iii) APPLICATION.—The quota shall  
7           apply to upland cotton purchased not later  
8           than 90 days after the date of the an-  
9           nouncement of the Secretary under clause  
10          (i) and entered into the United States not  
11          later than 180 days after the date.

12          “(iv) OVERLAP.—A special quota pe-  
13          riod may be established that overlaps any  
14          existing quota period if required by clause  
15          (i), except that a special quota period may  
16          not be established under this paragraph if  
17          a quota period has been established under  
18          subsection (n).

19          “(v) PREFERENTIAL TARIFF TREAT-  
20          MENT.—The quantity under a special im-  
21          port quota shall be considered to be an in-  
22          quota quantity for purposes of—

23                  “(I) section 213(d) of the Carib-  
24                  bean Basin Economic Recovery Act  
25                  (19 U.S.C. 2703(d));

1 “(II) section 204 of the Andean  
2 Trade Preference Act (19 U.S.C.  
3 3203);

4 “(III) section 503(d) of the  
5 Trade Act of 1974 (19 U.S.C.  
6 2463(d)); and

7 “(IV) General Note 3(a)(iv) to  
8 the Harmonized Tariff Schedule of  
9 the United States (19 U.S.C. 1202  
10 note).

11 “(vi) DEFINITION.—In this subpara-  
12 graph, the term ‘special import quota’  
13 means a quantity of imports that is not  
14 subject to the over-quota tariff rate of a  
15 tariff-rate quota.

16 “(6) RECOURSE LOANS FOR SEED COTTON.—  
17 To encourage and assist producers in the orderly  
18 ginning and marketing of production of upland cot-  
19 ton by the producers, the Secretary shall make re-  
20 course loans available to the producers on seed cot-  
21 ton in accordance with authority vested in the Sec-  
22 retary under the Commodity Credit Corporation  
23 Charter Act (15 U.S.C. 714 et seq.).

24 “(b) LOAN DEFICIENCY PAYMENTS.—

1           “(1) IN GENERAL.—For each of the 1996  
 2 through 2002 crops of upland cotton, the Secretary  
 3 shall make payments (referred to in this section as  
 4 ‘loan deficiency payments’) available to producers  
 5 who, although eligible to obtain a loan under sub-  
 6 section (a), agree to forgo obtaining the loan in re-  
 7 turn for payments under this subsection.

8           “(2) COMPUTATION.—A payment under this  
 9 subsection shall be computed by multiplying—

10               “(A) the loan payment rate; and

11               “(B) the quantity of upland cotton the  
 12 producers on a farm are eligible to place under  
 13 loan but for which the producers forgo obtain-  
 14 ing the loan in return for payments under this  
 15 subsection.

16           “(3) LOAN PAYMENT RATE.—For purposes of  
 17 this subsection, the loan payment rate shall be the  
 18 amount by which—

19               “(A) the loan level determined for the crop  
 20 under subsection (a); exceeds

21               “(B) the level at which a loan may be re-  
 22 paid under subsection (a).

23           “(4) MARKETING CERTIFICATES.—The Sec-  
 24 retary may make up to  $\frac{1}{2}$  the amount of a payment  
 25 under this subsection available in the form of mar-

1       keting certificates, subject to the terms and condi-  
 2       tions provided in subsection (a)(5)(B).

3       “(c) PAYMENTS.—

4               “(1) DEFICIENCY PAYMENTS.—

5                       “(A) IN GENERAL.—The Secretary shall  
 6                       make available to producers payments (referred  
 7                       to in this section as ‘deficiency payments’) for  
 8                       each of the 1996 through 2002 crops of upland  
 9                       cotton in an amount computed by multiplying—

10                               “(i) the payment rate;

11                               “(ii) the payment acres for the crop;

12                               and

13                               “(iii) the farm program payment yield  
 14                               established for the crop for the farm.

15               “(B) PAYMENT RATE.—

16                       “(i) IN GENERAL.—The payment rate  
 17                       for upland cotton shall be the amount by  
 18                       which the established price for the crop of  
 19                       upland cotton exceeds the greater of—

20                               “(I) the national average market  
 21                               price received by producers during the  
 22                               calendar year that includes the first 5  
 23                               months of the marketing year for the  
 24                               crop, as determined by the Secretary;  
 25                               and

1                   “(II) the loan level determined  
2                   for the crop.

3                   “(ii)       MINIMUM       ESTABLISHED  
4                   PRICE.—The established price for upland  
5                   cotton shall be not less than \$0.729 per  
6                   pound for each of the 1996 through 2002  
7                   crops.

8                   “(C) PAYMENT ACRES.—Payment acres  
9                   for a crop shall be the lesser of—

10                   “(i) the number of acres planted to  
11                   the crop for harvest within the permitted  
12                   acreage (as defined in subsection  
13                   (e)(2)(D)(ii)); or

14                   “(ii) 85 percent of the crop acreage  
15                   base for the crop for the farm less the  
16                   quantity of reduced acreage (as defined in  
17                   subsection (e)(2)(D)(ii)).

18                   “(D) 50/85 PROGRAM.—

19                   “(i) IN GENERAL.—If an acreage limi-  
20                   tation program under subsection (e)(2) is  
21                   in effect for a crop of upland cotton and  
22                   the producers on a farm devote a portion  
23                   of the maximum payment acres of the  
24                   farm for upland cotton as calculated under  
25                   subparagraph (C)(ii) equal to more than

1           15 percent (except as provided in clause  
2           (v)) of the upland cotton acreage of the  
3           farm for the crop to conservation uses (ex-  
4           cept as provided in subparagraph (E))—

5                   “(I) the portion of the maximum  
6                   payment acres in excess of 15 percent  
7                   (except as provided in clause (v)) of  
8                   the acreage devoted to conservation  
9                   uses (except as provided in subpara-  
10                  graph (E)) shall be considered to be  
11                  planted to upland cotton for the pur-  
12                  pose of determining the acreage on  
13                  the farm required to be devoted to  
14                  conservation uses in accordance with  
15                  subsection (e)(2)(D); and

16                   “(II) the producers shall be eligi-  
17                   ble for payments under this para-  
18                   graph with respect to the acreage,  
19                   subject to the compliance of the pro-  
20                   ducers with clause (ii).

21                   “(ii) MINIMUM PLANTING REQUIRE-  
22                  MENT.—To be eligible for payments under  
23                  clause (i), except as provided in clauses  
24                  (iv) and (v), the producers on a farm must  
25                  actually plant upland cotton for harvest on

1 at least 50 percent of the maximum pay-  
2 ment acres for cotton for the farm.

3 “(iii) DEFICIENCY PAYMENTS.—Not-  
4 withstanding any other provision of this  
5 section, any producers on a farm who de-  
6 vote a portion of the maximum payment  
7 acres of the farm for upland cotton to con-  
8 servation uses (or other uses as provided in  
9 subparagraph (E)) under this subpara-  
10 graph shall receive deficiency payments on  
11 the acreage that is considered to be plant-  
12 ed to upland cotton and eligible for pay-  
13 ments under this subparagraph for the  
14 crop at a per-pound rate established by the  
15 Secretary, except that the rate may not be  
16 established at less than the projected defi-  
17 ciency payment rate for the crop, as deter-  
18 mined by the Secretary. The projected pay-  
19 ment rate for the crop shall be announced  
20 by the Secretary prior to the period during  
21 which upland cotton producers may agree  
22 to participate in the program for the crop.

23 “(iv) QUARANTINES.—If a State or  
24 local agency has imposed in an area of a  
25 State or county a quarantine on the plant-



1 ing of upland cotton for harvest on farms  
2 in the area, the State committee estab-  
3 lished under section 8(b) of the Soil Con-  
4 servation and Domestic Allotment Act (16  
5 U.S.C. 590h(b)) may recommend to the  
6 Secretary that payments be made under  
7 this paragraph, without regard to the re-  
8 quirement imposed under clause (ii), to  
9 producers in the area who were required to  
10 forgo the planting of upland cotton for  
11 harvest on acreage to alleviate or eliminate  
12 the condition requiring the quarantine. If  
13 the Secretary determines that the condition  
14 exists, the Secretary may make payments  
15 under this paragraph to the producers. To  
16 be eligible for payments under this clause,  
17 the producers must devote the acreage to  
18 conservation uses (except as provided in  
19 subparagraph (E)).

20 “(v) PREVENTED PLANTING AND RE-  
21 DUCED YIELDS.—In the case of each of the  
22 1996 through 2002 crops of upland cotton,  
23 producers on a farm shall be eligible to re-  
24 ceive deficiency payments as provided in  
25 clause (iii) without regard to clause (ii) if

1 an acreage limitation program under sub-  
2 section (e) is in effect for the crop and the  
3 producers—

4 “(I)(aa) have been determined by  
5 the Secretary (in accordance with sec-  
6 tion 503(c)) to be prevented from  
7 planting the crop, or have incurred a  
8 reduced yield for the crop because of  
9 a natural disaster; and

10 “(bb) elect to devote a portion of  
11 the maximum payment acres for up-  
12 land cotton (as calculated under sub-  
13 paragraph (C)(ii)) equal to more than  
14 15 percent of the upland cotton acre-  
15 age, to conservation uses; or

16 “(II) elect to devote a portion of  
17 the maximum payment acres for up-  
18 land cotton (as calculated under sub-  
19 paragraph (C)(ii)) equal to more than  
20 15 percent of the upland cotton acre-  
21 age, to alternative crops as provided  
22 in subparagraph (E).

23 “(vi) CROP ACREAGE AND PAYMENT  
24 YIELD.—The upland cotton crop acreage  
25 base and upland cotton farm program pay-

1           ment yield of the farm shall not be reduced  
2           because of the fact that a portion of the  
3           permitted acreage for upland cotton for the  
4           farm was devoted to conserving uses (ex-  
5           cept as provided in subparagraph (E))  
6           under this subparagraph.

7           “(vii) LIMITATION.—Other than as  
8           provided in clauses (i) through (vi), pay-  
9           ments may not be made under this para-  
10          graph for any crop on a greater acreage  
11          than the acreage actually planted to up-  
12          land cotton.

13          “(viii) CONSERVATION USE ACREAGE  
14          UNDER OTHER PROGRAMS.—Any acreage  
15          considered to be planted to upland cotton  
16          in accordance with clauses (i) and (vi) may  
17          not also be designated as conservation use  
18          acreage for the purpose of fulfilling any  
19          provisions under any acreage limitation or  
20          land diversion program requiring that the  
21          producers devote a specified quantity of  
22          acreage to conservation uses.

23          “(ix) BLACK-EYED PEAS FOR DONA-  
24          TION.—The Secretary may permit, under  
25          such terms and conditions as will ensure

1 optimum producer participation, all or any  
2 part of the acreage required to be devoted  
3 to conservation uses as a condition for  
4 qualifying for payments under this sub-  
5 paragraph to be devoted to the production  
6 of black-eyed peas if—

7 “(I) the producers on a farm  
8 agree to donate the harvested peas  
9 from the acreage to a food bank, food  
10 pantry, or soup kitchen (as defined in  
11 paragraphs (3), (4), and (7) of section  
12 110(b) of the Hunger Prevention Act  
13 of 1988 (Public Law 100–435; 7  
14 U.S.C. 612c note)) that is approved  
15 by the Secretary; and

16 “(II) the Secretary finds that the  
17 action will not result in the disruption  
18 of normal channels of trade.

19 “(E) ALTERNATIVE CROPS.—

20 “(i) INDUSTRIAL AND OTHER  
21 CROPS.—The Secretary may permit, sub-  
22 ject to such terms and conditions as the  
23 Secretary may prescribe, all or any part of  
24 acreage otherwise required to be devoted to  
25 conservation uses as a condition of qualify-

1 ing for payments under subparagraph (D)  
2 to be devoted to sweet sorghum, guar,  
3 castor beans, plantago ovato, triticale, rye,  
4 millet, mung beans, commodities for which  
5 no substantial domestic production or mar-  
6 ket exists but that could yield industrial  
7 raw material being imported, or likely to  
8 be imported, into the United States, or  
9 commodities grown for experimental pur-  
10 poses (including kenaf and milkweed), sub-  
11 ject to the following sentence. The Sec-  
12 retary may permit the acreage to be de-  
13 voted to the production only if the Sec-  
14 retary determines that the production is—

15 “(I) not likely to increase the  
16 cost of the price support program;  
17 and

18 “(II) needed to provide an ade-  
19 quate supply of the commodity, or, in  
20 the case of a commodity for which no  
21 substantial domestic production or  
22 market exists but that could yield in-  
23 dustrial raw materials, the production  
24 is needed to encourage domestic man-  
25 ufacture of the raw material and

1           could lead to increased industrial use  
2           of the raw material to the long-term  
3           benefit of United States industry.

4           “(ii) SESAME AND CRAMBE.—The  
5           Secretary shall permit, subject to such  
6           terms and conditions as the Secretary may  
7           prescribe, all or any part of acreage other-  
8           wise required to be devoted to conservation  
9           uses as a condition of qualifying for pay-  
10          ments under subparagraph (D) to be de-  
11          voted to sesame or crambe. In carrying out  
12          this clause, if the Secretary determines  
13          that sesame or crambe are considered oil-  
14          seeds under section 205, the Secretary  
15          shall provide that, to receive payments  
16          under subparagraph (D), the producers  
17          shall agree to forgo eligibility to receive a  
18          loan under section 205 for the crop of ses-  
19          ame or crambe produced on the farm.

20          “(2) CROP INSURANCE REQUIREMENT.—As a  
21          condition of eligibility for upland cotton loans, pur-  
22          chases, and payments, the producers on a farm shall  
23          obtain catastrophic risk protection insurance cov-  
24          erage in accordance with section 427.

1       “(d) PAYMENT YIELDS.—The farm program pay-  
2 ment yields for farms for each crop of upland cotton under  
3 this section shall be determined under title V.

4       “(e) ACREAGE REDUCTION PROGRAMS.—

5           “(1) IN GENERAL.—

6               “(A) ESTABLISHMENT.—Notwithstanding  
7 any other provision of this Act, if the Secretary  
8 determines that the total supply of upland cot-  
9 ton, in the absence of an acreage limitation pro-  
10 gram, will be excessive taking into account the  
11 need for an adequate carry-over to maintain  
12 reasonable and stable supplies and prices and to  
13 meet a national emergency, the Secretary may  
14 provide for any crop of upland cotton an acre-  
15 age limitation program as described in para-  
16 graph (2).

17               “(B) AGRICULTURAL RESOURCES CON-  
18 SERVATION PROGRAM.—In making a determina-  
19 tion under subparagraph (A), the Secretary  
20 shall take into consideration the number of  
21 acres placed in the agricultural resources con-  
22 servation program established under subtitle D  
23 of title XII of the Food Security Act of 1985  
24 (16 U.S.C. 3830 et seq.).

25               “(C) ANNOUNCEMENTS.—

1                   “(i)     PRELIMINARY     ANNOUNCE-  
2                   MENT.—If the Secretary elects to imple-  
3                   ment an acreage limitation program for  
4                   any crop year, the Secretary shall make a  
5                   preliminary announcement of any such  
6                   program not later than November 1 of the  
7                   calendar year preceding the year in which  
8                   the crop is harvested, except that in the  
9                   case of the 1996 crop, the Secretary shall  
10                  announce the program as soon as prac-  
11                  ticable after the date of enactment of the  
12                  Southern Agricultural Act of 1995. The  
13                  announcement shall include, among other  
14                  information determined necessary by the  
15                  Secretary, an announcement of the uni-  
16                  form percentage reduction in the upland  
17                  cotton crop acreage base described in para-  
18                  graph (2)(A).

19                  “(ii)   FINAL   ANNOUNCEMENT.—Not  
20                  later than January 1 of the calendar year  
21                  in which the crop is harvested, the Sec-  
22                  retary shall make a final announcement of  
23                  the program. The announcement shall in-  
24                  clude, among other information determined  
25                  necessary by the Secretary, an announce-



1           ment of the uniform percentage reduction  
 2           in the upland cotton crop described in  
 3           paragraph (2)(A).

4           “(iii) OPTIONAL PROGRAMS IN EARLY  
 5           PLANTING AREAS.—The Secretary shall  
 6           allow producers in early planting areas to  
 7           elect to participate in the program on the  
 8           terms of the acreage limitation program—

9                   “(I) first announced for the crop  
 10                   under clause (i); or

11                   “(II) as subsequently revised  
 12                   under clause (ii);

13           if the Secretary determines that the pro-  
 14           ducers may be unfairly disadvantaged by  
 15           the revision.

16           “(D) DESIRED CARRY-OVER.—The Sec-  
 17           retary shall carry out an acreage limitation pro-  
 18           gram described in paragraph (2) for a crop of  
 19           upland cotton in a manner that will result in a  
 20           ratio of carry-over to total disappearance of  
 21           29½ percent for the 1996 crop and 29 percent  
 22           for each of the 1997 through 2002 crops, based  
 23           on the most recent projection of the Secretary  
 24           of carry-over and total disappearance at the  
 25           time of announcement of the acreage limitation

1 program. In this subparagraph, the term ‘total  
2 disappearance’ means all upland cotton utiliza-  
3 tion, including total domestic, total export, and  
4 total residual disappearance.

5 “(2) ACREAGE LIMITATION PROGRAM.—

6 “(A) UNIFORM PERCENTAGE REDUC-  
7 TION.—Except as provided in paragraph (3), if  
8 an upland cotton acreage limitation program is  
9 announced under paragraph (1), the limitation  
10 shall be achieved by applying a uniform per-  
11 centage reduction (from 0 to 25 percent) to the  
12 upland cotton crop acreage base for the crop for  
13 each upland cotton-producing farm.

14 “(B) COMPLIANCE.—Except as provided in  
15 section 504, producers who knowingly produce  
16 upland cotton in excess of the permitted acre-  
17 age for upland cotton for the farm, as estab-  
18 lished in accordance with subparagraph (A),  
19 shall be ineligible for upland cotton loans and  
20 payments with respect to the farm.

21 “(C) CROP ACREAGE BASES.—Upland cot-  
22 ton crop acreage bases for each crop of upland  
23 cotton shall be determined under title V.

24 “(D) ACREAGE DEVOTED TO CONSERVA-  
25 TION USES.—

1           “(i) IN GENERAL.—A number of acres  
 2           on the farm shall be devoted to conserva-  
 3           tion uses, in accordance with regulations  
 4           issued by the Secretary.

5           “(ii) NUMBER.—The number shall be  
 6           determined by multiplying the upland cot-  
 7           ton crop acreage base by the percentage  
 8           reduction required by the Secretary. The  
 9           number of acres so determined is referred  
 10          to in this section as ‘reduced acreage’. The  
 11          remaining acreage is referred to in this  
 12          section as ‘permitted acreage’.

13          “(iii) ADJUSTMENT.—Permitted acre-  
 14          age may be adjusted by the Secretary as  
 15          provided in paragraph (3) and in section  
 16          504.

17          “(E) INDIVIDUAL FARM PROGRAM ACRE-  
 18          AGE.—Except as otherwise provided in sub-  
 19          section (c), the individual farm program acre-  
 20          age shall be the acreage planted on the farm to  
 21          upland cotton for harvest within the permitted  
 22          acreage for upland cotton for the farm as estab-  
 23          lished under this paragraph.

24          “(F) PLANTING DESIGNATED CROPS ON  
 25          REDUCED ACREAGE.—

1           “(i) DEFINITION OF DESIGNATED  
2 CROP.—In this subparagraph, the term  
3 ‘designated crop’ means a crop described  
4 in section 504(b)(1), excluding any pro-  
5 gram crop as defined in section 502(3).

6           “(ii) PLANTING DESIGNATED  
7 CROPS.—Subject to clause (iii), the Sec-  
8 retary may permit producers on a farm to  
9 plant a designated crop on not more than  
10  $\frac{1}{2}$  of the reduced acreage on the farm.

11           “(iii) LIMITATIONS.—If the producers  
12 on a farm elect to plant a designated crop  
13 on reduced acreage under this subpara-  
14 graph—

15           “(I) the amount of the deficiency  
16 payment that the producers are other-  
17 wise eligible to receive under sub-  
18 section (c) shall be reduced, for each  
19 acre (or portion of an acre) that is  
20 planted to the designated crop, by an  
21 amount equal to the deficiency pay-  
22 ment that would be made with respect  
23 to a number of acres of the crop that  
24 the Secretary considers appropriate,  
25 except that if the producers on the

1 farm are participating in a program  
 2 established for more than 1 program  
 3 crop, the amount of the reduction  
 4 shall be determined by prorating the  
 5 reduction based on the acreage plant-  
 6 ed or considered planted on the farm  
 7 to all of the program crops; and

8 “(II) the Secretary shall ensure  
 9 that reductions in deficiency payments  
 10 under subclause (I) are sufficient to  
 11 ensure that this subparagraph will re-  
 12 sult in no additional cost to the Com-  
 13 modity Credit Corporation.

14 “(G) BLACK-EYED PEAS FOR DONATION.—  
 15 The Secretary may permit, under such terms  
 16 and conditions as will ensure optimum producer  
 17 participation, producers on a farm to plant  
 18 black-eyed peas on not more than  $\frac{1}{2}$  of the re-  
 19 duced acreage on the farm if—

20 “(i) the producers agree to donate the  
 21 harvested peas from the acreage to a food  
 22 bank, food pantry, or soup kitchen (as de-  
 23 fined in paragraphs (3), (4), and (7) of  
 24 section 110(b) of the Hunger Prevention  
 25 Act of 1988 (Public Law 100-435; 7

1 U.S.C. 612c note)) that is approved by the  
2 Secretary; and

3 “(ii) the Secretary finds that the ac-  
4 tion will not result in the disruption of nor-  
5 mal channels of trade.

6 “(3) TARGETED OPTION PAYMENTS.—

7 “(A) IN GENERAL.—Notwithstanding any  
8 other provision of this section, if the Secretary  
9 implements an acreage limitation program with  
10 respect to any of the 1996 through 2002 crops  
11 of upland cotton, the Secretary may make avail-  
12 able to producers on a farm who do not receive  
13 payments under subsection (c)(1)(D) for the  
14 crop on the farm, adjustments in the level of  
15 deficiency payments that would otherwise be  
16 made available to the producers if the producers  
17 exercise the payment options provided in this  
18 paragraph.

19 “(B) PAYMENT OPTIONS.—If the Secretary  
20 elects to carry out this paragraph, the Secretary  
21 shall make the payment options specified in  
22 subparagraphs (C) and (D) available to produc-  
23 ers who agree to make adjustments in the  
24 quantity of acreage diverted from the produc-  
25 tion of upland cotton under an acreage limita-

tion program in accordance with this paragraph.

“(C) INCREASED ACREAGE LIMITATION OPTION.—

“(i) INCREASE IN ESTABLISHED PRICE.—If the Secretary elects to carry out this paragraph, the producers on a farm shall be eligible to receive an increase in the established price for upland cotton in accordance with clause (ii) if the producers agree to an increase in the acreage limitation percentage to be applied to the upland cotton acreage base of the producers above the acreage limitation percentage announced by the Secretary.

“(ii) METHOD OF CALCULATION.—For the purposes of calculating deficiency payments to be made available to producers who participate in the program under this paragraph, the Secretary shall increase the established price for upland cotton by an amount determined by the Secretary of not less than 0.5 percent, nor more than 1 percent, for each 1 percentage point increase in the acreage limitation

1 percentage applied to the upland cotton  
2 acreage base of the producers.

3 “(iii) LIMITATION.—The acreage limi-  
4 tation percentage to be applied to the up-  
5 land cotton acreage base of the producers  
6 shall not be increased by more than 10  
7 percentage points above the acreage limita-  
8 tion percentage announced by the Sec-  
9 retary for the crop or above 25 percent  
10 total for the crop.

11 “(iv) ADJUSTMENT FOR UNDER-  
12 PLANTINGS.—In determining the increased  
13 acreage limitation percentage that is ap-  
14 plied to the upland cotton base of the pro-  
15 ducers on a farm under this paragraph,  
16 the Secretary shall exclude an amount of  
17 acreage equal to the average difference be-  
18 tween the permitted acreage for upland  
19 cotton for the farm of the producers and  
20 the acreage actually planted (including  
21 acreage devoted to conserving uses under  
22 subsection (c)(1)(D)) to upland cotton for  
23 harvest during the previous 2 years.

24 “(D) DECREASED ACREAGE LIMITATION  
25 OPTION.—



1           “(i) DECREASE IN ACREAGE LIMITA-  
2           TION REQUIREMENT.—If the Secretary  
3           elects to carry out this paragraph, the pro-  
4           ducers on a farm shall be eligible to de-  
5           crease the acreage limitation percentage  
6           applicable to the upland cotton acreage  
7           base of the producers (as announced by the  
8           Secretary) if the producers agree to a de-  
9           crease in the established price for upland  
10          cotton in accordance with clause (ii) for  
11          the purpose of calculating deficiency pay-  
12          ments to be made available to the produc-  
13          ers.

14          “(ii) METHOD OF CALCULATION.—  
15          For the purposes of calculating deficiency  
16          payments to be made available to produc-  
17          ers who choose the option established  
18          under this subparagraph, the Secretary  
19          shall decrease the established price for up-  
20          land cotton by an amount to be determined  
21          by the Secretary of not less than 0.5 per-  
22          cent, nor more than 1 percent, for each 1  
23          percentage point decrease in the acreage  
24          limitation percentage applied to the upland  
25          cotton acreage base of the producers.

1           “(iii) LIMITATION.—The producers on  
2           a farm may not choose to decrease the  
3           acreage limitation percentage applicable to  
4           the upland cotton acreage base of the pro-  
5           ducers under this paragraph by more than  
6            $\frac{1}{2}$  of the announced acreage limitation  
7           percentage.

8           “(E) PARTICIPATION AND PRODUCTION  
9           EFFECTS.—Notwithstanding any other provi-  
10          sion of this paragraph, the Secretary shall, to  
11          the extent practicable, ensure that the program  
12          provided for in this paragraph does not have a  
13          significant effect on participation in the pro-  
14          gram established by this section or total pro-  
15          duction and shall be offered in such a manner  
16          that the Secretary determines will result in no  
17          additional budget outlays. The Secretary shall  
18          provide an analysis of the determination of the  
19          Secretary to the Committee on Agriculture of  
20          the House of Representatives and the Commit-  
21          tee on Agriculture, Nutrition, and Forestry of  
22          the Senate.

23          “(4) ADMINISTRATION.—

24               “(A) PROTECTION FROM WEEDS AND ERO-  
25          SION.—The regulations issued by the Secretary

1 under paragraph (2) with respect to acreage re-  
2 quired to be devoted to conservation uses shall  
3 ensure protection of the acreage from weeds  
4 and wind and water erosion.

5 “(B) CONSERVING CROPS.—The Secretary  
6 may permit, subject to such terms and condi-  
7 tions as the Secretary may prescribe, all or any  
8 part of the acreage to be devoted to sweet sor-  
9 ghum, guar, sesame, castor beans, crambe,  
10 plantago ovato, triticale, rye, mung beans, milk-  
11 weed, or other commodity, if the Secretary de-  
12 termines that the production is needed to pro-  
13 vide an adequate supply of the commodities, is  
14 not likely to increase the cost of the price sup-  
15 port program, and will not affect farm income  
16 adversely.

17 “(C) HAYING AND GRAZING.—

18 “(i) IN GENERAL.—Except as pro-  
19 vided in clause (ii), haying and grazing of  
20 reduced acreage, acreage devoted to a con-  
21 servation use under subsection (c)(1)(D),  
22 and acreage diverted from production  
23 under a land diversion program established  
24 under this subsection shall be permitted,  
25 except during any consecutive 5-month pe-

1           riod that is established by the State com-  
2           mittee established under section 8(b) of  
3           the Soil Conservation and Domestic Allot-  
4           ment Act (16 U.S.C. 590h(b)) for a State.  
5           The 5-month period shall be established  
6           during the period beginning April 1, and  
7           ending October 31, of a year.

8           “(ii) NATURAL DISASTERS.—In the  
9           case of a natural disaster, the Secretary  
10          may permit unlimited haying and grazing  
11          on the acreage. The Secretary may not ex-  
12          clude irrigated or irrigable acreage not  
13          planted to alfalfa when exercising the au-  
14          thority under this clause.

15          “(D) WATER STORAGE USES.—

16          “(i) IN GENERAL.—The regulations  
17          issued by the Secretary under paragraph  
18          (2) with respect to acreage required to be  
19          devoted to conservation uses shall provide  
20          that land that has been converted to water  
21          storage uses shall be considered to be de-  
22          voted to conservation uses if the land was  
23          devoted to wheat, feed grains, cotton, rice,  
24          or oilseeds in at least 3 of the immediately  
25          preceding 5 crop years. The land shall be

1 considered to be devoted to conservation  
2 uses for the period that the land remains  
3 in water storage uses, but not to exceed  
4 5 crop years subsequent to the conversion  
5 of the land to water storage uses.

6 “(ii) LIMITATIONS.—Land converted  
7 to water storage uses for the purposes of  
8 this subparagraph may not be devoted to  
9 any commercial use, including commercial  
10 fish production. The water stored on the  
11 land may not be ground water. The farm  
12 on which the land is located must have  
13 been irrigated with ground water during at  
14 least 1 of the preceding 5 crop years.

15 “(5) LAND DIVERSION PROGRAM.—

16 “(A) PAYMENTS.—

17 “(i) IN GENERAL.—The Secretary  
18 may make land diversion payments to pro-  
19 ducers of upland cotton, whether or not an  
20 acreage limitation program for upland cot-  
21 ton is in effect, if the Secretary determines  
22 that the land diversion payments are nec-  
23 essary to assist in adjusting the total na-  
24 tional acreage of upland cotton to desirable  
25 goals. The land diversion payments shall

1 be made to producers who, to the extent  
2 prescribed by the Secretary, devote to ap-  
3 proved conservation uses an acreage of  
4 cropland on the farm in accordance with  
5 land diversion contracts entered into by the  
6 Secretary with the producers.

7 “(ii) EXCESS CARRY-OVER.—If, at the  
8 time of final announcement of the acreage  
9 limitation program established under this  
10 subsection, the projected carry-over of up-  
11 land cotton for the crop year is equal to or  
12 greater than 8 million bales, the Secretary  
13 shall offer a paid land diversion program  
14 to producers of upland cotton. Payments to  
15 producers under the program shall be de-  
16 termined by multiplying—

17 “(I) the payment rate, of not less  
18 than 35 cents per pound of cotton, es-  
19 tablished by the Secretary;

20 “(II) the program payment yield  
21 established for the crop for the farm;  
22 and

23 “(III) the number of permitted  
24 acreage for upland cotton for the farm  
25 diverted on the farm.

1           “(B) BIDS FOR CONTRACTS.—The  
 2           amounts payable to producers under land diver-  
 3           sion contracts may be determined through the  
 4           submission of bids for the contracts by produc-  
 5           ers in such manner as the Secretary may pre-  
 6           scribe or through such other means as the Sec-  
 7           retary determines appropriate. In determining  
 8           the acceptability of contract offers, the Sec-  
 9           retary shall take into consideration the extent  
 10          of the diversion to be undertaken by the pro-  
 11          ducers and the productivity of the acreage di-  
 12          verted.

13          “(C) LIMITATIONS ON DIVERTED ACRE-  
 14          AGE.—

15                 “(i) MAXIMUM ACREAGE PER FARM,  
 16                 COUNTY, OR COMMUNITY.—The Secretary  
 17                 shall limit the total acreage to be diverted  
 18                 under this paragraph—

19                         “(I) to not more than 15 percent  
 20                         of the upland cotton crop acreage  
 21                         base for a farm; and

22                         “(II) under agreements in any  
 23                         county or local community so as not  
 24                         to affect adversely the economy of the  
 25                         county or local community.

1           “(ii) LOWER PARTICIPATION LEV-  
2           ELS.—The Secretary may allow producers  
3           to participate in a land diversion program  
4           under this paragraph at a level lower than  
5           the maximum level announced by the Sec-  
6           retary, at the option of the producer, if the  
7           Secretary determines that the lower level  
8           will increase participation in the program.

9           “(6) CONSERVATION PRACTICES.—

10           “(A) WILDLIFE FOOD PLOTS OR HABI-  
11           TAT.—The reduced acreage and additional di-  
12           verted acreage may be devoted to wildlife food  
13           plots or wildlife habitat in conformity with  
14           standards established by the Secretary in con-  
15           sultation with wildlife agencies. The Secretary  
16           may pay an appropriate share of the cost of  
17           practices designed to carry out this subpara-  
18           graph.

19           “(B) PUBLIC ACCESS.—The Secretary may  
20           provide for an additional payment on the acre-  
21           age in an amount determined by the Secretary  
22           to be appropriate in relation to the benefit to  
23           the general public if the producers on a farm  
24           agree to permit, without other compensation,  
25           access to all or such portion of the farm, as the



1 Secretary may prescribe, by the general public,  
2 for hunting, trapping, fishing, and hiking, sub-  
3 ject to applicable Federal and State regulations.

4 “(7) PARTICIPATION AGREEMENTS.—

5 “(A) IN GENERAL.—Producers on a farm  
6 desiring to participate in the program con-  
7 ducted under this subsection shall execute an  
8 agreement with the Secretary providing for the  
9 participation not later than such date as the  
10 Secretary may prescribe.

11 “(B) MODIFICATION OR TERMINATION.—  
12 The Secretary may, by mutual agreement with  
13 producers on a farm, modify or terminate any  
14 such agreement if the Secretary determines the  
15 action necessary because of an emergency cre-  
16 ated by drought or other disaster or to prevent  
17 or alleviate a shortage in the supply of agricul-  
18 tural commodities. The Secretary may modify  
19 the agreement under this subparagraph for the  
20 purpose of alleviating a shortage in the supply  
21 of agricultural commodities only if there has  
22 been a significant change in the estimated  
23 stocks of the commodity since the Secretary an-  
24 nounced the final terms and conditions of the  
25 program for the crop of upland cotton.

1 “(f) INVENTORY REDUCTION PAYMENTS.—

2 “(1) IN GENERAL.—For each of the 1996  
3 through 2002 crops of upland cotton, the Secretary  
4 may make payments available to producers on a  
5 farm who meet the requirements of this subsection.

6 “(2) FORM.—The payments may be made in  
7 the form of marketing certificates.

8 “(3) PAYMENTS.—

9 “(A) IN GENERAL.—Payments under this  
10 subsection shall be determined in the same  
11 manner as provided in subsection (b).

12 “(B) QUANTITY OF COTTON MADE AVAIL-  
13 ABLE.—The quantity of upland cotton to be  
14 made available to the producers on a farm  
15 under this subsection shall be equal in value to  
16 the payments so determined under this sub-  
17 section.

18 “(4) ELIGIBILITY.—The producers on a farm  
19 shall be eligible to receive a payment under this sub-  
20 section for a crop if the producers—

21 “(A) agree to forgo obtaining a loan under  
22 subsection (a);

23 “(B) agree to forgo receiving payments  
24 under subsection (c);

1           “(C) do not plant upland cotton for har-  
2           vest in excess of the crop acreage base reduced  
3           by  $\frac{1}{2}$  of any acreage required to be diverted  
4           from production under subsection (e); and

5           “(D) otherwise comply with this section.

6           “(g) EQUITABLE RELIEF.—

7           “(1) LOANS AND PAYMENTS.—If the failure of  
8           a producer to comply fully with the terms and condi-  
9           tions of the program conducted under this section  
10          precludes the making of loans and payments, the  
11          Secretary may, notwithstanding the failure, make  
12          the loans and payments in such amounts as the Sec-  
13          retary determines are equitable in relation to the se-  
14          riousness of the failure. The Secretary may consider  
15          whether the producer made a good faith effort to  
16          comply fully with the terms and conditions of the  
17          program in determining whether equitable relief is  
18          warranted under this paragraph.

19          “(2) DEADLINES AND PROGRAM REQUIRE-  
20          MENTS.—The Secretary may authorize the county  
21          and State committees established under section 8(b)  
22          of the Soil Conservation and Domestic Allotment  
23          Act (16 U.S.C. 590h(b)) to waive or modify dead-  
24          lines and other program requirements in cases in  
25          which lateness or failure to meet the other require-

1       ments does not affect adversely the operation of the  
2       program.

3       “(h) REGULATIONS.—The Secretary may issue such  
4 regulations as the Secretary determines necessary to carry  
5 out this section.

6       “(i) COMMODITY CREDIT CORPORATION.—The Sec-  
7 retary shall carry out the program authorized by this sec-  
8 tion through the Commodity Credit Corporation.

9       “(j) ASSIGNMENT OF PAYMENTS.—Section 8(g) of  
10 the Soil Conservation and Domestic Allotment Act (16  
11 U.S.C. 590h(g)) shall apply to payments made under this  
12 section.

13       “(k) SHARING OF PAYMENTS.—The Secretary shall  
14 provide for the sharing of payments made under this sec-  
15 tion for any farm among the producers on the farm on  
16 a fair and equitable basis.

17       “(l) TENANTS AND SHARECROPPERS.—In carrying  
18 out this section, the Secretary shall provide adequate safe-  
19 guards to protect the interests of tenants and share-  
20 croppers.

21       “(m) CROSS-COMPLIANCE.—

22               “(1) IN GENERAL.—Compliance on a farm with  
23 the terms and conditions of any other commodity  
24 program, or compliance with crop acreage base re-  
25 quirements for any other commodity, may not be re-

1       quired as a condition of eligibility for loans or pay-  
2       ments under this section.

3           “(2) COMPLIANCE ON OTHER FARMS.—The  
4       Secretary may not require producers on a farm, as  
5       a condition of eligibility for loans or payments under  
6       this section for the farm, to comply with the terms  
7       and conditions of the upland cotton program with  
8       respect to any other farm operated by the producers.

9       “(n) LIMITED GLOBAL IMPORT QUOTA.—

10       “(1) DEFINITIONS.—In this subsection:

11           “(A) DEMAND.—The term ‘demand’  
12       means—

13           “(i) the average seasonally adjusted  
14       annual rate of domestic mill consumption  
15       in the most recent 3 months for which  
16       data are available; plus

17           “(ii) the larger of—

18           “(I) average exports of upland  
19       cotton during the preceding 6 market-  
20       ing years; or

21           “(II) cumulative exports of up-  
22       land cotton plus outstanding export  
23       sales for the marketing year in which  
24       the quota is established.

1           “(B) LIMITED GLOBAL IMPORT QUOTA.—

2           The term ‘limited global import quota’ means a  
3           quantity of imports that is not subject to the  
4           over-quota tariff rate of a tariff-rate quota.

5           “(C) SUPPLY.—The term ‘supply’ means,  
6           using the latest official data of the Bureau of  
7           the Census, the Department of Agriculture, and  
8           the Department of the Treasury—

9                   “(i) the carry-over of upland cotton at  
10                  the beginning of the marketing year (ad-  
11                  justed to 480-pound bales) in which the  
12                  quota is established;

13                   “(ii) production of the current crop;  
14                  and

15                   “(iii) imports to the latest date avail-  
16                  able during the marketing year.

17           “(2) QUOTA.—The President shall carry out an  
18           import quota program that shall provide that when-  
19           ever the Secretary determines and announces that  
20           the average price of the base quality of upland cot-  
21           ton, as determined by the Secretary, in the des-  
22           ignated spot markets for a month exceeded 130 per-  
23           cent of the average price of the quality of cotton in  
24           the markets for the preceding 36 months, notwith-  
25           standing any other provision of law, there shall im-

1       mediately be in effect a limited global import quota  
2       subject to the following conditions:

3               “(A) QUANTITY.—The quantity of the  
4       quota shall be equal to 21 days of domestic mill  
5       consumption of upland cotton at the seasonally  
6       adjusted average rate of the most recent 3  
7       months for which data are available.

8               “(B) QUANTITY IF PRIOR QUOTA.—If a  
9       quota has been established under this sub-  
10      section during the preceding 12 months, the  
11      quantity of the quota next established under  
12      this subsection shall be the smaller of 21 days  
13      of domestic mill consumption calculated as set  
14      forth in subparagraph (A) or the quantity re-  
15      quired to increase the supply to 130 percent of  
16      the demand.

17              “(C) PREFERENTIAL TARIFF TREAT-  
18      MENT.—The quantity under a limited global  
19      import quota shall be considered to be an in-  
20      quota quantity for purposes of section 213(d)  
21      of—

22                      “(i) the Caribbean Basin Economic  
23                      Recovery Act (19 U.S.C. 2703(d));

24                      “(ii) section 204 of the Andean Trade  
25                      Preference Act (19 U.S.C. 3203);

1 “(iii) section 503(d) of the Trade Act  
2 of 1974 (19 U.S.C. 2463(d)); and

3 “(iv) General Note 3(a)(iv) to the  
4 Harmonized Tariff Schedule of the United  
5 States (19 U.S.C. 1202 note).

6 “(3) QUOTA ENTRY PERIOD.—

7 “(A) IN GENERAL.—Except as provided in  
8 subparagraph (B), when a quota is established  
9 under this subsection, cotton may be entered  
10 under the quota during the 90-day period be-  
11 ginning on the date the quota is established by  
12 the Secretary.

13 “(B) NO OVERLAP.—Notwithstanding  
14 paragraphs (1) and (2), a quota period may not  
15 be established that overlaps an existing quota  
16 period or a special quota period established  
17 under subsection (a)(5)(F).

18 “(o) CROPS.—Notwithstanding any other provision of  
19 law, this section shall be effective only for the 1996  
20 through 2002 crops of upland cotton.”.

21 **SEC. 102. EXTRA LONG STAPLE COTTON PROGRAM.**

22 Section 103(h)(16) of the Agricultural Act of 1949  
23 (7 U.S.C. 1444(h)(16)) is amended by striking “1996”  
24 and inserting “2003”.



1 **SEC. 103. SUSPENSION OF BASE ACREAGE ALLOTMENTS,**  
 2 **MARKETING QUOTAS, AND RELATED PROVI-**  
 3 **SIONS.**

4 Sections 342, 343, 344, 345, 346, and 377 of the  
 5 Agricultural Adjustment Act of 1938 (7 U.S.C. 1342–  
 6 1346 and 1377) shall not be applicable to any of the 1996  
 7 through 2002 crops of upland cotton.

8 **SEC. 104. MISCELLANEOUS COTTON PROVISIONS.**

9 Section 103(a) of the Agricultural Act of 1949 (7  
 10 U.S.C. 1444(a)) shall not be applicable to the 1996  
 11 through 2002 crops.

12 **SEC. 105. SKIPROW PRACTICES.**

13 The third sentence of section 374(a) of the Agricul-  
 14 tural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is  
 15 amended—

16 (1) by striking “1995” each place it appears  
 17 and inserting “2002”; and

18 (2) by striking “1991” each place it appears  
 19 and inserting “1996”.

20 **SEC. 106. PRELIMINARY ALLOTMENTS FOR 2003 CROP OF**  
 21 **UPLAND COTTON.**

22 Notwithstanding any other provision of law, the per-  
 23 manent State, county, and farm base acreage allotments  
 24 for the 1977 crop of upland cotton, adjusted for any  
 25 underplantings in 1977 and reconstituted as provided in  
 26 section 379 of the Agricultural Adjustment Act of 1938

1 (7 U.S.C. 1379), shall be the preliminary allotments for  
2 the 2003 crop.

3 **SEC. 107. COTTONSEED AND COTTONSEED OIL.**

4 Section 203(b) of the Agricultural Act of 1949 (7  
5 U.S.C. 1446d(b)) is amended by striking “1995” and in-  
6 serting “2002”.

7 **SEC. 108. COTTON CLASSIFICATION SERVICES.**

8 The first sentence of section 3a of the Act of March  
9 3, 1927 (commonly known as the “Cotton Statistics and  
10 Estimates Act”) (chapter 337; 7 U.S.C. 473a), is amend-  
11 ed by striking “1996” and inserting “2002”.

12 **TITLE II—PEANUTS**

13 **SEC. 201. SUSPENSION OF MARKETING QUOTAS AND ACRE-**  
14 **AGE ALLOTMENTS.**

15 The following provisions of the Agricultural Adjust-  
16 ment Act of 1938 shall not be applicable to the 1996  
17 through 2002 crops of peanuts:

18 (1) Subsections (a) through (j) of section 358  
19 (7 U.S.C. 1358).

20 (2) Subsections (a) through (h) of section 358a  
21 (7 U.S.C. 1358a).

22 (3) Subsections (a), (b), (d), and (e) of section  
23 358d (7 U.S.C. 1359).

24 (4) Part I of subtitle C of title III (7 U.S.C.  
25 1361 et seq.).

1 (5) Section 371 (7 U.S.C. 1371).

2 **SEC. 202. NATIONAL POUNDAGE QUOTAS AND ACREAGE AL-**  
3 **LOTMENTS.**

4 Section 358–1 of the Agricultural Adjustment Act of  
5 1938 (7 U.S.C. 1358–1) is amended to read as follows:

6 **“SEC. 358–1. NATIONAL POUNDAGE QUOTAS AND ACREAGE**  
7 **ALLOTMENTS FOR 1996 THROUGH 2002 CROPS**  
8 **OF PEANUTS.**

9 “(a) NATIONAL POUNDAGE QUOTAS.—

10 “(1) ESTABLISHMENT.—The national poundage  
11 quota for peanuts for each of the 1996 through  
12 2002 marketing years shall be established by the  
13 Secretary at a level that is equal to the quantity of  
14 peanuts (in tons) that the Secretary estimates will  
15 be devoted in each such marketing year to domestic  
16 edible, seed, and related uses. Notwithstanding any  
17 other provision of this paragraph, the national  
18 poundage quota for a marketing year shall not be  
19 less than 1,350,000 tons.

20 “(2) ANNOUNCEMENT.—The national poundage  
21 quota for a marketing year shall be announced by  
22 the Secretary not later than December 15 preceding  
23 the marketing year.

24 “(3) APPORTIONMENT AMONG STATES.—The  
25 national poundage quota established under para-

graph (1) shall be apportioned among the States so that the poundage quota allocated to each State is equal to the percentage of the national poundage quota allocated to farms in the State for 1995.

“(b) FARM POUNDAGE QUOTAS.—

“(1) IN GENERAL.—

“(A) ESTABLISHMENT.—A farm poundage quota for each of the 1996 through 2002 marketing years shall be established—

“(i) for each farm that had a farm poundage quota for peanuts for the 1995 marketing year;

“(ii) if the poundage quota apportioned to a State under subsection (a)(3) for any such marketing year is larger than the quota for the immediately preceding marketing year, for each other farm on which peanuts were produced for marketing in at least 2 of the 3 immediately preceding crop years, as determined by the Secretary; and

“(iii) as approved and determined by the Secretary under section 358c, for each farm on which peanuts are produced in

1 connection with experimental and research  
2 programs.

3 “(B) QUANTITY.—

4 “(i) IN GENERAL.—The farm pound-  
5 age quota for each of the 1996 through  
6 2002 marketing years for each farm de-  
7 scribed in subparagraph (A)(i) shall be the  
8 same as the farm poundage quota for the  
9 farm for the immediately preceding mar-  
10 keting year, as adjusted under paragraph  
11 (2), but not including any increases result-  
12 ing from the allocation of quotas volun-  
13 tarily released for 1 year under paragraph  
14 (7).

15 “(ii) INCREASED QUOTA.—The farm  
16 poundage quota, if any, for each of the  
17 1996 through 2002 marketing years for  
18 each farm described in subparagraph  
19 (A)(ii) shall be equal to the quantity of  
20 peanuts allocated to the farm for the year  
21 under paragraph (2).

22 “(C) TRANSFERS.—For purposes of this  
23 subsection, if the farm poundage quota, or any  
24 part of the quota, is permanently transferred in  
25 accordance with section 358a or 358b, the re-

1 ceiving farm shall be considered as possessing  
2 the farm poundage quota (or portion of the  
3 quota) of the transferring farm for all subse-  
4 quent marketing years.

5 “(2) ADJUSTMENTS.—

6 “(A) ALLOCATION OF INCREASED QUOTA  
7 GENERALLY.—Subject to subparagraph (C), if  
8 the poundage quota apportioned to a State  
9 under subsection (a)(3) for any of the 1996  
10 through 2002 marketing years is increased over  
11 the poundage quota apportioned to farms in the  
12 State for the immediately preceding marketing  
13 year, the increase shall be allocated proportion-  
14 ately, based on farm production history for pea-  
15 nuts for the 3 immediately preceding years,  
16 among—

17 “(i) all farms in the State for which  
18 a farm poundage quota was established for  
19 the marketing year immediately preceding  
20 the marketing year for which the allocation  
21 is being made; and

22 “(ii) all other farms in the State on  
23 which peanuts were produced in at least 2  
24 of the 3 immediately preceding crop years,  
25 as determined by the Secretary.

1           “(B) DECREASE.—If the poundage quota  
2           apportioned to a State under subsection (a)(3)  
3           for any of the 1996 through 2002 marketing  
4           years is decreased from the poundage quota ap-  
5           portioned to farms in the State under sub-  
6           section (a)(3) for the immediately preceding  
7           marketing year, the decrease shall be allocated  
8           among all the farms in the State for which a  
9           farm poundage quota was established for the  
10          marketing year immediately preceding the mar-  
11          keting year for which the allocation is being  
12          made.

13          “(C) SPECIAL RULE ON TENANT’S SHARE  
14          OF INCREASED QUOTA.—Subject to terms and  
15          conditions prescribed by the Secretary, on  
16          farms that were leased to a tenant for peanut  
17          production, the tenant shall share equally with  
18          the owner of the farm in the percentage of the  
19          quota made available under subparagraph (A)  
20          and otherwise allocated to the farm as the re-  
21          sult of the production of the tenant on the farm  
22          of additional peanuts. Not later than April 1 of  
23          each year or as soon as practicable during the  
24          year, the share of the tenant of any such quota  
25          shall be allocated to a farm within the county

1 owned by the tenant or sold by the tenant to  
2 the owner of any farm within the county and  
3 permanently transferred to the farm. Any quota  
4 not so disposed of as provided in this subpara-  
5 graph shall be allocated to other quota farms in  
6 the State under paragraph (6) as part of the  
7 quota reduced from farms in the State due to  
8 the failure to produce the quota.

9 “(3) QUOTA NOT PRODUCED.—

10 “(A) IN GENERAL.—Insofar as practicable  
11 and on such fair and equitable basis as the Sec-  
12 retary may by regulation prescribe, the farm  
13 poundage quota established for a farm for any  
14 of the 1996 through 2002 marketing years shall  
15 be reduced to the extent that the Secretary de-  
16 termines that the farm poundage quota estab-  
17 lished for the farm for any 2 of the 3 marketing  
18 years preceding the marketing year for which  
19 the determination is being made was not pro-  
20 duced, or considered produced, on the farm.

21 “(B) EXCLUSIONS.—For the purposes of  
22 this paragraph, the farm poundage quota for  
23 any such preceding marketing year shall not in-  
24 clude any increase resulting from the allocation



1 of quotas voluntarily released for 1 year under  
2 paragraph (7).

3 “(4) QUOTA CONSIDERED PRODUCED.—For  
4 purposes of this subsection, the farm poundage  
5 quota shall be considered produced on a farm if—

6 “(A) the farm poundage quota was not  
7 produced on the farm because of drought, flood,  
8 or any other natural disaster, or any other con-  
9 dition beyond the control of the producer, as  
10 determined by the Secretary;

11 “(B) the farm poundage quota for the  
12 farm was released voluntarily under paragraph  
13 (7) for only 1 of the 3 marketing years imme-  
14 diately preceding the marketing year for which  
15 the determination is being made; or

16 “(C) the farm poundage quota was leased  
17 to another owner or operator of a farm within  
18 the same county for transfer to the farm for  
19 only 1 of the 3 marketing years immediately  
20 preceding the marketing year for which the de-  
21 termination is being made.

22 “(5) QUOTA PERMANENTLY RELEASED.—Not-  
23 withstanding any other provision of law—

24 “(A) the farm poundage quota established  
25 for a farm under this subsection, or any part of

1 the quota, may be permanently released by the  
2 owner of the farm, or the operator with the per-  
3 mission of the owner; and

4 “(B) the poundage quota for the farm for  
5 which the quota is released shall be adjusted  
6 downward to reflect the quota that is released.

7 “(6) ALLOCATION OF QUOTAS REDUCED OR RE-  
8 LEASED.—

9 “(A) IN GENERAL.—Except as provided in  
10 subparagraph (B), the total quantity of the  
11 farm poundage quotas reduced or voluntarily  
12 released from farms in a State for any market-  
13 ing year under paragraphs (3) and (5) shall be  
14 allocated, as the Secretary may by regulation  
15 prescribe, to other farms in the State on which  
16 peanuts were produced in at least 2 of the 3  
17 crop years immediately preceding the year for  
18 which the allocation is being made.

19 “(B) SET-ASIDE FOR FARMS WITH NO  
20 QUOTA.—Not more than 25 percent of the total  
21 amount of farm poundage quota to be allocated  
22 in the State under subparagraph (A) shall be  
23 allocated to farms in the State for which no  
24 farm poundage quota was established for the  
25 crop of the immediately preceding year. The al-

1 location to any such farm shall not exceed the  
2 average farm production of peanuts for the 3  
3 immediately preceding years during which pea-  
4 nuts were produced on the farm.

5 “(7) QUOTA TEMPORARILY RELEASED.—

6 “(A) IN GENERAL.—The farm poundage  
7 quota, or any portion of the quota, established  
8 for a farm for a marketing year may be volun-  
9 tarily released to the Secretary to the extent  
10 that the quota, or any part of the quota, will  
11 not be produced on the farm for the marketing  
12 year. Any farm poundage quota so released in  
13 a State shall be allocated to other farms in the  
14 State on such basis as the Secretary may by  
15 regulation prescribe.

16 “(B) EFFECTIVE PERIOD.—Except as oth-  
17 erwise provided in this section, any adjustment  
18 in the farm poundage quota for a farm under  
19 subparagraph (A) shall be effective only for the  
20 marketing year for which the adjustment is  
21 made and shall not be taken into consideration  
22 in establishing a farm poundage quota for the  
23 farm from which the quota was released for any  
24 subsequent marketing year.

1           “(C) TRANSFER OF ADDITIONAL PEA-  
2           NUTS.—Additional peanuts on a farm from  
3           which the quota poundage was not harvested or  
4           marketed may be transferred to the quota loan  
5           pool for pricing purposes at the quota price on  
6           such basis as the Secretary shall by regulation  
7           provide, except that the poundage of the pea-  
8           nuts so transferred shall not exceed the dif-  
9           ference in the total peanuts meeting quality re-  
10          quirements for domestic edible use, as deter-  
11          mined by the Secretary, marketed from the  
12          farm and the total farm poundage quota.

13       “(c) FARM YIELDS.—

14           “(1) IN GENERAL.—For each farm for which a  
15          farm poundage quota is established under subsection  
16          (b), and when necessary for purposes of this Act, a  
17          farm yield of peanuts shall be determined for each  
18          such farm.

19           “(2) QUANTITY.—The yield shall be equal to  
20          the average of the actual yield per acre on the farm  
21          for each of the 3 crop years in which yields were  
22          highest on the farm during the 5-year period con-  
23          sisting of the 1973 through 1977 crop years.

24           “(3) APPRAISED YIELDS.—If peanuts were not  
25          produced on the farm in at least 3 years during the

1       5-year period or there was a substantial change in  
2       the operation of the farm during the period (includ-  
3       ing a change in operator, lessee who is an operator,  
4       or irrigation practices), the Secretary shall have a  
5       yield appraised for the farm. The appraised yield  
6       shall be that quantity determined to be fair and rea-  
7       sonable on the basis of yields established for similar  
8       farms that are located in the area of the farm and  
9       on which peanuts were produced, taking into consid-  
10      eration land, labor, and equipment available for the  
11      production of peanuts, crop rotation practices, soil  
12      and water, and other relevant factors.

13      “(d)   REFERENDUM   RESPECTING   POUNDAGE  
14   QUOTAS.—

15           “(1) IN GENERAL.—Not later than December  
16      15 of each calendar year, the Secretary shall con-  
17      duct a referendum of producers engaged in the pro-  
18      duction of quota peanuts in the calendar year in  
19      which the referendum is held to determine whether  
20      the producers are in favor of or opposed to poundage  
21      quotas with respect to the crops of peanuts produced  
22      in the 5 calendar years immediately following the  
23      year in which the referendum is held, except that, if  
24      at least  $\frac{2}{3}$  of the producers voting in any referen-  
25      dum vote in favor of poundage quotas, no referen-

1       dum shall be held with respect to quotas for the re-  
 2       maining years of the 5-calendar year period.

3           “(2) PROCLAMATION.—The Secretary shall pro-  
 4       claim the result of the referendum within 30 days  
 5       after the date on which the referendum is held.

6           “(3) VOTE AGAINST QUOTAS.—If more than  $\frac{1}{3}$   
 7       of the producers voting in the referendum vote  
 8       against poundage quotas, the Secretary shall pro-  
 9       claim that poundage quotas will not be in effect with  
 10      respect to the crop of peanuts produced in the cal-  
 11      endar year immediately following the calendar year  
 12      in which the referendum is held.

13          “(e) DEFINITIONS.—In this part and title I of the  
 14      Agricultural Act of 1949 (7 U.S.C. 1441 et seq.):

15           “(1) ADDITIONAL PEANUTS.—The term ‘addi-  
 16      tional peanuts’ means, for any marketing year—

17                  “(A) any peanuts that are marketed from  
 18                  a farm for which a farm poundage quota has  
 19                  been established and that are in excess of the  
 20                  marketings of quota peanuts from the farm for  
 21                  the year; and

22                  “(B) all peanuts marketed from a farm for  
 23                  which no farm poundage quota has been estab-  
 24                  lished in accordance with subsection (b).

1           “(2) CRUSH.—The term ‘crush’ means the  
2           processing of peanuts to extract oil for food uses and  
3           meal for feed uses, or the processing of peanuts by  
4           crushing or otherwise when authorized by the Sec-  
5           retary.

6           “(3) DOMESTIC EDIBLE USE.—The term ‘do-  
7           mestic edible use’ means use for milling to produce  
8           domestic food peanuts (other than a use described in  
9           paragraph (2)) and seed and use on a farm, except  
10          that the Secretary may exempt from this paragraph  
11          seeds of peanuts that are used to produce peanuts  
12          excluded under section 358d(c), are unique strains,  
13          and are not commercially available.

14          “(4) QUOTA PEANUTS.—The term ‘quota pea-  
15          nuts’ means, for any marketing year, any peanuts  
16          produced on a farm having a farm poundage quota,  
17          as determined under subsection (b), that—

18                  “(A) are eligible for domestic edible use as  
19                  determined by the Secretary;

20                  “(B) are marketed or considered marketed  
21                  from a farm; and

22                  “(C) do not exceed the farm poundage  
23                  quota of the farm for the year.

1       “(f) CROPS.—Notwithstanding any other provision of  
2 law, this section shall be effective only for the 1996  
3 through 2002 crops of peanuts.”.

4       **SEC. 203. SALE, LEASE, OR TRANSFER OF FARM POUNDAGE**  
5               **QUOTA.**

6       Section 358b of the Agricultural Adjustment Act of  
7 1938 (7 U.S.C. 1358b) is amended to read as follows:

8       **“SEC. 358b. SALE, LEASE, OR TRANSFER OF FARM POUND-**  
9               **AGE QUOTA FOR 1996 THROUGH 2002 CROPS**  
10              **OF PEANUTS.**

11       “(a) IN GENERAL.—

12           “(1) AUTHORITY.—

13               “(A) IN GENERAL.—Subject to such terms,  
14 conditions, or limitations as the Secretary may  
15 prescribe, the owner, or operator with the per-  
16 mission of the owner, of any farm for which a  
17 farm poundage quota has been established  
18 under this Act may sell or lease all or any part  
19 of the poundage quota to any other owner or  
20 operator of a farm within the same county for  
21 transfer to the farm, except that any such lease  
22 of poundage quota may be entered into in the  
23 fall or after the normal planting season—

24               “(i) if not less than 90 percent of the  
25 basic quota (consisting of the farm quota



and temporary quota transfers), plus any poundage quota transferred to the farm under this subsection, has been planted or considered planted on the farm from which the quota is to be leased; and

“(ii) under such terms and conditions as the Secretary may by regulation prescribe.

“(B) FALL TRANSFERS.—

“(i) NO TRANSFER AUTHORIZATION.—In the case of a fall transfer or a transfer after the normal planting season by a cash lessee, the landowner shall not be required to sign the transfer authorization.

“(ii) TIME LIMITATION.—A fall transfer or a transfer after the normal planting season may be made not later than 72 hours after the peanuts that are the subject of the transfer are inspected and graded.

“(2) TRANSFERS TO OTHER SELF-OWNED FARMS.—The owner or operator of a farm may transfer all or any part of the farm poundage quota to any other farm owned or controlled by the owner

1 or operator that is in the same county or in a county  
2 contiguous to the county in the same State and that  
3 had a farm poundage quota for the crop of the pre-  
4 ceding year. Any farm poundage quota transferred  
5 under this paragraph shall not result in any reduc-  
6 tion in the farm poundage quota for the transferring  
7 farm if the transferred quota is produced or consid-  
8 ered produced on the receiving farm.

9 “(3) TRANSFERS IN STATES WITH SMALL  
10 QUOTAS.—Notwithstanding paragraphs (1) and (2),  
11 in the case of any State for which the poundage  
12 quota allocated to the State was less than 10,000  
13 tons for the crop of the preceding year, all or any  
14 part of a farm poundage quota may be transferred  
15 by sale or lease or otherwise from a farm in 1 coun-  
16 ty to a farm in another county in the same State.

17 “(b) CONDITIONS.—Transfers (including transfer by  
18 sale or lease) of farm poundage quotas under this section  
19 shall be subject to all of the following conditions:

20 “(1) LIENHOLDERS.—No transfer of the farm  
21 poundage quota from a farm subject to a mortgage  
22 or other lien shall be permitted unless the transfer  
23 is agreed to by the lienholders.

24 “(2) TILLABLE CROPLAND.—No transfer of the  
25 farm poundage quota shall be permitted if the coun-

1       ty committee established under section 8(b) of the  
 2       Soil Conservation and Domestic Allotment Act (16  
 3       U.S.C. 590h(b)) determines that the receiving farm  
 4       does not have adequate tillable cropland to produce  
 5       the farm poundage quota.

6           “(3) RECORD.—No transfer of the farm pound-  
 7       age quota shall be effective until a record of the  
 8       transfer is filed with the county committee of the  
 9       county to which the transfer is made and the com-  
 10      mittee determines that the transfer complies with  
 11      this section.

12          “(4) OTHER TERMS.—The Secretary may es-  
 13      tablish by regulation other terms and conditions.

14          “(c) CROPS.—Notwithstanding any other provision of  
 15      law, this section shall be effective only for the 1996  
 16      through 2002 crops of peanuts.”.

17      **SEC. 204. MARKETING PENALTIES; DISPOSITION OF ADDI-**  
 18                                      **TIONAL PEANUTS.**

19          Section 358e of the Agricultural Adjustment Act of  
 20      1938 (7 U.S.C. 1359a) is amended to read as follows:

21      **“SEC. 358e. MARKETING PENALTIES AND DISPOSITION OF**  
 22                                      **ADDITIONAL PEANUTS FOR 1996 THROUGH**  
 23                                      **2002 CROPS OF PEANUTS.**

24          “(a) MARKETING PENALTIES.—

25                  “(1) IN GENERAL.—

1           “(A) MARKETING PEANUTS IN EXCESS OF  
2 QUOTA.—The marketing of any peanuts for do-  
3 mestic edible use in excess of the farm pound-  
4 age quota for the farm on which the peanuts  
5 are produced shall be subject to a penalty at a  
6 rate equal to 140 percent of the support price  
7 for quota peanuts for the marketing year in  
8 which the marketing occurs. The penalty shall  
9 not apply to the marketing of breeder or Foun-  
10 dation seed peanuts grown and marketed by a  
11 publicly owned agricultural experiment station  
12 (including a State operated seed organization)  
13 under such regulations as the Secretary may  
14 prescribe.

15           “(B) MARKETING YEAR.—For purposes of  
16 this section, the marketing year for peanuts  
17 shall be the 12-month period beginning August  
18 1 and ending July 31.

19           “(C) MARKETING ADDITIONAL PEA-  
20 NUTS.—The marketing of any additional pea-  
21 nuts from a farm shall be subject to the same  
22 penalty as the penalty prescribed in subpara-  
23 graph (A) unless the peanuts, in accordance  
24 with regulations established by the Secretary,  
25 are—

1           “(i) placed under loan at the addi-  
2           tional loan rate in effect for the peanuts  
3           under section 108B of the Agricultural Act  
4           of 1949 (7 U.S.C. 1445c-3) and not re-  
5           deemed by the producers;

6           “(ii) marketed through an area mar-  
7           keting association designated pursuant to  
8           section 108B(c)(1) of the Agricultural Act  
9           of 1949; or

10          “(iii) marketed under contracts be-  
11          tween handlers and producers pursuant to  
12          subsection (f).

13          “(2) PAYER.—The penalty shall be paid by the  
14          person who buys or otherwise acquires the peanuts  
15          from the producer or, if the peanuts are marketed  
16          by the producer through an agent, the penalty shall  
17          be paid by the agent. The person or agent may de-  
18          duct an amount equivalent to the penalty from the  
19          price paid to the producer.

20          “(3) FAILURE TO COLLECT.—If the person re-  
21          quired to collect the penalty fails to collect the pen-  
22          alty, the person and all persons entitled to share in  
23          the peanuts marketed from the farm or the proceeds  
24          of the marketing shall be jointly and severally liable

1 with the persons who failed to collect the penalty for  
2 the amount of the penalty.

3 “(4) APPLICATION OF QUOTA.—Peanuts pro-  
4 duced in a calendar year in which farm poundage  
5 quotas are in effect for the marketing year begin-  
6 ning in the calendar year shall be subject to the  
7 quotas even though the peanuts are marketed prior  
8 to the date on which the marketing year begins.

9 “(5) FALSE INFORMATION.—If any producer  
10 falsely identifies, fails to accurately certify planted  
11 acres, or fails to account for the disposition of any  
12 peanuts produced on the planted acres, a quantity of  
13 peanuts equal to the greater of the average or actual  
14 yield of the farm, as determined by the Secretary,  
15 multiplied by the number of planted acres, shall be  
16 deemed to have been marketed in violation of per-  
17 missible uses of quota and additional peanuts. Any  
18 penalty payable under this paragraph shall be paid  
19 and remitted by the producer.

20 “(6) UNINTENTIONAL VIOLATIONS.—The Sec-  
21 retary shall authorize, under such regulations as the  
22 Secretary shall issue, the county committees estab-  
23 lished under section 8(b) of the Soil Conservation  
24 and Domestic Allotment Act (16 U.S.C. 590h(b)) to  
25 waive or reduce marketing penalties provided for

1 under this subsection in cases with respect to which  
2 the committees determine that the violations that  
3 were the basis of the penalties were unintentional or  
4 without knowledge on the part of the parties con-  
5 cerned.

6 “(7) DE MINIMIS VIOLATIONS.—An error in  
7 weight that does not exceed  $\frac{1}{10}$  of 1 percent in the  
8 case of any 1 marketing document shall not be con-  
9 sidered to be a marketing violation except in a case  
10 of fraud or conspiracy.

11 “(b) USE OF QUOTA AND ADDITIONAL PEANUTS.—

12 “(1) QUOTA PEANUTS.—Only quota peanuts  
13 may be retained for use as seed or for other uses on  
14 a farm. When peanuts are so retained, the retention  
15 shall be considered as marketings of quota peanuts,  
16 except that the Secretary may exempt from consider-  
17 ation as marketings of quota peanuts seeds of pea-  
18 nuts for the quantity involved that are used to  
19 produce peanuts excluded under section 358d(c), are  
20 unique strains, and are not commercially available.

21 “(2) ADDITIONAL PEANUTS.—Additional pea-  
22 nuts shall not be retained for use on a farm and  
23 shall not be marketed for domestic edible use, except  
24 as provided in subsection (g).

1           “(3) SEED.—Except as provided in paragraph  
2           (1), seed for planting of any peanut acreage in the  
3           United States shall be obtained solely from quota  
4           peanuts marketed or considered marketed for do-  
5           mestic edible use.

6           “(c) MARKETING PEANUTS WITH EXCESS QUAN-  
7           TITY, GRADE, OR QUALITY.—On a finding by the Sec-  
8           retary that the peanuts marketed from any crop for do-  
9           mestic edible use by a handler are larger in quantity or  
10          higher in grade or quality than the peanuts that could rea-  
11          sonably be produced from the quantity of peanuts having  
12          the grade, kernel content, and quality of the quota peanuts  
13          acquired by the handler from the crop for the marketing,  
14          the handler shall be subject to a penalty equal to 140 per-  
15          cent of the loan level for quota peanuts on the quantity  
16          of peanuts that the Secretary determines are in excess of  
17          the quantity, grade, or quality of the peanuts that could  
18          reasonably have been produced from the peanuts so ac-  
19          quired.

20          “(d) HANDLING AND DISPOSAL OF ADDITIONAL  
21          PEANUTS.—

22                 “(1) IN GENERAL.—Except as provided in para-  
23                 graph (2), the Secretary shall require that the han-  
24                 dling and disposal of additional peanuts be super-  
25                 vised by agents of the Secretary or by area market-



1       ing associations designated pursuant to section  
 2       108B(c)(1) of the Agricultural Act of 1949 (7  
 3       U.S.C. 1445c-3(c)(1)).

4               “(2) NONSUPERVISION OF HANDLERS.—

5               “(A) IN GENERAL.—Supervision of the  
 6       handling and disposal of additional peanuts by  
 7       a handler shall not be required under para-  
 8       graph (1) if the handler agrees in writing, prior  
 9       to any handling or disposal of the peanuts, to  
 10      comply with regulations that the Secretary shall  
 11      issue.

12              “(B) REGULATIONS.—The regulations is-  
 13      sued by the Secretary under subparagraph (A)  
 14      shall include the following provisions:

15              “(i) TYPES OF EXPORTED OR  
 16      CRUSHED PEANUTS.—Handlers of shelled  
 17      or milled peanuts may export or crush pea-  
 18      nuts classified by type in each of the fol-  
 19      lowing quantities:

20              “(I) SOUND SPLIT KERNEL PEA-  
 21      NUTS.—Sound split kernel peanuts  
 22      purchased by the handler as addi-  
 23      tional peanuts to which, under price  
 24      support loan schedules, a mandated  
 25      deduction with respect to the price

1           paid to the producer of the peanuts  
2           would be applied due to the percent-  
3           age of the sound splits.

4           “(II) SOUND MATURE KERNEL  
5           PEANUTS.—Sound mature kernel pea-  
6           nuts (which term includes sound split  
7           kernel peanuts and sound whole ker-  
8           nel peanuts) in an amount equal to  
9           the poundage of the peanuts pur-  
10          chased by the handler as additional  
11          peanuts, less the total poundage of  
12          sound split kernel peanuts described  
13          in subclause (I).

14          “(III) REMAINDER.—The re-  
15          maining quantity of total kernel con-  
16          tent of peanuts purchased by the han-  
17          dler as additional peanuts.

18          “(ii) DOCUMENTATION.—Handlers  
19          shall ensure that any additional peanuts  
20          exported or crushed are evidenced by on-  
21          board bills of lading or other appropriate  
22          documentation as may be required by the  
23          Secretary, or both.

24          “(iii) LOSS OF PEANUTS.—If a han-  
25          dler suffers a loss of peanuts as a result of

1 fire, flood, or any other condition beyond  
2 the control of the handler, the portion of  
3 the loss allocated to contracted additional  
4 peanuts shall not be greater than the por-  
5 tion of the total peanut purchases of the  
6 handler for the year attributable to con-  
7 tracted additional peanuts purchased for  
8 export or crushing by the handler during  
9 the year.

10 “(iv) SHRINKAGE ALLOWANCE.—

11 “(I) IN GENERAL.—The obliga-  
12 tion of a handler to export or crush  
13 peanuts in quantities described in this  
14 subparagraph shall be reduced by a  
15 shrinkage allowance, to be determined  
16 by the Secretary, to reflect actual dol-  
17 lar value shrinkage experienced by  
18 handlers in commercial operations, ex-  
19 cept that the allowance shall not be  
20 less than 4 percent, except as pro-  
21 vided in subclause (II).

22 “(II) COMMON INDUSTRY PRAC-  
23 TICES.—The Secretary may provide a  
24 lower shrinkage allowance for a han-  
25 dler who fails to comply with restric-

1                   tions on the use of peanuts, as may be  
2                   specified by the Commodity Credit  
3                   Corporation, to take into account  
4                   common industry practices.

5                   “(3) ADEQUATE FINANCES AND FACILITIES.—A  
6                   handler shall submit to the Secretary adequate fi-  
7                   nancial guarantees, as well as evidence of adequate  
8                   facilities and assets, with the facilities under the  
9                   control and operation of the handler, to ensure the  
10                  compliance of the handler with the obligation to ex-  
11                  port peanuts.

12                  “(4) COMMINGLING OF LIKE PEANUTS.—Quota  
13                  and additional peanuts of like type and segregation  
14                  or quality may, under regulations issued by the Sec-  
15                  retary, be commingled and exchanged on a dollar  
16                  value basis to facilitate warehousing, handling, and  
17                  marketing.

18                  “(5) PENALTY.—

19                         “(A) IN GENERAL.—Except as provided in  
20                         subparagraph (B), the failure by a handler to  
21                         comply with regulations issued by the Secretary  
22                         governing the disposition and handling of addi-  
23                         tional peanuts shall subject the handler to a  
24                         penalty at a rate equal to 140 percent of the

1 loan level for quota peanuts on the quantity of  
2 peanuts involved in the violation.

3 “(B) NONDELIVERY.—A handler shall not  
4 be subject to a penalty for failure to export ad-  
5 ditional peanuts if the peanuts were not deliv-  
6 ered to the handler.

7 “(6) REENTRY OF EXPORTED PEANUTS.—

8 “(A) PENALTY.—If any additional peanuts  
9 exported by a handler are reentered into the  
10 United States in commercial quantities as de-  
11 termined by the Secretary, the importer of the  
12 peanuts shall be subject to a penalty at a rate  
13 equal to 140 percent of the loan level for quota  
14 peanuts on the quantity of peanuts reentered.

15 “(B) RECORDS.—Each person, firm, or  
16 handler who imports peanuts into the United  
17 States shall maintain such records and docu-  
18 ments as are required by the Secretary to en-  
19 sure compliance with this subsection.

20 “(e) SPECIAL EXPORT CREDITS.—

21 “(1) IN GENERAL.—The Secretary shall, with  
22 due regard for the integrity of the peanut program,  
23 promulgate regulations that will permit any handler  
24 of peanuts who manufactures peanut products from  
25 domestic edible peanuts to export the products and

1 receive credit for the fulfillment of export obligations  
2 for the peanut content of the products against which  
3 export credit the handler may subsequently apply,  
4 up to the amount of the credit, equivalent quantities  
5 of additional peanuts of the same type acquired by  
6 the handler and used in the domestic edible market.  
7 The peanuts so acquired for the domestic edible  
8 market as provided in this subsection shall be of the  
9 same crop year as the peanuts used in the manufac-  
10 ture of the products so exported.

11 “(2) CERTIFICATION.—Under the regulations,  
12 the Secretary shall require all handlers who are pea-  
13 nut product manufacturers to submit annual certifi-  
14 cations of peanut product content on a product-by-  
15 product basis. Any changes in peanut product for-  
16 mulas as affecting peanut content shall be recorded  
17 within 90 days after the changes. The Secretary  
18 shall conduct an annual review of the certifications.  
19 The Secretary shall pursue all available remedies  
20 with respect to persons who fail to comply with this  
21 paragraph.

22 “(3) RECORDS.—The Secretary shall require  
23 handlers who are peanut product manufacturers to  
24 maintain and provide such documents as are nec-

1       essary to ensure compliance with this subsection and  
2       to maintain the integrity of the peanut program.

3       “(f) CONTRACTS FOR PURCHASE OF ADDITIONAL  
4 PEANUTS.—

5           “(1) IN GENERAL.—A handler may, under such  
6       regulations as the Secretary may issue, contract with  
7       a producer for the purchase of additional peanuts  
8       for crushing or export, or both.

9           “(2) SUBMISSION TO SECRETARY.—

10           “(A) CONTRACT DEADLINE.—Any such  
11       contract shall be completed and submitted to  
12       the Secretary (or if designated by the Sec-  
13       retary, the area marketing association) for ap-  
14       proval not later than September 15 of the year  
15       in which the crop is produced.

16           “(B) EXTENSION OF DEADLINE.—The  
17       Secretary may extend the deadline under sub-  
18       paragraph (A) by up to 15 days in response to  
19       damaging weather or related condition (as de-  
20       fined in section 112 of the Disaster Assistance  
21       Act of 1989 (Public Law 101–82; 7 U.S.C.  
22       1421 note)). The Secretary shall announce the  
23       extension not later than September 5 of the  
24       year in which the crop is produced.

1           “(3) FORM.—The contract shall be executed on  
2           a form prescribed by the Secretary. The form shall  
3           require such information as the Secretary deter-  
4           mines appropriate to ensure the proper handling of  
5           the additional peanuts, including the identity of the  
6           contracting parties, poundage, and category of the  
7           peanuts, the disclosure of any liens, and the in-  
8           tended disposition of the peanuts.

9           “(4) INFORMATION FOR HANDLING AND PROC-  
10          ESSING ADDITIONAL PEANUTS.—Notwithstanding  
11          any other provision of this section, any person wish-  
12          ing to handle and process additional peanuts as a  
13          handler shall submit to the Secretary (or if des-  
14          ignated by the Secretary, the area marketing asso-  
15          ciation), such information as may be required under  
16          subsection (d) by such date as is prescribed by the  
17          Secretary so as to permit final action to be taken on  
18          the application by July 1 of each marketing year.

19          “(5) TERMS.—Each such contract shall contain  
20          the final price to be paid by the handler for the pea-  
21          nuts involved and a specific prohibition against the  
22          disposition of the peanuts for domestic edible or seed  
23          use.

24          “(6) SUSPENSION OF RESTRICTIONS ON IM-  
25          PORTED PEANUTS.—Notwithstanding any other pro-



1 vision of this Act, if the President issues a proclama-  
2 tion under section 404(b) of the Uruguay Round  
3 Agreements Act (19 U.S.C. 3601(b)) expanding the  
4 quantity of peanuts subject to the in-quota rate of  
5 duty under a tariff-rate quota, or under section 22  
6 of the Agricultural Adjustment Act (7 U.S.C. 624),  
7 reenacted with amendments by the Agricultural  
8 Marketing Agreement Act of 1937, temporarily sus-  
9 pending restrictions on the importation of peanuts,  
10 the Secretary shall, subject to such terms and condi-  
11 tions as the Secretary may prescribe, permit a han-  
12 dler, with the written consent of the producer, to  
13 purchase additional peanuts from any producer who  
14 contracted with the handler and to offer the peanuts  
15 for sale for domestic edible use.

16 “(g) MARKETING OF PEANUTS OWNED OR CON-  
17 TROLLED BY THE COMMODITY CREDIT CORPORATION.—

18 “(1) IN GENERAL.—Subject to section 407 of  
19 the Agricultural Act of 1949 (7 U.S.C. 1427), any  
20 peanuts owned or controlled by the Commodity  
21 Credit Corporation may be made available for do-  
22 mestic edible use, in accordance with regulations is-  
23 sued by the Secretary, so long as doing so does not  
24 result in substantially increased cost to the Com-  
25 modity Credit Corporation. Additional peanuts re-

1       ceived under loan shall be offered for sale for domes-  
2       tic edible use at prices that are not less than the  
3       prices that are required to cover all costs incurred  
4       with respect to the peanuts for such items as inspec-  
5       tion, warehousing, shrinkage, and other expenses,  
6       plus—

7               “(A) not less than 100 percent of the loan  
8       value of quota peanuts if the additional peanuts  
9       are sold and paid for during the harvest season  
10      on delivery by and with the written consent of  
11      the producer;

12              “(B) not less than 105 percent of the loan  
13      value of quota peanuts if the additional peanuts  
14      are sold after delivery by the producer but not  
15      later than December 31 of the marketing year;  
16      or

17              “(C) not less than 107 percent of the loan  
18      value of quota peanuts if the additional peanuts  
19      are sold later than December 31 of the market-  
20      ing year.

21              “(2) ACCEPTANCE OF BIDS BY AREA MARKET-  
22      ING ASSOCIATIONS.—

23              “(A) IN GENERAL.—Except as provided in  
24      subparagraph (B), for the period from the date  
25      additional peanuts are delivered for loan to

1 March 1 of the calendar year following the year  
2 in which the additional peanuts were harvested,  
3 the area marketing association designated pur-  
4 suant to section 108B(c)(1) of the Agricultural  
5 Act of 1949 (7 U.S.C. 1445c-3(c)(1)) shall  
6 have sole authority to accept or reject lot list  
7 bids when the sales price, as determined under  
8 this subsection, equals or exceeds the minimum  
9 price at which the Commodity Credit Corpora-  
10 tion may sell the stocks of additional peanuts of  
11 the Corporation.

12 “(B) MODIFICATION.—The area marketing  
13 association and the Commodity Credit Corpora-  
14 tion may agree to modify the authority granted  
15 by subparagraph (A) to facilitate the orderly  
16 marketing of additional peanuts.

17 “(3) PRODUCER MARKETING AND EXPENSES.—  
18 Notwithstanding any other provision of this Act, the  
19 Secretary shall, in any determination required under  
20 subsections (a)(2) and (b)(1) of section 108B of the  
21 Agricultural Act of 1949 (7 U.S.C. 1445c-3), in-  
22 clude any additional marketing expenses required by  
23 law, excluding the amount of any assessment re-  
24 quired under section 108B(g) of the Agricultural Act  
25 of 1949 (7 U.S.C. 1445c-3(g)).

1       “(h) ADMINISTRATION.—

2               “(1) INTEREST.—The person liable for payment  
3       or collection of any penalty provided for in this sec-  
4       tion shall be liable also for interest on the penalty  
5       at a rate per annum equal to the rate per annum  
6       of interest that was charged the Commodity Credit  
7       Corporation by the Treasury of the United States on  
8       the date the penalty became due.

9               “(2) DE MINIMIS QUANTITY.—This section shall  
10       not apply to peanuts produced on any farm on which  
11       the acreage harvested for peanuts is 1 acre or less  
12       if the producers who share in the peanuts produced  
13       on the farm do not share in the peanuts produced  
14       on any other farm.

15              “(3) LIENS.—Until the amount of the penalty  
16       provided by this section is paid, a lien on the crop  
17       of peanuts with respect to which the penalty is in-  
18       curred, and on any subsequent crop of peanuts sub-  
19       ject to farm poundage quotas in which the person  
20       liable for payment of the penalty has an interest,  
21       shall be in effect in favor of the United States.

22              “(4) PENALTIES.—

23                      “(A) PROCEDURES.—Notwithstanding any  
24       other provision of law, the liability for and the  
25       amount of any penalty assessed under this sec-

1           tion shall be determined in accordance with  
2           such procedures as the Secretary may by regu-  
3           lation prescribe. The facts constituting the basis  
4           for determining the liability for or amount of  
5           any penalty assessed under this section, when  
6           officially determined in conformity with the ap-  
7           plicable regulations prescribed by the Secretary,  
8           shall be final and conclusive and shall not be  
9           reviewable by any other officer or agency of the  
10          Federal Government.

11                 “(B) JUDICIAL REVIEW.—Nothing in this  
12           section prohibits any court of competent juris-  
13           diction from reviewing any determination made  
14           by the Secretary with respect to whether the de-  
15           termination was made in conformity with appli-  
16           cable law.

17                 “(C) CIVIL PENALTIES.—All penalties im-  
18           posed under this section shall for all purposes  
19           be considered civil penalties.

20                 “(5) REDUCTION OF PENALTIES.—

21                 “(A) IN GENERAL.—Except as provided in  
22           subparagraph (B) and notwithstanding any  
23           other provision of law, the Secretary may re-  
24           duce the amount of any penalty assessed  
25           against handlers under this section by any ap-

1           appropriate amount, including, in an appropriate  
 2           case, eliminating the penalty entirely, if the  
 3           Secretary finds that the violation on which the  
 4           penalty is based was minor or inadvertent, and  
 5           that the reduction of the penalty will not impair  
 6           the operation of the peanut program.

7           “(B) FAILURE TO EXPORT CONTRACTED  
 8           ADDITIONAL PEANUTS.—The amount of any  
 9           penalty imposed on a handler under this section  
 10          that resulted from the failure to export or crush  
 11          contracted additional peanuts shall not be re-  
 12          duced by the Secretary.

13          “(i) CROPS.—Notwithstanding any other provision of  
 14          law, this section shall be effective only for the 1996  
 15          through 2002 crops of peanuts.”.

16   **SEC. 205. EXPERIMENTAL AND RESEARCH PROGRAMS FOR**  
 17                           **PEANUTS.**

18          Section 358c of the Agricultural Adjustment Act of  
 19          1938 (7 U.S.C. 1358c) is amended to read as follows:

20   **“SEC. 358c. EXPERIMENTAL AND RESEARCH PROGRAMS**  
 21                           **FOR PEANUTS.**

22          “(a) IN GENERAL.—Notwithstanding any other pro-  
 23          vision of this Act, the Secretary may permit a portion of  
 24          the poundage quota for peanuts apportioned to any State  
 25          to be allocated from the quota reserve of the State to land-

1 grant institutions identified in the Act of May 8, 1914  
2 (38 Stat. 372, chapter 79; 7 U.S.C. 341 et seq.), and col-  
3 leges eligible to receive funds under the Act of August 30,  
4 1890 (26 Stat. 419, chapter 841; 7 U.S.C. 321 et seq.),  
5 including Tuskegee Institute and, as appropriate, the Ag-  
6 ricultural Research Service of the Department of Agri-  
7 culture to be used for experimental and research purposes.

8 “(b) QUANTITY.—The quantity of the quota allocated  
9 to an institution under this section shall not exceed the  
10 quantity of the quota held by each such institution during  
11 the 1985 crop year, except that the total quantity allo-  
12 cated to all institutions in a State shall not exceed  $\frac{1}{10}$   
13 of 1 percent of the basic quota of the State.

14 “(c) LIMITATION.—The director of the agricultural  
15 experiment station for a State shall be required to ensure,  
16 to the extent practicable, that farm operators in the State  
17 do not produce quota peanuts under subsection (a) in ex-  
18 cess of the quantity needed for experimental and research  
19 purposes.

20 “(d) CROPS.—Notwithstanding any other provision of  
21 law, this section shall be effective only for the 1996  
22 through 2002 crops of peanuts.”.

23 **SEC. 206. PRICE SUPPORT PROGRAM.**

24 Section 108B of the Agricultural Act of 1949 (7  
25 U.S.C. 1445c-3) is amended to read as follows:

1   **“SEC. 108B. PRICE SUPPORT PROGRAM FOR 1996 THROUGH**  
2                   **2002 CROPS OF PEANUTS.**

3           “(a) QUOTA PEANUTS.—

4               “(1) IN GENERAL.—The Secretary shall make  
5           price support available to producers through loans,  
6           purchases, and other operations on quota peanuts  
7           for each of the 1996 through 2002 crops.

8               “(2) SUPPORT RATE.—The national average  
9           quota support rate for each of the 1996 through  
10          2002 crops of quota peanuts shall be the national  
11          average quota support rate for the 1995 crop of  
12          quota peanuts.

13              “(3) INSPECTION, HANDLING, OR STORAGE.—  
14          The level of support determined under paragraph (2)  
15          shall not be reduced by any deduction for inspection,  
16          handling, or storage.

17              “(4) LOCATION AND OTHER FACTORS.—The  
18          Secretary may make adjustments for location of pea-  
19          nuts and such other factors as are authorized by  
20          section 403.

21              “(5) ANNOUNCEMENT.—The Secretary shall  
22          announce the level of support for quota peanuts of  
23          each crop not later than February 15 preceding the  
24          marketing year for the crop for which the level of  
25          support is being determined.

26              “(b) ADDITIONAL PEANUTS.—



1           “(1) IN GENERAL.—The Secretary shall make  
 2           price support available to producers through loans,  
 3           purchases, or other operations on additional peanuts  
 4           for each of the 1996 through 2002 crops at such lev-  
 5           els as the Secretary finds appropriate, taking into  
 6           consideration the demand for peanut oil and peanut  
 7           meal, expected prices of other vegetable oils and pro-  
 8           tein meals, and the demand for peanuts in foreign  
 9           markets, except that the Secretary shall set the sup-  
 10          port rate on additional peanuts at a level estimated  
 11          by the Secretary to ensure that there are no losses  
 12          to the Commodity Credit Corporation on the sale or  
 13          disposal of the peanuts.

14          “(2) ANNOUNCEMENT.—The Secretary shall  
 15          announce the level of support for additional peanuts  
 16          of each crop not later than February 15 preceding  
 17          the marketing year for the crop for which the level  
 18          of support is being determined.

19          “(c) AREA MARKETING ASSOCIATIONS.—

20                 “(1) WAREHOUSE STORAGE LOANS.—

21                         “(A) IN GENERAL.—In carrying out sub-  
 22                         sections (a) and (b), the Secretary shall make  
 23                         warehouse storage loans available in each of the  
 24                         3 producing areas described in section 1446.95  
 25                         of title 7, Code of Federal Regulations (Janu-

ary 1, 1989) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting the loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and sections 358d and 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359 and 1359a).

“(B) ADMINISTRATIVE AND SUPERVISORY ACTIVITIES.—The area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and sections 358d and 358e of the Agricultural Adjustment Act of 1938.

“(C) ASSOCIATION COSTS.—Loans made to an area marketing association under this paragraph shall include, in addition to the price support value of the peanuts, such costs as the association reasonably may incur in carrying out the responsibilities, operations, and activi-

1           ties of the association under this section and  
2           sections 358d and 358e of the Agricultural Ad-  
3           justment Act of 1938.

4           “(2) POOLS FOR QUOTA AND ADDITIONAL PEA-  
5           NUTS.—

6                   “(A) IN GENERAL.—The Secretary shall  
7           require that each area marketing association es-  
8           tablish pools and maintain complete and accu-  
9           rate records by area and segregation for quota  
10          peanuts handled under loan and for additional  
11          peanuts placed under loan, except that separate  
12          pools shall be established for Valencia peanuts  
13          produced in New Mexico. Bright hull and dark  
14          hull Valencia peanuts shall be considered as  
15          separate types for the purpose of establishing  
16          the pools.

17                   “(B) NET GAINS.—Net gains on peanuts  
18          in each pool, unless otherwise approved by the  
19          Secretary, shall be distributed only to producers  
20          who placed peanuts in the pool and shall be dis-  
21          tributed in proportion to the value of the pea-  
22          nuts placed in the pool by each producer. Net  
23          gains for peanuts in each pool shall consist of  
24          the following:

1                   “(i) QUOTA PEANUTS.—For quota  
 2                   peanuts, the net gains over and above the  
 3                   loan indebtedness and other costs or losses  
 4                   incurred on peanuts placed in the pool plus  
 5                   an amount from all additional pool gains  
 6                   equal to any loss on disposition of all pea-  
 7                   nuts in the pool for quota peanuts.

8                   “(ii) ADDITIONAL PEANUTS.—For ad-  
 9                   ditional peanuts, the net gains over and  
 10                  above the loan indebtedness and other  
 11                  costs or losses incurred on peanuts placed  
 12                  in the pool for additional peanuts less any  
 13                  amount allocated to offset any loss on the  
 14                  pool for quota peanuts as provided in  
 15                  clause (i).

16               “(d) LOSSES.—Notwithstanding any other provision  
 17 of this section:

18               “(1) QUOTA PEANUTS PLACED UNDER LOAN.—  
 19               Any distribution of net gains on additional peanuts  
 20               (other than net gains on additional peanuts in sepa-  
 21               rate type pools established under subsection  
 22               (c)(2)(A) for Valencia peanuts produced in New  
 23               Mexico) shall be first reduced to the extent of any  
 24               loss by the Commodity Credit Corporation on quota  
 25               peanuts placed under loan.

1           “(2) QUOTA LOAN POOLS.—

2           “(A) TRANSFERS FROM ADDITIONAL LOAN  
3           POOLS.—The proceeds due any producer from  
4           any pool shall be reduced by the amount of any  
5           loss that is incurred with respect to peanuts  
6           transferred from an additional loan pool to a  
7           quota loan pool by the producer under section  
8           358–1(b)(8) of the Agricultural Adjustment Act  
9           of 1938 (7 U.S.C. 1358–1(b)(8)).

10          “(B) OTHER LOSSES.—Losses in area  
11          quota pools, other than losses incurred as a re-  
12          sult of transfers from additional loan pools to  
13          quota loan pools under section 358–1(b)(8) of  
14          the Agricultural Adjustment Act of 1938, shall  
15          be offset by any gains or profits from pools in  
16          other production areas (other than separate  
17          type pools established under subsection  
18          (c)(2)(A) for Valencia peanuts produced in New  
19          Mexico) in such manner as the Secretary shall  
20          prescribe by regulation.

21          “(e) DISAPPROVAL OF QUOTAS.—Notwithstanding  
22          any other provision of law, no price support may be made  
23          available by the Secretary for any crop of peanuts with  
24          respect to which poundage quotas have been disapproved

1 by producers, as provided for in section 358–1(d) of the  
2 Agricultural Adjustment Act of 1938.

3 “(f) QUALITY IMPROVEMENT.—

4 “(1) PRICE SUPPORT PEANUTS.—With respect  
5 to peanuts under price support loan, the Secretary  
6 shall—

7 “(A) promote the crushing of peanuts at a  
8 greater risk of deterioration before peanuts at  
9 a lesser risk of deterioration;

10 “(B) ensure that all Commodity Credit  
11 Corporation loan stocks of peanuts sold for do-  
12 mestic edible use are shown to have been offi-  
13 cially inspected by licensed Department of Agri-  
14 culture inspectors both as farmer stock and  
15 shelled or cleaned in-shell peanuts;

16 “(C) continue to endeavor to operate the  
17 peanut price support program so as to improve  
18 the quality of domestic peanuts and ensure the  
19 coordination of activities under the Peanut Ad-  
20 ministrative Committee established under Mar-  
21 keting Agreement No. 146, regulating the qual-  
22 ity of domestically produced peanuts (under the  
23 Agricultural Adjustment Act (7 U.S.C. 601 et  
24 seq.), reenacted with amendments by the Agri-

1 cultural Marketing Agreement Act of 1937);  
2 and

3 “(D) ensure that any changes made in the  
4 price support program as a result of this sub-  
5 section requiring additional production or han-  
6 dling at the farm level are reflected as an up-  
7 ward adjustment in the Department of Agri-  
8 culture loan schedule.

9 “(2) EXPORTS AND OTHER PEANUTS.—The  
10 Secretary shall require that all peanuts in the do-  
11 mestic market fully comply with all quality stand-  
12 ards under Marketing Agreement No. 146. The Sec-  
13 retary shall ensure that peanuts produced for the ex-  
14 port market meet quality standards established for  
15 the domestic market under Marketing Agreement  
16 No. 146.

17 “(g) MARKETING ASSESSMENT.—

18 “(1) IN GENERAL.—The Secretary shall pro-  
19 vide, by regulation, for a nonrefundable marketing  
20 assessment applicable to each of the 1996 through  
21 2002 crops of peanuts. The assessment shall be  
22 made in accordance with this subsection and shall be  
23 on a per pound basis in an amount equal to 1.15  
24 percent for the 1996 crop, and 1.2 percent for each  
25 of the 1997 through 2002 crops, of the national av-

1        erage quota or additional peanut support rate per  
2        pound, as applicable, for the applicable crop. No  
3        peanuts shall be assessed more than 1.15 percent for  
4        the 1996 crop, and 1.2 percent for each of the 1997  
5        through 2002 crops, of the applicable support rate  
6        under this subsection.

7            “(2) FIRST PURCHASERS.—

8            “(A) IN GENERAL.—Except as provided  
9        under paragraphs (3) and (4), the first pur-  
10       chaser of peanuts shall—

11            “(i) collect from the producer a mar-  
12        keting assessment equal to the quantity of  
13        peanuts acquired multiplied by—

14            “(I) in the case of the 1996 crop,  
15        .6 percent of the applicable national  
16        average support rate; and

17            “(II) in the case of each of the  
18        1997 through 2002 crops, .65 percent  
19        of the applicable national average sup-  
20        port rate;

21            “(ii) pay, in addition to the amount  
22        collected under clause (i), a marketing as-  
23        sessment in an amount equal to the quan-  
24        tity of peanuts acquired multiplied by .55



1 percent of the applicable national average  
2 support rate; and

3 “(iii) remit the amounts required  
4 under clauses (i) and (ii) to the Commod-  
5 ity Credit Corporation in a manner speci-  
6 fied by the Secretary.

7 “(B) DEFINITION.—In this subsection, the  
8 term ‘first purchaser’ means a person acquiring  
9 peanuts from a producer, except that in the  
10 case of peanuts forfeited by a producer to the  
11 Commodity Credit Corporation, the term means  
12 the person acquiring the peanuts from the Com-  
13 modity Credit Corporation.

14 “(3) OTHER PRIVATE MARKETINGS.—In the  
15 case of a private marketing by a producer directly  
16 to a consumer through a retail or wholesale outlet  
17 or in the case of a marketing by the producer out-  
18 side of the continental United States, the producer  
19 shall be responsible for the full amount of the as-  
20 sessment and shall remit the assessment by such  
21 time as is specified by the Secretary.

22 “(4) LOAN PEANUTS.—In the case of peanuts  
23 that are pledged as collateral for a price support  
24 loan made under this section,  $\frac{1}{2}$  of the assessment  
25 shall be deducted from the proceeds of the loan. The

1 remainder of the assessment shall be paid by the  
 2 first purchaser of the peanuts. For the purposes of  
 3 computing net gains on peanuts under this section,  
 4 the reduction in loan proceeds shall be treated as  
 5 having been paid to the producer.

6 “(5) PENALTIES.—If any person fails to collect  
 7 or remit the reduction required by this subsection or  
 8 fails to comply with such requirements for record-  
 9 keeping or otherwise as are required by the Sec-  
 10 retary to carry out this subsection, the person shall  
 11 be liable to the Secretary for a civil penalty up to  
 12 an amount determined by multiplying—

13 “(A) the quantity of peanuts involved in  
 14 the violation; by

15 “(B) the national average quota peanut  
 16 price support level for the applicable crop year.

17 “(6) ENFORCEMENT.—The Secretary may en-  
 18 force this subsection in the courts of the United  
 19 States.

20 “(h) CROPS.—Notwithstanding any other provision  
 21 of law, this section shall be effective only for the 1996  
 22 through 2002 crops of peanuts.”.

23 **SEC. 207. REPORTS AND RECORDS.**

24 Effective only for the 1996 through 2002 crops of  
 25 peanuts, the first sentence of section 373(a) of the Agri-

1 cultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is  
2 amended by inserting before “all brokers and dealers in  
3 peanuts” the following: “all producers engaged in the pro-  
4 duction of peanuts,”.

5 **SEC. 208. SUSPENSION OF CERTAIN PRICE SUPPORT PRO-**  
6 **VISIONS.**

7 Section 101 of the Agricultural Act of 1949 (7 U.S.C.  
8 1441) shall not be applicable to the 1996 through 2002  
9 crops of peanuts.

10 **SEC. 209. REGULATIONS.**

11 The Secretary of Agriculture shall issue such regula-  
12 tions as are necessary to carry out this title and the  
13 amendments made by this title. In issuing the regulations,  
14 the Secretary shall—

- 15 (1) comply with subchapter II of chapter 5 of  
16 title 5, United States Code;
- 17 (2) provide public notice through the Federal  
18 Register of any such proposed regulations; and
- 19 (3) allow adequate time for written public com-  
20 ment prior to the formulation and issuance of any  
21 final regulations.

# **TITLE III—OILSEEDS**

## **SEC. 301. LOANS AND PAYMENTS FOR OILSEEDS FOR 1996 THROUGH 2002 MARKETING YEARS.**

Section 205 of the Agricultural Act of 1949 (7 U.S.C. 1446f) is amended to read as follows:

### **“SEC. 205. LOANS AND PAYMENTS FOR OILSEEDS FOR 1996 THROUGH 2002 MARKETING YEARS.**

“(a) DEFINITION OF OILSEEDS.—In this section, the term ‘oilseeds’ means soybeans, sunflower seed, canola, rapeseed, safflower, flaxseed, mustard seed, and such other oilseeds as the Secretary may determine.

“(b) NONRECOURSE LOANS.—The Secretary shall support the price of oilseeds through nonrecourse loans to producers on a farm for oilseeds produced on the farm in each of the 1996 through 2002 marketing years as provided in this section.

“(c) LOAN LEVEL.—

“(1) IN GENERAL.—The loan level for each of the 1996 through 2002 crops of—

“(A) soybeans shall not be less than \$5.25 per bushel;

“(B) sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, individually, shall not be less than \$0.093 per pound; and

1           “(C) other oilseeds shall be established at  
2           such level as the Secretary determines is fair  
3           and reasonable in relation to the loan level  
4           available for soybeans, except that in no event  
5           shall the level for the oilseeds (other than cot-  
6           tonseed) be less than the level established for  
7           soybeans on a per-pound basis for the same  
8           crop year.

9           “(2) TRANSPORTATION DIFFERENTIALS.—To  
10          ensure that producers have an equitable opportunity  
11          to produce an alternative crop in areas of limited  
12          crop options, the Secretary may limit, insofar as  
13          practicable, adjustments in the loan level established  
14          under paragraph (1)(B) applicable to a particular  
15          region, State, or county for the purpose of reflecting  
16          transportation differentials such that the regional,  
17          State, or county loan level does not increase or de-  
18          crease by more than 9 percent from the basic na-  
19          tional loan rate.

20          “(d) MARKETING LOANS.—

21                 “(1) IN GENERAL.—The Secretary shall permit  
22          a producer to repay a loan made under this section  
23          for a crop—

24                 “(A) at a level that is the lesser of—

1 “(i) the loan level determined for the  
2 crop; and

3 “(ii) the prevailing world market price  
4 for the applicable oilseed (adjusted to  
5 United States quality and location), as de-  
6 termined by the Secretary; or

7 “(B) such other level (not in excess of the  
8 loan level determined for the crop) that the Sec-  
9 retary determines will—

10 “(i) minimize potential loan forfeit-  
11 ures;

12 “(ii) minimize the accumulation of oil-  
13 seed stocks by the Federal Government;

14 “(iii) minimize the cost incurred by  
15 the Federal Government in storing oil-  
16 seeds; and

17 “(iv) allow oilseeds produced in the  
18 United States to be marketed freely and  
19 competitively, both domestically and inter-  
20 nationally.

21 “(2) PREVAILING WORLD MARKET PRICE.—The  
22 Secretary shall prescribe by regulation—

23 “(A) a formula for determining the prevail-  
24 ing world market price for oilseeds (adjusted to  
25 United States quality and location); and

1           “(B) a mechanism by which the Secretary  
2           shall announce periodically the prevailing world  
3           market price for oilseeds (adjusted to United  
4           States quality and location).

5           “(e) LOAN DEFICIENCY PAYMENT.—

6           “(1) IN GENERAL.—For each of the 1996  
7           through 2002 crops of oilseeds, the Secretary shall  
8           make payments available to producers who, although  
9           eligible to obtain a loan under subsection (b), agree  
10          to forgo obtaining the loan in return for payments  
11          under this subsection.

12          “(2) COMPUTATION.—A payment under this  
13          subsection shall be computed by multiplying—

14                  “(A) the loan payment rate; by

15                  “(B) the quantity of oilseeds the producer  
16                  is eligible to place under loan but for which the  
17                  producer forgoes obtaining the loan in return  
18                  for payments under this subsection.

19          “(3) LOAN PAYMENT RATE.—For purposes of  
20          this subsection, the loan payment rate shall be the  
21          amount by which—

22                  “(A) the loan level determined for the crop  
23                  under subsection (c); exceeds

24                  “(B) the level at which a loan may be re-  
25          paid under subsection (d).

1           “(4) MARKETING CERTIFICATES.—

2                 “(A) IN GENERAL.—The Secretary may  
3           make payments under this section available in  
4           the form of certificates redeemable for any agri-  
5           cultural commodity owned by the Commodity  
6           Credit Corporation.

7                 “(B) MINIMAL OILSEED STOCKS.—The  
8           Secretary shall make certificates available under  
9           subparagraph (A) in such a manner as to mini-  
10          mize the accumulation of oilseed stocks.

11          “(f) MARKETING YEAR.—For purposes of this sec-  
12          tion, the marketing year for—

13                 “(1) soybeans shall be the 1-year period begin-  
14          ning on September 1 and ending on August 31; and

15                 “(2) other oilseeds shall be prescribed by the  
16          Secretary by regulation.

17          “(g) ANNOUNCEMENTS.—

18                 “(1) IN GENERAL.—Except as provided in para-  
19          graph (2), the Secretary shall make an announce-  
20          ment of the loan level for the crop not later than  
21          November 15 prior to the calendar year in which the  
22          crop is harvested.

23                 “(2) 1996 CROP.—In the case of the 1996 crop,  
24          the Secretary shall make an announcement of the  
25          loan level for the crop as soon as practicable after



1 the date of enactment of the Southern Agricultural  
2 Act of 1995.

3 “(h) LOAN MATURITY.—A loan made for a crop of  
4 oilseeds under this section shall mature on the last day  
5 of the 9th month following the month the application for  
6 the loan is made, except that the loan may not mature  
7 later than the last day of the fiscal year in which the appli-  
8 cation is made.

9 “(i) OTHER TERMS AND CONDITIONS.—Notwith-  
10 standing any other provision of law—

11 “(1) the Secretary shall not require participa-  
12 tion in any production adjustment program for oil-  
13 seeds or any other commodity as a condition of eligi-  
14 bility for price support for oilseeds;

15 “(2) the Secretary may not authorize payments  
16 to producers to cover the cost of storing oilseeds;  
17 and

18 “(3) oilseeds may not be considered an eligible  
19 commodity for any reserve program.

20 “(j) REGULATIONS.—The Secretary may issue such  
21 regulations as the Secretary determines necessary to carry  
22 out this section.

23 “(k) COMMODITY CREDIT CORPORATION.—The Sec-  
24 retary shall carry out the program authorized by this sec-  
25 tion through the Commodity Credit Corporation.

1 “(l) ASSIGNMENT OF PAYMENTS.—Section 8(g) of  
 2 the Soil Conservation and Domestic Allotment Act (16  
 3 U.S.C. 590h(g)) shall apply to payments under this sec-  
 4 tion.

5 “(m) CROPS.—Notwithstanding any other provision  
 6 of law, this section shall be effective only for the 1996  
 7 through 2002 crops of oilseeds.”.

8 **TITLE IV—GENERAL**  
 9 **COMMODITY PROVISIONS**  
 10 **Subtitle A—Amendments to**  
 11 **Agricultural Act of 1949**

12 **SEC. 401. SUPPLEMENTAL SET-ASIDE AND ACREAGE LIM-**  
 13 **TATION AUTHORITY.**

14 Section 113 of the Agricultural Act of 1949 (7 U.S.C.  
 15 1445h) is amended by striking “1995” and inserting  
 16 “2002”.

17 **SEC. 402. DEFICIENCY AND LAND DIVERSION PAYMENTS.**

18 Section 114 of the Agricultural Act of 1949 (7 U.S.C.  
 19 1445j) is amended—

20 (1) in subsection (a)—

21 (A) in paragraph (1), by striking “1997”  
 22 and inserting “2002”; and

23 (B) in paragraph (2)(F), by striking clause  
 24 (iii) and inserting the following:

1 “(iii) 50 percent of the projected pay-  
2 ment rate;”;

3 (2) in subsection (b), by striking “1995” and  
4 inserting “2002”; and

5 (3) in subsection (c), by striking “1997” and  
6 inserting “2002”.

7 **SEC. 403. ADJUSTMENT OF ESTABLISHED PRICES.**

8 Section 402(b) of the Agricultural Act of 1949 (7  
9 U.S.C. 1422(b)) is amended by striking “1995” and in-  
10 serting “2002”.

11 **SEC. 404. ADJUSTMENT OF SUPPORT PRICES.**

12 Section 403(c) of the Agricultural Act of 1949 (7  
13 U.S.C. 1423(c)) is amended by striking “1995” and in-  
14 serting “2002”.

15 **SEC. 405. PROGRAM OPTION FOR FUTURE CROPS.**

16 Section 406 of the Agricultural Act of 1949 (7 U.S.C.  
17 1426) is amended by striking subsection (b) and inserting  
18 the following:

19 “(b) PROGRAM OPTION FOR 2003 AND SUBSEQUENT  
20 CROPS.—

21 “(1) IN GENERAL.—Notwithstanding any other  
22 provision of law, the Secretary may offer an option  
23 to producers of each of the 2003 and subsequent  
24 crops of wheat, feed grains, upland cotton, extra  
25 long staple cotton, rice, sugar, peanuts, and oilseeds

1 to participate in commodity price support, produc-  
2 tion adjustment, and payment programs as provided  
3 in this subsection.

4 “(2) TERMS AND CONDITIONS.—The Secretary  
5 may offer the programs based on such terms and  
6 conditions as are provided producers of the commod-  
7 ities for the 2002 crop year in accordance with this  
8 Act, as determined by the Secretary. Any established  
9 price or loan and purchase level made available in  
10 accordance with this subsection shall be established  
11 at the same level as the level established for the  
12 2002 crop year or using the same terms and condi-  
13 tions as are provided for the commodity for the  
14 2002 crop year.

15 “(3) FINAL ANNOUNCEMENTS.—The Secretary  
16 may offer each of the programs provided for by this  
17 subsection if the Secretary has not made final an-  
18 nouncement of the terms of the commodity price  
19 support, production adjustment, or payment pro-  
20 grams for the 2003 crops of the commodities re-  
21 ferred to in paragraph (1) on or before November 1,  
22 2002.

23 “(4) COMMODITY CREDIT CORPORATION.—The  
24 Secretary may use the funds, facilities and authori-

1       ties of the Commodity Credit Corporation to carry  
2       out this subsection.”.

3       **SEC. 406. APPLICATION OF TERMS IN THE AGRICULTURAL**  
4                                   **ACT OF 1949.**

5       Section 408(k)(3) of the Agricultural Act of 1949 (7  
6       U.S.C. 1428(k)(3)) is amended by striking “1995” and  
7       inserting “2002”.

8       **SEC. 407. ACREAGE BASE AND YIELD SYSTEM.**

9       (a) CROP ACREAGE BASES.—Section 503 of the Agri-  
10      cultural Act of 1949 (7 U.S.C. 1463) is amended—

11               (1) in subsection (b), by striking paragraph (2)  
12      and inserting the following:

13               “(2) COTTON AND RICE.—In the case of upland  
14      cotton and rice, the crop acreage base for a crop for  
15      a crop year shall be equal to the average of the acre-  
16      age planted and considered planted to the crop for  
17      harvest on the farm in each of the 3 crop years pre-  
18      ceding the crop year.”;

19               (2) in subsection (c)(3), by striking “1997” and  
20      inserting “2002”; and

21               (3) by striking subsection (h) and inserting the  
22      following:

23               “(h) ADJUSTMENT OF BASES.—The county commit-  
24      tee, in accordance with regulations prescribed by the Sec-  
25      retary, may adjust any crop acreage base for any program

1 crop for any farm if the crop acreage base for the crop  
2 on the farm would otherwise be adversely affected by a  
3 condition or occurrence beyond the control of the pro-  
4 ducer.”.

5 (b) FARM PROGRAM PAYMENT YIELDS.—Section  
6 505(b) of the Act (7 U.S.C. 1465(b)) is amended—

7 (1) in subsection (b)—

8 (A) in paragraphs (1) and (2), by striking  
9 “1997” each place it appears and inserting  
10 “2002”; and

11 (B) in paragraph (3), by striking “1981  
12 through 1985 crop years (or, as appropriate,  
13 the 1986 through 1990 crop years)” and insert-  
14 ing “applicable crop years, as determined by the  
15 Secretary”; and

16 (2) in subsection (c)(2)—

17 (A) by inserting “(if applicable)” after the  
18 “1986 crop year”; and

19 (B) by inserting “(as applicable)” after  
20 “subsequent crop years”.

21 (c) CROPS.—Section 509 of the Act (7 U.S.C. 1469)  
22 is amended by striking “1997” and inserting “2002”.

## **Subtitle B—Miscellaneous Commodity Provisions**

### **SEC. 411. PAYMENT LIMITATIONS.**

Title X of the Food Security Act of 1985 (Public Law 99–198; 99 Stat. 1444) is amended—

(1) in paragraphs (1)(A), (1)(B), and (2)(A) of section 1001 (7 U.S.C. 1308), by striking “1997” each place it appears and inserting “2002”; and

(2) in section 1001C(a) (7 U.S.C. 1308–3(a)), by striking “1997” each place it appears and inserting “2002”.

### **SEC. 412. NORMALLY PLANTED ACREAGE.**

Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is amended by striking “1995” each place it appears in subsections (a), (b)(1), and (c) and inserting “2002”.

### **SEC. 413. NORMAL SUPPLY.**

Section 1019 of the Food Security Act of 1985 (7 U.S.C. 1310a) is amended by striking “1995” and inserting “2002”.

### **SEC. 414. DETERMINATIONS OF THE SECRETARY.**

Section 1017(b) of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1385 note) is amended by striking “1995” and inserting “2002”.

1 **SEC. 415. OPTIONS PILOT PROGRAM.**

2 The Options Pilot Program Act of 1990 (subtitle E  
3 of title XI of Public Law 101-624; 104 Stat. 3518; 7  
4 U.S.C. 1421 note) is amended—

5 (1) in subsections (a) and (b) of section 1153,  
6 by striking “1995” each place it appears and insert-  
7 ing “2002”; and

8 (2) in section 1154(b)(1)(A), by striking  
9 “1995” each place it appears and inserting “2002”.

10 **SEC. 416. NATIONAL AGRICULTURAL COST OF PRODUC-**  
11 **TION STANDARDS REVIEW BOARD.**

12 Section 1014 of the Agriculture and Food Act of  
13 1981 (7 U.S.C. 4110) is amended by striking “1995” and  
14 inserting “2002”.

15 **Subtitle C—Application**

16 **SEC. 421. APPLICATION.**

17 (a) CROPS.—Except as otherwise specifically pro-  
18 vided this Act, this Act and the amendments made by this  
19 Act shall apply beginning with the 1996 crop of an agri-  
20 cultural commodity.

21 (b) PRIOR CROPS.—Except as otherwise specifically  
22 provided and notwithstanding any other provision of law,  
23 this Act and the amendments made by this Act shall not  
24 affect the authority of the Secretary of Agriculture to  
25 carry out a price support, production adjustment, or pay-  
26 ment program for—



1           (1) any of the 1991 through 1995 crops of an  
 2           agricultural commodity established under a provision  
 3           of law as in effect immediately before the enactment  
 4           of this Act; or

5           (2) the 1996 crop of an agricultural commodity  
 6           established under section 406(b) of the Agricultural  
 7           Act of 1949 (as in effect immediately before the ef-  
 8           fective date of the amendment made by section 405).



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