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House of Representatives

The House met at 11 a.m. and was called to order by the Speaker pro tempore [Mrs. MORELLA].

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

With gratitude and praise, with awe and wonder, we offer our thanks for the opportunities of this day. In spite of all that should be done or must be accomplished and with all the anxieties of a busy world, we interrupt all our concerns to thank You, O gracious God, for the myriad blessings that You have freely given. The failures and the successes of yesterday are gone and tomorrow is not yet here, so in sincere appreciation we express these words of thanksgiving to You, our Creator and our God. Amen.

THE JOURNAL

The SPEAKER pro tempore (Mrs. MORELLA). The Chair has examined the Journal of the last day's proceedings and announces to the House her approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Mississippi [Mr. MONTGOMERY] come forward and lead the House in the Pledge of Allegiance.

Mr. MONTGOMERY led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 1718. An act to designate the United States courthouse located at 197 South Main Street in Wilkes-Barre, Pennsylvania, as the "Max Rosenn United States Courthouse."

A message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 2196. An act to amend the Stevenson-Wydler Technology Innovation Act of 1980 with respect to inventions made under cooperative research and development agreements, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1510. An act to designate the United States Courthouse in Washington, District of Columbia, as the "E. Barrett Prettyman United States Courthouse", and for other purposes; and

S. 1518. An act to eliminate the Board of Tea Experts by prohibiting funding for the Board and by repealing the Tea Importation Act of 1897.

APPOINTMENT OF MEMBERS TO REPRESENT THE HOUSE OF REPRESENTATIVES AT CEREMONIES FOR THE OBSERVANCE OF GEORGE WASHINGTON'S BIRTHDAY

Mr. MONTGOMERY. Madam Speaker, I ask unanimous consent that it shall be in order for the Speaker to appoint two Members of the House, one upon the recommendation of the minority leader, to represent the House of Representatives at appropriate ceremonies for the observance of George Washington's birthday to be held on Thursday, February 22, 1996.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER pro tempore. Pursuant to the order of the House of today, the Chair appoints the following Members to represent the House of Representatives at appropriate ceremonies for the observance of George Washington's birthday to be held on Thursday, February 22, 1996: Mr. DAVIS of Virginia and Mr. MORAN of Virginia.

REAPPOINTMENT AS MEMBER OF COMMISSION ON CIVIL RIGHTS

The SPEAKER pro tempore. Pursuant to the provisions of section 2(b) of Public Law 98–183, and the order of the House of Thursday, February 1, 1996, authorizing the Speaker and the minority leader to appoint commissions, boards, and committees authorized by law or by the House, the Speaker reappoints Mr. Carl A. Anderson of Arlington, VA, to the Commission on Civil Rights for a 6-year term beginning on February 12, 1996. The current term expires on February 11, 1996.

CONGRATULATING HON. CONSTANCE MORELLA AS FIRST FEMALE MEMBER SWORN IN AS SPEAKER PRO TEMPORE

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Madam Speaker, congratulations on being the Speaker pro tempore. I believe you would probably be the first woman to have that position, and I congratulate you.

I had the privilege of acting as Speaker when Mr. Foley was Speaker, and I was sworn in by the gentleman from Texas [Mr. COLEMAN]; and as I understand it, the gentlewoman was sworn in by the gentleman from Virginia [Mr. DAVIS].

So congratulations. It is a nice honor.

The SPEAKER pro tempore. The Chair thanks her distinguished colleague, the gentleman from Mississippi, Congressman MONTGOMERY,

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

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for that accolade. It is a distinguished honor to do so and to follow in your footsteps, sir.

The gentleman mentioned that he was actually sworn in also in 1993, the last Speaker pro tempore to be sworn, prior to this Member the other night. So we are setting precedents, and it is an honor to serve with the gentleman in this House.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1510. An act to designate the United States Courthouse in Washington, District of Columbia, as the "E. Barrett Prettyman United States Courthouse", and for other purposes; to the Committee on Transportation and Infrastructure.

ADJOURNMENT

Mr. MONTGOMERY. Madam Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 5 minutes a.m.), under its previous order, the House adjourned until Tuesday, February 13, 1996, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of the rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2025. A communication from the President of the United States, transmitting his request to make available appropriations totaling $16,661,000 in budgetary authority for the emergency pest suppression fund of the Forest Service in the Department of Agriculture and to designate the amount made available as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, pursuant to 31 U.S.C. 1107 (H. Doc. No. 104–171); to the Committee on Appropriations and ordered to be printed.

2026. A letter from the Under Secretary of Defense, transmitting a report of a violation of the Anti-Deficiency Act which occurred in the Headquarters, Air Force Center for Environmental Excellence, at Brooks Air Force Base, TX, pursuant to 31 U.S.C. 1517(b); to the Committee on Appropriations.

2027. A letter from the Secretary of the Army, transmitting his determination that it is in the public interest of the United States to award a particular contract without competition, pursuant to 10 U.S.C. 2304(c)(7); to the Committee on National Security.

2028. A letter from the Director of Defense Research and Engineering, Department of Defense, transmitting a report of Congress on the activities of the DOD Office of Technology Transition for the fiscal year 1995, pursuant to 10 U.S.C. 2515; to the Committee on National Security.

2029. A letter from the Assistant Secretary of Education, transmitting final priorities—Early Education Program for Children with Disabilities, Educational Media Research, Production, Distribution, and Training Program, Postsecondary Education Program for Individuals with Disabilities, Program for Children with Severe Disabilities, Secondary Education and Transitional Services for Youth with Disabilities Program, and the Program for Children and Youth with Serious Emotional Disturbance, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Economic and Educational Opportunities.

2030. A letter from the Clerk, U.S. Court of Appeals, District of Columbia Circuit, transmitting an opinion of the U.S. Court of Appeals for the District of Columbia Circuit (No. 94–5270—Career College versus Riley) January 26, 1996; to the Committee on Economic and Educational Opportunites.

2031. A letter from the Chairman, Nuclear Regulatory Commission, transmitting a report on the nondisclosure of safeguards information for the quarter ending December 31, 1995, pursuant to 42 U.S.C. 2167(e); to the Committee on Commerce.

2032. A letter from the Vice Chairman, CFO, Potomac Electric Power Company, transmitting a copy of the balance sheet of Potomac Electric Power Co. as of December 31, 1995, pursuant to D.C. Code, section 43–513; to the Committee on Government Reform and Oversight.

2033. A letter from the Director, Office of Communications and Legislative Affairs, Equal Employment Opportunity Commission, transmitting a copy of the annual report in compliance with the Government in the Sunshine Act during the calendar year 1995, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Reform and Oversight.

2034. A letter from the Chairman, Federal Housing Finance Board, transmitting a report of activities under the Freedom of Information Act for calendar year 1995, pursuant to 5 U.S.C. 552(e); to the Committee on Government Reform and Oversight.

2035. A letter from the Chair, Federal Labor Relations Authority, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1995, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Reform and Oversight.

2036. A letter from the Chairman, Federal Maritime Commission, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1995, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Reform and Oversight.

2037. A letter from the Director, National Gallery of Art, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1995, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Reform and Oversight.

2038. A letter from the Clerk, U.S. Court of Appeals, District of Columbia Circuit, transmitting an opinion of the U.S. Court of Appeals for the District of Columbia Circuit (No. 95–5086—Roger Pilon versus U.S. Department of Justice) January 16, 1996; to the Committee on Government Reform and Oversight.

2039. A letter from the Director, Minerals Management Service, transmitting the proposed 5-year outer continental shelf [OCS] leasing program for 1997–2002; to the Committee on Resources.

2040. A letter from the Clerk, U.S. Court of Appeals, District of Columbia Circuit, transmitting an opinion of the U.S. Court of Appeals for the District of Columbia Circuit (United Association of Journeymen & Apprentices of the Plumbing & Pipefitting Industry, AFL–CIO, et al. versus Reno) January 16, 1996; jointly, to the Committees on Resources and the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ROBERTS: Committee on Agriculture. H.R. 2854. A bill to modify the operation of certain agricultural programs; with an amendment (Rept. 104–462, Pt. 1). Referred to the Committee of the Whole House on the State of the Union.

DISCHARGE OF COMMITTEE

Pursuant to clause 5 of rule X the following action was taken by the Speaker:

H.R. 2854. The Committee on Ways and Means discharged from further consideration. Referred to the Committee of the Whole House on the State of the Union.

TIME LIMITATION OF REFERRED BILL

Pursuant to clause 5 of rule X the following action was taken by the Speaker:

H.R. 497. Referral to the Committee on Resources extended for a period ending not later than February 28, 1996.

H.R. 2854. Referral to the Committee on Ways and Means extended for a period ending not later than February 9, 1996.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII,

Mr. KENNEDY of Massachusetts introduced a bill (H.R. 2964) to amend the Communications Act of 1934 to require the Federal Communications Commission to establish a toll free telephone number for the collection of complaints concerning violence and other patently offensive material on broadcast and cable television, and for other purposes; which was referred to the Committee on Commerce.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 497: Mr. TAUZIN.

H.R. 784: Ms. MOLINARI and Mr. SMITH of Michigan.

H.R. 1758: Mr. FROST, Ms. WOOLSEY, Ms. SLAUGHTER, Mr. FOGLIETTA, and Mr. NADLER.

H.R. 1948: Ms. DELAURO.

H.R. 2270: Mr. YOUNG of Alaska, Mr. JACOBS, Mr. FOLEY, and Mr. NETHERCUTT.

H.R. 2683: Mr. COYNE, Mr. TOWNS, Mr. LIPINSKI, Mr. DICKEY, Mr. QUINN, Mr. MORAN, and Mr. GENE GREEN of Texas.

H.R. 2723: Mr. THORNBERRY.

H.R. 2779: Mr. BARTLETT of Maryland, Mr. HUNTER, Mr. TORKILDSEN, and Mr. WALSH.

H.R. 2914: Mr. MEEHAN and Mr. FATTAH.

H.R. 2959: Mr. JOHNSTON of Florida, Mr. DURBIN, Mr. SANDERS, Mr. SAM JOHNSON, Mr. HORN, Mr. KLUG, Mr. SKAGGS, Ms. NORTON, Mr. MORAN, Mr. JEFFERSON, Mr. BALDACCI, Mr. BROWN of Ohio, Mr. LEWIS of Georgia, Mr. HASTINGS of Florida, Mr. FAZIO of California, Mr. SERRANO, Mr. DIXON, Mrs. CLAYTON, and Mr. JACKSON.

H. Con. Res. 51: Mr. STARK and Mr. SENSENBRENNER.

H. Res. 359: Mr. DOYLE, Mrs. JOHNSON of Connecticut, and Mr. EVANS.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

53. By the SPEAKER: Petition of Marlene Y. Green, Pittsburgh, PA, relative to the C.Y.S. bill; to the Committee on Economic and Educational Opportunities.

54. Also, petition of Marlene Y. Green, Pittsburgh, PA, relative to national health care; to the Committee on Commerce.

55. Also, petition of Marlene Y. Green, Pittsburgh, PA, relative to the right to access bill; to the Committee on the Judiciary.

56. Also, petition of Marlene Y. Green, Pittsburgh, PA, relative to the true roman bill; to the Committee on the Judiciary.

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PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, SECOND SESSION

Vol. 142 WASHINGTON, FRIDAY, FEBRUARY 9, 1996 No. 18

Senate

(Legislative day of Wednesday, February 7, 1996)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Let us pray:

My door was opened wide
Then I looked around
If any lack of service might be found,
And sensed God at my side!
He entered, by what secret stair,
I know not, knowing only He was there.

Lord, You always have a secret stair. You come in ways we least expect. You are Lord of circumstances, people, and possibilities we would never imagine. When problems mount and we wonder how we are going to make it, then You give us a thought that turns out to be the key to unlock the solution to some difficulty. We stumble on an answer to a problem and we discover You had guided us at the fork in the road. You give us friends to help us. But the greatest evidence of Your intervention comes inside us. Suddenly in a spiritual dry spell, the wells of strength begin to fill up again. We are aware of fresh courage to replace our fear. We are gripped by a new perspective: the only thing that matters is that we belong to You and that You are in charge. Your secret stair has led to our hearts. You have not given up on us. You have plans for us. You will use everything that happens for Your glory and our growth, and a life full of surprises.

We thank You for the officers who give us security and protection. Today we affirm Officer Matthew Lutomski as he retires. We pray this in our Lord's name. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

SCHEDULE

Mr. LOTT. Mr. President, today, there will be a period for morning business until the hour of 1 p.m. with the time equally divided between both sides of the aisle. No rollcall votes will occur during today's session. However, the Senate may consider any legislative items that may be cleared for action. As a reminder to all Senators, the next rollcall vote will occur at 2:15 on Tuesday, February 27. That vote will be on the motion to invoke cloture on the D.C. appropriations conference report.

The PRESIDING OFFICER (Mr. GRAMS). The Senator from Utah.

FEDERAL JUDGE APPOINTMENTS

Mr. HATCH. Mr. President, as you know, I do not take the floor very often unless I consider it very important.

One of the most lasting legacies of a President are the Federal judges he appoints for life. These judges are every bit as much a part of the Federal anticrime effort as FBI and DEA agents and prosecutors.

Mr. President, the American people are going to face stark choices on a range of issues in November. One of those choices will be whether we resume the appointment of hard-nosed Federal judges who are tougher on crime than we can expect from the incumbent.

President Clinton talks about cops on the beat. Yet, he appoints some judges who are too willing to put criminals back on the street.

Let me tell the American people about Timothy Sherman of Maryland. He was convicted in Maryland State court for the brutal shotgun murders of his mother and step-father. The murder occurred in the middle of the night when Timothy Sherman, who was 17 at the time, was at home. There was no indication of forced entry. Indeed, the home had an alarm system. The 12-gauge shotgun used in the murder belonged to the Shermans. Timothy Sherman's fingerprints were on the shotgun's trigger mechanism. A box holding five 12-gauge shotgun shells was found under his mattress, with two of the shells missing. The police found two matching expended shells that experts concluded were fired from the shotgun. Police found the murder weapon in the branches of a large tree, where the younger Sherman had hidden objects before, and which is located between his own house and the house of his grandparents to which he ran to report the killings.

Sherman's conviction was upheld by Maryland courts and the U.S. Supreme Court denied certiorari. Sherman then sought to have his conviction overturned through a habeas corpus petition. Why? Because a trial juror had visited the crime scene, particularly the tree where the murder weapon was found. This was indeed improper. But criminal defendants are guaranteed a fair trial, not a perfect one. The trial judge found that the error was harmless and not prejudicial. The Federal district judge, William M. Nickerson, who heard the habeas claim, also found the error to be harmless, thereby upholding the conviction in a well reasoned opinion. Judge Nickerson is a Republican-appointed judge, appointed by President Bush. The prisoner appealed the denial of the writ of habeas corpus to the fourth circuit. A Carter judge, Francis Murnaghan, and a Clinton district court judge sitting by designation, James Beaty, reversed the

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Federal district court judge in a per curiam opinion. These two judges believed that the juror's visit had so prejudiced the proceedings as to invalidate the conviction and they granted Sherman the right to a new trial.

Judge J. Harvie Wilkinson dissented: ''In light of all the evidence presented at trial, [the juror's] unauthorized excursion to the crime scene was harmless.'' Judge Wilkinson was appointed to the fourth circuit by President Reagan, over vigorous opposition by the other side of the aisle. Indeed, the other side of the aisle conducted a filibuster against this nominee at the time.

The two Republican appointed judges, then, would have rejected this convicted murderer's effort to overturn his conviction. The two Democratic-appointed judges have given him a new trial, which, if not undertaken within 6 months, will result in the prisoner's release.

Not to worry, say Judges Murnaghan and Beaty: ''If the State of Maryland elects promptly to retry him, a jury, acting properly, may well again convict. It also may not, however, [convict him again] * * *,'' but, at least the second trial will meet their standard of justice, and at the taxpayers' expense.

Fortunately, the entire fourth circuit will rehear this case. Mr. President, who do you think the American people would prefer to rehear this criminal case: a majority of judges appointed by Presidents Carter and Clinton, or judges appointed by Presidents Reagan and Bush? I should point out that President Clinton wishes to promote Judge Beaty to the Fourth Circuit Court of Appeals.

Let me turn to another recent, disturbing case. The New York Times of January 25, 1996, tells the story of Carol Bayless, who confessed to charges of possession of 75 pounds of cocaine and 4.4 pounds of heroin. She faced a minimum sentence of 10-years in jail and as much as life imprisonment.

According to the police officer's testimony, on April 21, 1995, he was patrolling in an unmarked car in plain clothes with his partner, both 10-year police veterans, in Washington Heights, an area he said was known as a hub for the drug trade. At about 5 a.m., he noticed Ms. Bayless' car, which had an out-of-State license plate, moving slowly down the street. She then double parked her car.

Four unidentified males then emerged from between parked cars and crossed the street in single file. Ms. Bayless popped open the car's trunk, and the men placed two large duffel bags in the trunk and closed it. The police officer did not observe any conversation between the males and the car's driver, and the entire episode took mere seconds. Ms. Bayless drove off and the police officer and his partner pulled up behind her at a stop light. As the two officers stared at the four men, two of the men noticed the police officers, spoke briefly to each other, and split up, rapidly moving in different directions, with at least one of the men running from the area.

Do my colleagues find these circumstances suspicious? The police officer did. He pulled Ms. Bayless over, searched the car, and found the nearly 80 pounds of illegal drugs.

But according to Judge Harold Baer, Jr., appointed by President Clinton, the police officer is out of step and out of line. Judge Baer ruled that the police officer violated the Constitution's ban on unreasonable searches. Why? According to Judge Baer, the police officer did not have reason to be suspicious of the four men and Ms. Bayless. Oh no. Instead, according to this bleeding heart judge, the four men had reason to be suspicious of the police officer.

Here is what the Judge said: ''Even before this prosecution * * * residents in this neighborhood tended to regard police officers as corrupt, abusive and violent * * * had the men not run when the cops began to stare at them, it would have been unusual.''

Whose side is this judge on?

Understandably, ''Ms. Bayless reacted with glee * * * over the ruling * * *'' according to the New York Times. I am absolutely sure she did. As a practical matter, the judge's ruling, if it stands, lets her off the hook—free to run more dope into the veins of our people. Her lawyer called Judge Baer courageous. I would say he lacks common sense and judgment.

By the way, Ms. Bayless' 40-minute videotaped confession was also thrown out by Judge Baer because it resulted from the stopping of the car. In that confession, Ms. Bayless said she had made over 20 trips from Michigan to New York City to buy cocaine for her son and others beginning in 1991. Judge Baer found this drug runner's statement about what happened the morning of her arrest to be credible, and he rejected the police officer's testimony.

The President speaks about cops on the beat. This police officer was on the beat. He was risking his life on behalf of decent, law abiding citizens in Washington Heights and for all of us. He made a good arrest. He took nearly 80 pounds of deadly dope off the street, worth—well, it is incalculable how much that 80 pounds is worth.

But what is the use of cops on the beat if the President appoints soft-headed judges who let the criminals they catch back on the street? It just seems a waste of taxpayers' money. We might as well just let them do whatever they want to do. At least that is the conclusion one would draw from what Judge Baer did in this case.

I, for one, hope the U.S. attorney in this area appeals this decision, and I am going to be burned up if he does not.

In 1994, by a vote of 61 to 37, the Senate confirmed a Florida State judge, Rosemary Barkett, for the eleventh circuit, that no Republican would have appointed to the Federal bench.

Time and again, Judge Barkett, as a State judge, erroneously came down on the side of lawbreakers and against police officers and law enforcement. The full record of my concerns is set forth in the March 22, 1994, CONGRESSIONAL RECORD. But I cannot refrain from reminding my colleagues of one shocking and outrageous dissent she joined in a brutal murder case, in which she would have reduced a vicious killer's death penalty to life imprisonment, with eligibility for parole in 25 years.

Dougan versus Florida involved a terrible, racially motivated murder. The killer bragged about the murder in tape recordings which he mailed to the victim's mother. The dissent which Judge Barkett joined had the gall to say, in part:

> This case is not simply a homicide case, it is also a social awareness case. Wrongly, but rightly in the eyes of Dougan, this killing was effectuated to focus attention on a chronic and pervasive illness of racial discrimination and of hurt, sorrow, and rejection. Throughout Dougan's life his resentment to bias and prejudice festered. His impatience for change, for understanding, for reconciliation matured to taking the illogical and drastic action of murder. His frustration, his anger, and his obsession of injustice overcame reason. The victim was a symbolic representation of the class causing the perceived injustices.

This opinion reeks of moral relativism and excuse making that is totally unacceptable in a judge. And this opinion, which she joined, is just the tip of the iceberg regarding Judge Barkett's very liberal record as a State judge. Yet, President Clinton found her record to be within his mainstream and promoted her to an important judgeship.

Why is this so important? Why am I raising cain here today? As a practical matter, the Senate gives—and certainly I give—every President deference in confirming judicial candidates nominated by the President. A Republican President would not nominate the same judges that a Democrat would, and vice versa. Although the Senate has a constitutional duty to advise and consent to the nominees, the Senate, as a practical matter, gives the President leeway. The President has been elected by the whole country and, while this President has been unable to put all of his choices on the bench, he has filled many judgeships, as have his predecessors. We on the Judiciary Committee have gone along with him because we want to give this President deference. He did win the election. But let us not miss the point of this. We have to be concerned about what kind of judges this President is going to appoint.

I respectfully submit, therefore, that the American people must bear in mind that when they elect a President, they get his judges too—and not just for 4 years, but for life.

And, while the Senate has served as a check on the President, there is no substitute for holding, and exercising, the power to nominate Federal judges.

Indicia of judicial activism or a soft-on-crime outlook are not always present in a nominee's record. Not every nominee who turns out to be a judicial activist or soft on crime can be ferreted out in the confirmation process. Indeed, as I mentioned earlier, every President is able to obtain confirmation of most of his nominees.

The general judicial philosophy of nominees to the Federal bench reflects the general judicial philosophy of the person occupying the White House—the Oval office, if you will. And differences in judicial philosophy have real consequences for the safety of Americans in their streets, homes, and workplaces.

I want to say that I believe the next President of the United States, whether it be President Clinton or whoever, is probably going to have the opportunity to nominate at least two Supreme Court Justices, maybe three. If President Clinton is reelected, he will have appointed better than 50 percent of the total Federal judiciary. It is something we all have to think about. I decry these kind of decisions made by the Clinton judges that I have named so far, and Carter judges—one.

I believe you could probably point out deficiencies in judges of every President. But I am really concerned, in this day of rampant criminal activity, with the flood of drugs into our society, that we have judges who are being appointed on a daily basis who have a philosophy like Judge Barkett's, who do not blame the acts of these criminals on themselves but blame them on society, blame them on their environment, on anything but their own volition and their own desire to do wrong.

I believe there are wrongs in our society. I believe that there are injustices. I believe that there is still discrimination in our society against certain people. I believe these things are wrong.

On the other hand, when people who are not insane commit heinous murders and heinous crimes and are spreading drugs among our young people and are destroying the youth of this Nation and doing it with full intent to do so and to profit from their decisions, or because they are murderers, then I think we ought to come down pretty doggone hard on them; that is, if we want to have a civil, humane, free, and fair society.

I will have more to say about these judges in the future, but I have become so alarmed about some of these decisions that I just felt I had to come to the floor today and make this point, since we on the Judiciary Committee have this very important honor of working with these judges. I do not think anybody can say that I have not done my very best to try to accommodate this administration, to try to help them in the appointment of judges. I am going to continue to do that as long as I can. I want to be fair to this President.

On the other hand, these type of judges are giving me the chills, and I think they are giving the American people the chills as well. We have to consider just who we want appointing these judges in the future.

I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

FINISH WORK BEFORE WE RECESS

Mr. GLENN. Mr. President, I am glad to see there are a few of us left in Washington this morning: The Presiding Officer, Senator HATCH from Utah, myself—maybe there are a few other Senators around Capitol Hill, but there are not very many. It is that situation I wish to address briefly this morning.

I do not come to the floor very often and give lengthy speeches. This will not be a very lengthy speech this morning either, but sometimes I think a sense of responsibility on how the Senate conducts its business or does not conduct its business is in order. It is that issue I want to address this morning.

Mr. President, the Senate conducted rollcall votes on Wednesday. And although we are not technically in recess, there are no plans to have votes until February 27. No vote of the Senate was taken to decide whether we would recess. It was just decided we would go through the charade of pro forma sessions, of looking like we are doing something when actually we are not. I think it is important for the American people to know about what is going on here, because we have not passed all the appropriations bills for the fiscal year that started last October.

We are 5 months into this fiscal year without having dealt with the unfinished business of the Senate.

Currently the following departments are operating without regular appropriations bills. The Department of Veterans Affairs; the Department of Housing and Urban Development; the Environmental Protection Agency, the Department of Commerce, the Department of State, the Department of Justice, the Department of the Interior, the Department of Labor, and the Department of Health and Human Services.

We passed a continuing resolution. That is what we call it. A continuing resolution means you are supposed to go ahead and continue your operations as they were in the previous year if we have not passed an appropriations bill. But this year there is a new angle to this because in order to get a continuing resolution passed on most of these departments, most of what we would normally have had as a continuing resolution is not there because we have reduced most of them by 25 percent over what their expenditure limits would have been. In other words, most of them are having to limp along and make reductions in their activities.

I want to spell some of these out in a few minutes. But let me just say that five appropriations bills remain unfinished, and funding for the District of Columbia is not complete. We have yet to agree on a plan to balance the budget over the next 7 years.

We do not have a welfare reform bill, nor Medicare reform, nor Medicaid reform, nor health insurance reform, nor product liability reform, nor Superfund reform, nor an Endangered Species Act, nor a Safe Drinking Water Act, nor a Clean Water Act, and we even face defaulting on the debt endangering the full faith and credit of the United States come March 15 if we have not acted. And, incidentally, all of these CR's also run out. So there would be no funding for these agencies or departments come March 15 unless we take action of the full Congress to correct it.

All of the above is what we were supposed to be doing back in the 1995 calendar year that would apply to fiscal 1996 which we are in right now and have been since last October. We have not even started yet on the 1996 agenda that will be for next year's budget. So we are completely behind.

This lack of achievement will not stand in the way, however, of a 20-day break in the Senate schedule. I know that recesses are scheduled during a legislative session. But I want to call the attention of the Senate and the attention of the people of this country to the fact that this election year the Senate schedule is already curtailed, and we are well behind even on this year's activity.

Mr. President, by my count, if we assume an Easter recess, a Memorial Day recess, a Fourth of July recess, an August recess for the party nominating conventions, and an October 4 sine die adjournment—and a not unusual Senate 4-day workweek. The norm here is that nothing of substance usually happens Monday morning and there is nothing of substance normally on Friday afternoon. There are only about 88 legislative days left in this 104th Congress this year to accomplish the business of last year as well as the business of this year.

It is probably more like 70 to 75 days when we know the actual number of days when Members are here in numbers to conduct business. Sometimes we put things off from one day to another because certain people are not here, or their schedule has been accommodated by leadership on both sides of the aisle. But I think even an optimistic count, if you look at the calendar, is that we will have about 88 days left this year. That may come as a shock to a lot of people because they think we are here in mid-February and we have all the rest of this year to get our job done. We do not. Of the legislative days here, we have about 88 days left for this year right now. I do not see how we accommodate our business that has to be done in that time period.

Let me point out some of the problems that the Nation faces and we avoid by not being here doing our work. I requested that some of the affected agencies tell me how they are dealing with these cutbacks right now. This is not something speculative out there into the future. We can surmise as to what may be out there in the future. But here are a few things that are being curtailed right now, services that the people of this country thought they were getting and are beginning to be cut back on. Why? Because we have not passed the appropriations bills, and because we accommodated the demands of mainly the people over in the House that said that if they were going to even make a continuing resolution it had to be with major cutbacks in fundings now. In other words, they are doing what should be legislative cutbacks by just saying we will not provide the money, and we just refuse. So for most of these agencies or departments some of them are going along on about a 25-percent reduction.

Let us look at the Environmental Protection Agency. According to the EPA, 40 percent of its planned inspections of industrial facilities were missed during this period—40 percent. EPA typically conducts 9,000 inspections a year and takes 3,700 enforcement actions. These inspections help protect our drinking water and our air quality. Continued funding shortfalls will not allow EPA to catch up with its backlog. The work necessary to develop tap water standards for pollutants like cryptosporidium will be delayed. A couple of years ago, in 1993, 100 people died and many more were sickened by cryptosporidium. Even though this is a priority issue, these standards take time. And this is a complex issue requiring extensive data collection which is being delayed right now.

Toxic waste cleanups are being slowed. Cleanups at hundreds of sites were stopped during the shutdown, and half of those will not be able to resume quickly. Further funding shortages will only cause further delay. Three new cleanups in Ohio, my home State, at Uniontown, Dayton, and Marietta may not begin this year. It looks as though they will not begin this year as scheduled.

Further delays are expected in efforts to control industrial discharge into rivers and streams. The public's right to know about toxic chemical emissions in their area is jeopardized. Delays in pesticide registration will affect crop protection. Standards for controlling toxic industrial air pollutants will be delayed.

A toxic sweep task force was established by Cleveland and the State of Ohio to rid the city of toxic problems that pose threats to the public health and welfare, fire safety, and serve as barriers to property redevelopment. Twenty-seven properties have been cleaned up under this program. EPA help was requested on three of the more difficult sites. However, EPA cannot respond, and redevelopment is delayed and may not occur at all.

Those are just a few of the things that are going on just with the EPA budget because of this failure of the Congress to act.

Under Health and Human Services, although many critical programs received full-year funding, the level of funding is not keeping up with the increased need due to our growing elderly population, and especially the old and frail elderly who need health and support services in order to just stay in their homes and their communities.

The Health Resources and Services Administration supports programs such as community and migrant health centers, and maternal and child health block grants. The impact of interrupted and short-term funding is expected to result in reduced services to the poor, and will be detrimental to the health services infrastructure and the quality of services, including preventive services.

Because final action has not occurred, uncertainty exists as to the availability of funding for Ryan White CARE Act programs. This inability to predict the annual level of funding available to cities and States will impact planning and operating systems for HIV/AIDS victims. The cities of Cleveland, Fort Worth, Hartford, Minneapolis, Sacramento, and San Jose now qualify for title I—HIV Emergency Relief Grant Program to provide emergency assistance to localities disproportionately affected by the HIV epidemic—funds under both existing and proposed legislation because of the ever-growing need of HIV/AIDS services. Awards to all new cities must be delayed until there is permanent legislation.

Under education—Mr. President, the largest investment we make to boost low achievement in educational skills is title I which provides some 50,000 schools and about two-thirds of our elementary schools across this country, with funds for individualized instruction, smaller classes, extra time to learn after school, use of computers, and more parental involvement. According to Secretary Riley, at continuing resolution levels title I will be cut by $1.1 billion, or 17 percent. This will deny help to more than 1 million students and cost 40,000 to 50,000 teaching and teaching aides' positions. As an example, Chicago could lose some 600 teachers. In Beaver Local School District of Lisbon in northeastern Ohio, that means the elimination of the program for the middle school, losing three teachers, and ending remedial reading and math for 120 children. Ohio could lose over $50 million.

That is just an example in my home State. But the same thing is going on all over this country—cutbacks in education and helping kids get a decent start in school, giving them remedial help that they need is being cut back right now.

The Department of Labor is operating at funding levels provided in the House-passed bill. Should this continue, summer jobs for youth will be eliminated wiping out Federal support for summer jobs for 600,000 young people—600,000 young people, if we continue to do nothing the way we have been doing, will not have summer jobs.

Employment and training programs would be reduced by $1.6 billion, meaning 800,000 other people would be deprived of much needed services. Back to Ohio again. Ohio would receive $35 million less for job training and assistance with 30,000 people unserved that normally would have been helped during that period.

Veterans. Congress' failure to deliver an acceptable VA-HUD appropriations bill is having a devastating effect on veterans programs. Veterans medical care is compromised by the requirement to eliminate 5,100 full-time medical employees at VA facilities. This will result in treatment of 36,000 fewer inpatients and 800,000 outpatients. This is the equivalent of closing three medical clinics with an average of 300 beds each. How can we possibly justify that? In addition, funding levels under the current CR preclude construction of two hospitals that are needed at Travis Air Force Base in Fairfield, CA, and Brevard County in Florida. It also eliminates funding for five projects required to renovate and correct major deficiencies in older VA hospitals.

How can we possibly look any veterans that are in those hospitals, who sacrificed in combat or wherever, however they came to be in the hospital, in the eye and say, ''Well, you are not in a war so we are going to cut you fellows out; we are going to cut the funding back, shut the facilities down.'' I find that very hard to accept.

The Justice Department. Under the current continuing resolution, the Community Oriented Policing Services, so-called COPS Program, is funded at 75 percent of its 1995 levels. At this level, 1,674 additional police officers could be hired. Under the President's request, 3,166 could be added. This means there are 1,492 fewer cops out there on the beat.

Mr. President, I went up and visited one of the COPS programs in Toledo, OH, not too long ago. It is working very well. They have the additional police out in the community organizing the people to have community watch programs and cooperative programs. It is working very, very well. But those programs are now going to be reduced or eliminated or new ones will certainly not be started.

The Department of Commerce. In the Department of Commerce, a variety of programs have been affected by delays which have impacted fishing communities, delayed NOAA's satellite procurement program, threatened funding of National Weather Service contractors and suppliers, disrupted orderly trade relations which hinders exporters, threatened Economic Development Administration assistance to local governments and businesses following military base closures. Review and processing of applications for new State coastal zone management programs in Ohio and Texas and Georgia have delayed eligibility for Federal funding of $2 million a year.

Mr. President, these are just a few examples of the consequences of our inaction. Beyond the terrific impact of these shortfalls is the question of how can we expect to operate a system of government in the most efficient way possible while supporting it in only bits and pieces—starts and stops. No organization can operate effectively when run on that kind of an interim basis. Planning is hindered when you are funded for the next 6 weeks and uncertain about another, and whether or not there will be a 10th continuing resolution. We do not even know that. We do not know what the conditions of acceptance of another CR will be. The CR permitting the action I am talking about here this morning expires on March 15 along with the debt limit.

You can be certain that efficiency of Government services will be questioned when it comes to next year's funding but Congress will not likely blame itself. Federal workers become an all-too-easy target.

Mr. President, yesterday's Washington Post says, and I quote, ''Congress has gone home to campaign. Given the little they have accomplished to date, you wonder what the members will campaign on, but resourceful troopers that they are, they will no doubt find something.''

After a discussion of the farm bill, the Post suggests that Congress, ''Can go on to the rest of their unfinished business, like raising the debt ceiling so the Treasury doesn't have to default, finishing this year's budget so they can get on to the next and figuring out what if anything they want to do about Medicare, Medicaid, welfare, the Clean Water Act and a couple of other trifles like that.''

''Trifles'' I am sure they meant tongue in cheek.

Another clip out of the newspaper, Kevin Phillips noted in his column of February 7 in the Los Angeles Times, ''The 104th Congress may be the worst in 50 years.''

The forces of an ideological jihad have failed to find workable compromise on their agenda and have forgotten that democracy depends on compromise. Failing to move a radical agenda to turn back America's clock, an effort to shut down the executive branch of the Government also failed. Now it appears we are applying the same tactics to the legislative branch of Government.

Mr. President, not doing business is no way for the Congress to do business. One of the few successes of last year was requiring Congress to abide by the same laws as everyone else. I believe we are violating at least the spirit of that law when we hold Government employees hostage, when we borrow from the pension funds to keep the Government afloat, when we drive the Government to the brink of default, when we do not complete the job we were hired to do in the time we were supposed to do it, when we force the agencies and departments of Government to operate on an interim basis facing imminent cutoffs of funds and in a final note of folly when all else fails the Congress leaves town with very limited legislative time left in this calendar year of 1996.

Mr. President, maybe we should require that Congress abide by another law that people in all of our communities have to work with also, and that is no work, no pay. We had votes on that. They did not pass. Maybe we ought to reconsider that when we get back in here.

Meanwhile, Mr. President, everyone is out campaigning, doing whatever they are doing while the work of the Government sits here and is not being accomplished. We were elected to come here and deal with the problems and the programs of this country. We have not even dealt with the work we were supposed to do last year, and we certainly have not gotten around to completing that or even beginning the work we are supposed to do this year and time is very, very short.

Mr. President, I ask unanimous consent that the editorial out of yesterday's Washington Post and also the column by Kevin Phillips out of the Los Angeles Times of Wednesday, February 7 be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Feb. 8, 1996]

RECESS

Congress has gone home to campaign. Given the little they have accomplished to date, you wonder what the members will campaign on, but resourceful troopers that they are, they'll no doubt find something. The Senate was the last to leave; first it passed a farm bill. That would be fine; it's not a bad bill. But the House hasn't acted yet and isn't scheduled to return until the end of the month, the administration claims to have serious reservations about the bill in its present form, and farmers and their bankers would like to know before planting season starts what the rules are going to be for the year ahead.

That's one of the factors that impelled the Senate to act. Next week's Iowa caucuses may have been the other, Iowa being a leading farm state. Neither Majority Leader Bob Dole nor Agriculture Committee Chairman Richard Lugar wanted to enter the caucuses empty-handed. Now they have at least a provisional bill to discuss.

The farm programs are outmoded. Mr. Lugar was one who pointed that out early on last year, an unusual act for a farm state Republican and presidential candidate who had just assumed the chairmanship. The programs are both costly and inefficient. Most of the money goes to the largest producers least in need, and to the extent that farmers produce for the government rather than the market, the system induces an inefficient use of resources. There does need to be a safety net to protect consumers and producers alike against huge swings in the markets. But the guarantees are set too high. To protect itself, the government then seeks to prop up market prices in part by limiting production and in the process costs the country sales and market share abroad. The payments are also geared too much to production and not enough to conservation.

The Republicans proposed a reform—to break the tie between production and payments, ratchet the payments down over the next seven years to save money while leaving farmers free to produce what they choose and appoint a commission to help determine what kind of successor programs the country should have. Ranking Agriculture Committee Democrat Patrick Leahy insisted on adding amendments reauthorizing the food stamp and other feeding programs, in part to give them some parliamentary protection, and broadening the principal conservation program to cover more than soil erosion in the Plains states. More money could be used to prevent agricultural runoff and improve water quality elsewhere in the country, for example.

All that's to the good. In the House, however, Republicans who could otherwise pass a similar bill over Democratic objections are divided. Some rightly want a chance to amend the sugar and peanut programs, both of which jack up prices unnecessarily at the checkout counter but which were preserved to buy committee votes for the broader bill. The administration meanwhile wants to change the broader bill, which the president has already vetoed once; it was a relatively minor part of the GOP proposal to balance the budget that the rejected last year. Mr. Clinton's basic, unhelpful position is that the farm programs don't need to be changed much at all.

And then, when they get the farm problem settled, they can go on to the rest of their unfinished business, like raising the debt ceiling so the Treasury doesn't have to default, finishing this year's budget so they can get on to the next and figuring out what if anything they want to do about Medicare, Medicaid, welfare, the Clean Water Act and a couple of other trifles like that.

[From the LA Times, Feb. 7, 1996]

CONSIDER THIS CONGRESS THE WORST IN A HALF-CENTURY

(By Kevin Phillips)

WASHINGTON.—The 104th Congress may be the worst in 50 years.

It has another 10 months before it nails down top (bottom?) honors. And it will, of course, face tough competition from four other eminently second-rate Congresses—the 80th, 89th, 101st and 103rd. Even so, it's time for the national debate to start, because what Americans decide to do about Congress will color what kind of president they'll want to pick—or settle for—in November.

Believers in the Washington system—once described as dropping coins into the elephants' and donkeys' mouths and getting laws and regulations out the other end—were cheered in early 1995 by the apparent renewal of tired political parties and government mechanisms represented by ultrapowerful new House Speaker Newt Gingrich (R-Ga.) and his bold agenda of national change.

A year later, two-thirds of the ''contract with America'' is sitting in the Senate's dumpster or crumbled in the president's veto basket; Congress' ratings are back to autumn 1994 contempt levels, and Gingrich has set records for first-year credibility loss by a new speaker. The notion of a ''reform'' GOP Congress is now right up there with Tinkerbell and the Tooth Fairy; and Washington lobbyists are wondering how they will ever collect on the regulatory breaks and tax loopholes they thought they'd bought at the Grand Old Auction Party last winter.

Recent national surveys have shown voters saying President Bill Clinton should be reelected to block the unpopular Congress. But other new polls show the electorate is starting to tilt Democratic for the House, as well. So November is emerging as a dilemma-cumchallenge: Would dumping the House GOP and eliminating Gingrich as speaker make it safe to also oust Clinton as president—especially if his family and staff start setting records for time spent before grand juries? Clinton's great success with his State of the Union speech isn't likely to repeat itself if he has to make a State of Family Integrity follow-up.

But Clinton's foibles have already been debated in two elections—1992 and 1994. It is the failures of the GOP Congress that might well be the focus of 1996.

Take the ''contract with America.'' This started out as a smart campaign ploy, but GOP strategists let its dozen or so promises—from budget balance to a line-item veto—become the be-all and end-all of Republican congressional achievement. A few good ideas—congressional accountability and prohibition of unfunded federal mandates being imposed on the states, for example—made it across Clinton's desk and into the statute books; but other popular themes (term limits) bogged down, and some ideas, such as tort reform and environmental overhaul, lost favor as the involvement of lobbyists became all too evident.

The collapse of public support was stunning. Polls by the Times-Mirror Center found that, in winter 1994–95, voters approved congressional GOP policies by 52%–28%; but, by January 1996, they disapproved, 54%–36%. The NBC News poll found virtually the same shift. Respondents had agreed with the GOP policies, 49%–22%, in January 1995; by January 1996, disagreement prevailed, 48%–34%. This is the sharpest slump in policy-approval ever measured for a new Congress.

The crown jewel of the contract—huge tax cuts tilted toward business and the wealthy combined with the seven-year zero budget-deficit blueprint—was especially flawed and, worse still, a practical contradiction. The tax cuts proved a zero-deficit program over seven years wasn't even a good idea. In 1994, all the European Union nations, except Luxembourg, had larger deficits than the United States. Ours was 2% of gross domestic product, theirs ranged from 2.1% of GDP in Ireland and 2.6% in Germany to a whopping 11.4% in Greece. These countries, too, face high health and pension costs, as well as job weakness; and the requirement that EU members get deficits down to 3% is feared in much of Western Europe as a recession prescription. The GOP's zero-deficit prescription for America would have been even more Hooveresque.

Meanwhile, the 104th Congress has emerged as a beacon light of hypocrisy when it comes to institutional reform and money in politics. The promise of term limits was quickly scuttled, and new GOP leaders, especially in the House, have used the same kind of closed-door legislative tactics they attacked under the Democrats. The vaunted lobbying ''reforms'' passed this winter turn out to have something else—a downshift from criminal penalties to civil penalties to civil penalties with the usual game of widening as many escape hatches as are closed. Discussing the loopholes in the new gift ban, the president of the American League of Lobbyists remarked, ''I would prefer to call them pathways or, in some cases, interstates.''

As for campaign finance, serious reform has already been mocked and foreclosed. Congress' new GOP leaders have collected bigger campaign contributions, from more special interests, than any previous set of first-termers.

The final mega-problem is the ''extreming'' of Congress since the 1994 election. Not only has the ideology been radical, but, on the House side, Gingrich and the 74 House GOP freshmen are becoming twin symbols of political excess. Recent polls on Gingrich give him only a 26%–34% approval rating, while 55%–58% disapprove. No new speaker has ever dropped so far so fast.

The right-leaning freshmen are in just as much trouble. One January poll found 70% of Americans disapproved of the freshmen's willingness to shut down government in the budget debate, with 45% calling the freshmen ''ideological extremists who are holding the federal government hostage.''

The ''extreming'' of Congress has even spread to the hitherto centrist Senate. The rightward lurch of Senate Majority Leader Bob Dole (R-Kan.) signaled this shift, and the retirement announcements of five GOP moderates make a sharper swing to the right inevitable after they're gone. The new Senate GOP of 1997 will be far more like the current House GOP—not exactly an endorsement for keeping the Republicans in control.

Other Congresses that compete for the ''worst in 50 years'' title are the 80th (1947–48), the 89th (1965–66), the 101st (1989–90) and the 103rd (1993–94). The 103rd was the Democratic Congress that voters voted out in 1994, angry at its mix of petty scandals and ineffectiveness. Its biggest failure was that the Democrats were stale and deserved the boot after 40 years of unbroken control in the House.

The 101st Congress featured the forced resignations of Democratic Speaker Jim Wright and Majority Whip Tony Coelho. The 89th was the lopsidedly Democratic Congress that ran amok with the liberal legislation and overambition of the 1960s. The 80th was the last GOP Congress to face a Democratic president. It also went too far on economic, education and social welfare issues.

However, because the 104th has ideological radicalism, yet another speaker facing an ethics investigation and a record collapse of public esteem, it could turn out to be the wustest that got there the fastest—to paraphrase the famous confederate cavalry leader.

Is there a remedy? Not necessarily. Though defeating enough Republicans in the House to depose Gingrich as speaker could be a start. Giving the Democrats a narrow majority back won't empower them to do much more than squelch GOP excess. But in the long haul, it will probably be necessary to find some way of promoting a mix of third parties, campaign reform aimed at helping independent congressional candidates (just proposed by retiring Sen. Bill Bradley (D-N.J.)) and other changes designed to break the nexus between money and politics.

After all, if Americans do start deciding that the 104th Congress is the worst in memory—or even first runner-up—then it could be time for voters to demand a far different set of arrangements and reforms. In Congress, as well as in presidential elections, the two-party system, with its false promises and special-interest masters, has arguably become part of the problem, not part of the solution.

THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Thursday, February 8, the Federal debt stood at $4,988,549,905,457.27, about $12 billion shy of the $5 trillion mark, which the Federal debt will exceed in a few months.

On a per capita basis, every man, woman, and child in America owes $18,934.97 as his or her share of that debt.

RELEASE OF FBI REPORT ON FUTURE WIRETAP CAPACITY NEEDS

Mr. LEAHY. Mr. President, we took an important step in the last Congress to preserve law enforcement's wiretapping tool and increase privacy protection for our telephone and computer communications by passing the Communications Assistance for Law Enforcement Act. This law expanded privacy protection to cordless telephones, restricted the ability of law enforcement to obtain transactional information from e-mail messages, and improved the privacy of mobile phones by expanding criminal penalties for stealing the service from legitimate users.

This new law also imposed new requirements to ensure that court orders for electronic surveillance can be carried out, rather than stymied by new technologies used on our telephone networks.

Significantly, these new requirements for our Nation's telephone networks were accompanied by guidelines designed to bring public oversight and accountability to the process of implementing them. For the first time, decisions on how new and existing telecommunications systems will remain accessible to government surveillance must be made in the sunshine of public scrutiny.

Thus, the new law requires for the first time that law enforcement's demands regarding the number of wiretap, pen register, and other surveillance orders that telephone companies must be able to service simultaneously, are published in the Federal Register and scrutinized in a public procedure.

In compliance with this new requirement, the FBI published in the Federal Register on October 16, 1995, a proposed notice setting forth its capacity demands. According to the proposed notice, these capacity demands were predicated upon a historical baseline of electronic surveillance activity and an analysis of that activity. Yet, the Federal Register notice did not include publication of this underlying information.

Shortly after the notice was issued, I wrote to the FBI Director requesting copies of this information, and urging him to release the information to the public to ensure the fullest dissemination of the information.

I am aware that the comments filed by the deadline on January 16, 1996, in response to the proposed notice on behalf of civil liberties groups, telephone companies, and cellular companies have criticized the proposed notice for failing to disclose the supporting data for the capacity demands. As one set of comments filed by the Center for Democracy and Technology and the Center for National Security Studies noted, ''it is impossible to say whether or not the capacity requirements proposed in the notice are justified'' without the supporting data.

The FBI has now provided me with a 13-page report explaining how they collected information about past law enforcement surveillance activity from Federal and State court offices, State attorneys general offices, and over a thousand telecommunications carriers. This report also describes the method the FBI used to analyze this information and figure out how much wiretap capacity law enforcement would need for the foreseeable future and up to 10 years from now in three broad categories of geographic areas.

I fully appreciate the amount of hard work that went into collecting this critical data and doing the analysis. Indeed, this is the first time that law enforcement has ever been required to estimate its future surveillance activity and the demands that will be made on telecommunications carriers. This is also the first time that this information has ever been required to be made public.

I am pleased to make this report available for public dissemination. It does not identify which geographic areas fall into which of the three different categories with differing capacity requirements. Thus, it does not tell us whether Vermont is in category I, where the greatest level of interception activity has occurred and is likely to occur in the future, or in category III, where the number of law enforcement wiretaps have been low or nonexistent. Telecommunications carriers doing business in Vermont and Vermonters will want to know which category we fall into.

The FBI has assured me that they are in the process of preparing two additional documents that will explain the proposed capacity notice in greater depth. I look forward to examining those two additional documents upon their release by the FBI.

The public process set up in the new law is working. I commend the FBI Director for his efforts to fulfill the public accountability provisions of the law by making available this report and future reports on the capacity requirements.

Since these reports were not available prior to the deadline for comments on the original proposed notice, however, I would urge the FBI to consider issuing a revised or supplemental proposed notice to give interested parties an opportunity to comment on the proposed capacity demands with the benefit of this new information.

Mr. President, I ask unanimous consent that the report be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

INFORMATION CONCERNING IMPLEMENTATION OF THE COMMUNICATIONS ASSISTANCE FOR LAW ENFORCEMENT ACT [CALEA]

BACKGROUND

CALEA was enacted to preserve law enforcement's ability, pursuant to court order or other lawful authorization, to access communications (content) and associated call-identifying information in an ever-changing telecommunications environment. Because many interceptions[1] in the future will be initiated through equipment controlled by carriers, CALEA obligates the Attorney General to provide telecommunications carriers with information they will need (a) to adequately size and design their networks to accommodate the maximum number of simultaneous interceptions that law enforcement potentially might conduct after October 25, 1998, and (b) to be capable of accommodating the actual number of simultaneous interceptions law enforcement potentially might conduct as of October 25, 1998. The CALEA specifically refers to two levels of capacity, maximum and actual.

CALEA requires the Attorney General to provide a notice of the maximum capacity required to accommodate all of the communication interceptions, pen registers, and trap trace devices that the Attorney General estimates that government agencies authorized to conduct electronic surveillance may conduct and use simultaneously after the date that is 4 years after enactment (i.e., after October 25, 1998). The Attorney General must also provide a notice of the actual number of communication interceptions, pen registers, and trap trace devices, representing a portion of the maximum capacity, that the Attorney General estimates that government agencies authorized to conduct electronic surveillance may conduct and use simultaneously as of October 1998.[2]

MAXIMUM CAPACITY

Unlike actual capacity, CALEA indicates that the maximum capacity applies to a time, not specified, after the date that is 4 years after the date of CALEA's enactment. The maximum capacity has been interpreted as chiefly a design requirement for telecommunications carriers that will be utilized to size and define an upper bound capacity ceiling for the mid-term to intermediate future (i.e., 1998–2004), as discussed in more detail below. This ceiling is intended to provide carriers with certainty and stability, as well as with a framework for cost effectively designing and engineering future capacity requirements into their networks.

As CALEA makes clear, the maximum capacity is in no way synonymous with actual capacity (i.e., the interception capacity that law enforcement may actually use as of October 25, 1998). Rather, maximum capacity is viewed as relating to a longer term, more enduring design requirement that would serve as a defined technological bound to interception activity, but yet would provide room for expeditiously accommodating certain future interception-related ''worst case scenarios.'' For example, it would be impossible for law enforcement to predict unusual, anomalous, but nonetheless very serious or violent events such as those associated with certain acts of terrorism or extreme instances of drug-trafficking or organized crime activity. Maximum capacity provides a safety-net that would enable telecommunications carriers to expeditiously respond to serious, unpredictable, emergencies that require very unusual levels of interception capacity.

ACTUAL CAPACITY

Under CALEA, estimates of actual capacity are to apply to all simultaneous interception activity that may be conducted by the date that is 4 years after the date of enactment of CALEA. CALEA makes clear that actual capacity represents only a portion of the maximum capacity. Actual capacity thus pertains to the amount of interception activity that potentially may be needed when many of CALEA's requirements are scheduled to take effect in October 1998. Consequently, when viewing the maximum and actual capacity levels set forth in the Initial Capacity Notice, realistically only the actual capacity estimates should be construed as in any way reflecting the amount of simultaneous interception activity that potentially may be conducted by law enforcement in any geographic area as of October 1998.

Footnotes at end of article

METHODOLOGY OVERVIEW

The CALEA mandate which obligates the Attorney General to estimate future capacity marks the first time (a) that information has been required to be provided to carriers in order for them to properly design and size future networks with reference to interception activity; and (b) that the entire law enforcement community has been required to project its collective potential future interception needs, thereby in effect placing possible technological limitations on its lawful authority to conduct electronic surveillance. This circumstance, as viewed by the law enforcement community, obviously generates great and legitimate concern, because historically telephone technology placed no constraints on law enforcement's court ordered electronic surveillance authority. If not implemented with care, CALEA could have the unintended effect of potentially placing restrictions on the lawful use of electronic surveillance authority. Thus, if law enforcement errs by underscoping its potential, legitimate, and lawful interception needs, effective law enforcement will be hampered and, more importantly, the public safety will be jeopardized.

The FBI, which is implementing many of the responsibilities conferred upon the Attorney General by CALEA, was required to issue the capacity notice. In order to meet this obligation, we proceeded by employing a rigorous, comprehensive methodology to acquire critically needed information and to establish analytic tools for determining the simultaneous interception activity of the recent past and for estimating future maximum and actual capacity.

The methodology used was intended to take into consideration the concerns of the parties principally affected by CALEA. On the one hand, CALEA provides law enforcement with an opportunity and means to ensure that its future electronic surveillance needs can be met. On the other hand, CALEA presents an opportunity and means for telecommunications carriers to understand the nature and extent of their obligations to accommodate law enforcement's electronic surveillance needs and to do so in a way that will not be unduly burdensome or excessive. Law enforcement's approach and perspective regarding its electronic surveillance needs relate to its mission to combat serious crime, acts of terrorism, and acts of violence. Traditionally, this mission has been tied to law enforcement agencies' geographically-based jurisdiction and associated jurisdictional legal authority. Telecommunications carriers' approach and perspective regarding law enforcement's electronic surveillance needs, however, chiefly relate to the effect such needs may have on particular components within their systems that are used to serve subscribers within a given market (i.e., switches and other network components).

As a goal, law enforcement sought to harmonize the different approaches and perspectives of these parties in its methodology. The methodology sought to produce a result that acknowledged and factored in the interrelationship between the geographic, jurisdictional contours of law enforcement interception activity and the geographic service areas covered by the carrier switching facilities that will be likely used to provide interception access. By identifying key pieces of data associated with these approaches and perspectives, we were able to formulate and then analyze past interception activity in terms that enabled us to establish one of the key components (one pertaining to past peak levels of interception activity in localities of various sizes) in an equation leading to an estimate of future interception capacity. The other key component (one pertaining to projected growth) was derived from a statistical model that included a number of variables reasonably believed to predict potential future capacity bounds and potential future interception needs. Once the projections were made to estimate future capacity needs, the results were reviewed and adjusted to ensure reasonableness before publishing the results in the Initial Capacity Notice.

By presenting capacity levels in the Initial Capacity Notice with reference to engineered capacity (discussed below), the FBI intended to express interception capacity in an understandable fashion as a percentage of a carrier's switch or other network component capacity. This approach was intended to enable carriers to tailor their technological responses to law enforcement's potential interception needs within specific types of geographic areas. The following discussion highlights the methodological steps used to arrive at the actual and maximum capacity figures published in the Initial Capacity Notice.

PART ONE: DERIVING KEY DATA FROM PAST INTERCEPTION ACTIVITY

As a first step, we sought to establish a baseline of past simultaneous interception activity. Information concerning the actual number of all types of simultaneous interceptions occurring throughout the United States in the recent past was collected. Such information, needed to establish the baseline, had never before been collected and did not exist in a single repository. Amassing this detailed and extremely sensitive information required an unprecedented and time-consuming effort on the part of law enforcement. It involved identifying sources from which accurate information could be retrieved in an efficient and effective manner. Specifically, we sought to identify sources that could provide the exact number of all types of interceptions (to include call content, pen register, and trap and trace) performed by all federal, State, and local law enforcement agencies, in terms of the actual number of telephone lines[3] intercepted at each locality.

To obtain specific line-related information regarding past simultaneous electronic surveillance activity, records of interception activity were acquired from telecommunications carriers, law enforcement officials, and most importantly, from the Federal and State Clerks of Court's offices—the official repository for all interceptions conducted simultaneously between January 1, 1993 and March 1, 1995, for all geographic locations. Specifically, highly sensitive interception information pertaining to each interception start/end dates, and to area code and exchange was collected. The period January 1, 1993 to March 1, 1995 was chosen in order to obtain recent interception information that was reasonably retrievable given the time constraint of one year imposed by the CALEA with regard to publishing a capacity notice.

Approximately 1500 telecommunications carriers (those serving the majority of subscribers in the U.S., and representing the largest of the wireline and cellular telephone companies (as of March 1995)) were requested to provide information that would identify where and how many interceptions had occurred within their networks during the period of study. Acquisition and examination of sensitive electronic surveillance records maintained pursuant to statute under seal with the Clerks of Court offices was pursued through two separate efforts. All Federal court order information was collected pursuant to special court orders directing the unsealing of interception court orders for the limited purpose of enabling the Attorney General/FBI to comply with the capacity notice obligation. State and local law enforcement information was obtained through the State Attorneys General (AG) offices. Each State AG was requested to coordinate the collection of interception information within the AG's respective State.

By reviewing the data collected, the number of simultaneous interceptions that had occurred within switching facilities was identified throughout the country during the study period. One of the key pieces of relevant information was the highest number of interceptions that had ever occurred simultaneously within any telecommunications carrier's switch.[5]

For the years studied, the highest number of simultaneous interceptions occurring within any one switch in the United States was 220; that is, 220 pen register, trap and trace and/or call content interceptions were active at the same time within a particular switch. Further analysis revealed that the 220 interception number far exceeded the number of simultaneous interceptions conducted in other high activity switches and was due to a single unusual occurrence. The switch that had the second highest level of simultaneous activity supported 120 pen register, trap and trace and/or call content interceptions.

The distribution of baseline simultaneous interception activity by switch was varied. Among switches which had supported interceptions during the period studied, there was a broad and varied distribution of simultaneous interceptions ranging from 1 to 120. Switches with the greatest levels of interception activity frequently existed in urban areas. Switches with lower levels of interception activity existed across a variety of geographic areas, encompassing urban, suburban, and rural areas.

The review of the baseline of interception activity yielded certain key data on simultaneous interceptions for specific switching systems, but law enforcement usually approaches crime within the context of geographic or jurisdictional areas. The next analysis challenge was to associate the baseline simultaneous interception data on specific switches with law enforcement's need to express requirements relative to geographic areas. To do this, law enforcement sought to identify geographic boundaries that could provide common reference points between law enforcement and telecommunications carriers.

A number of geographic boundaries which define service areas of telecommunications carriers were considered (e.g., State lines, local access transport areas (LATA), metropolitan statistical areas (MSA), rural service areas (RSA), and major and basic trading areas (MTA, BTA)). However, in each case, these boundaries did not provide a good match with defined law enforcement areas. Law enforcement jurisdictional legal authority in a great number of cases is defined by county boundaries (i.e., for local law enforcement agencies). County boundaries rarely change and are not disputable. In most cases, a group of counties are encompassed by the boundaries that define a telecommunications carrier's service area. Consequently, county boundaries were used as the common reference tool in formulating an analysis for future capacity.

From the baseline of interception activity, interception data was aggregated for a group of specific switches by county. Switches were assigned to counties based on their geographic location. The data can be divided into their different levels (or categories) or interception activity: high, moderate, and low.

As part of the consultative process with the telecommunications carriers, law enforcement understood that one of the primary carrier concerns with regard to capacity was that each switch in a carrier's network should not be held to the same requirement for capacity levels. The carriers had indicated generally that although CALEA requires the Attorney General to estimate future capacity sizings and to estimate future potential interception activity that may occur in their network, every attempt should be made by law enforcement to express its needs in accordance with the variability of interceptions that had occurred in the past. Recognizing this, we chose to define law enforcement's potential future interception needs using categories and not just one absolute number that would apply without regard to the often varied nature of interceptions in a carrier's geographic service area.

As a result of considering the relative relationships between law enforcement and telecommunications carriers geographic areas, it was determined that three separate categories for stating capacity requirements should be created. The use of categories permitted capacity requirements to be stated in a way that reasonably reflected, and was responsive to, law enforcement interception needs without unduly burdening all carriers with the same level of capacity or requiring a particular carrier to provide the same capacity level everywhere in its network. As alluded to in the Initial Capacity Notice, Category I represents a small number of geographic areas where the greatest level of interception activity typically has occurred and is likely to occur. Category II also represents a relatively small number of geographic areas, which consist of some urban and suburban areas. Category III represents the vast majority of areas where electronic surveillance activity has historically been low or nonexistent, principally in rural and many suburban areas.

With regard to Category III, as the nation moves toward the future, law enforcement must have the capability to conduct a minimum level of electronic surveillance in any locality, regardless of previous levels of criminal activity or prior levels of electronic surveillance activity. Terrorism, drug trafficking, and violent crimes are constant and unpredictable threats to the public in all localities, as evidenced by the Oklahoma City bombing in April 1995. Consequently, unlike Categories I and II, which are defined principally with reference to past levels of electronic surveillance activity, Category III constitutes a minimum interception capacity for any location in which law enforcement may need an interception capability in order to protect the public and effectively enforce the law.

Once the geographic areas could be generally (but only tentatively) associated with each category, the historic baseline of interception activity for these areas could be used as a way of defining the distinct levels of past electronic surveillance activity. For the Category I level, as noted above, the highest number of simultaneous interceptions from a switch was 120. Our analysis also determined that within the Category II level the highest number of simultaneous interceptions from a switch was 42.

THE USE OF PERCENTAGES AND ENGINEERED CAPACITY

Law enforcement considered it appropriate and prudent to express capacity requirements in the Initial Capacity Notice in terms of a percentage rather than as a fixed number for several reasons. First, percentages are very appropriate, if not essential, with regard to new service providers, new switches, new services, and new technologies. If absolute numbers were set forth, the introduction of new basic service, as well as more advanced services and features, could be impeded—a prospect that is unacceptable to either the Congress, law enforcement, or the telecommunications industry. Second, percentages allow capacity requirements to adjust slightly to a changing subscriber base as it increases or decreases over time.

To enable carriers to apply the percentages to the affected systems in their networks properly, capacity level percentages were tied to engineered capacity. Engineered capacity was referred to in the Initial Capacity Notice as the maximum number of subscribers that can be served by a carrier's equipment, facilities, or service. In the main, a carrier's switching facility was the key network component associated with this foregoing terminology. With regard to the highest level of simultaneous interception activity in the baseline data with regard to Category I (120), the switch associated with that interception activity was one that typically served an average of 35,000 subscribers. This led to the historical electronic surveillance activity being expressed as a percentage of engineered capacity of 0.34%. This percentage was derived by dividing the 120 simultaneous interceptions by 35,000 subscribers. With regard to the highest level of simultaneous interception activity noted in the baseline data occurring with regard to Category II (42), the switch associated with that interception activity was one that typically served an average of 27,000 subscribers. This led to the historical electronic surveillance activity being expressed as a percentage of engineered capacity of 0.16%. This percentage was derived by dividing the 42 simultaneous interceptions by 27,000 subscribers.

As discussed above, the interception activity which was now being associated with Category III reflected little or no activity in the past. Hence the capacity level associated with Category III was derived in a different manner. To establish a percentage regarding areas where there had been little or no past interception activity, for purposes of future analyses, we examined the distribution of historical interception activity for those switches with very little or not interception activity. The majority of these switches had electronic surveillance activity of less than 0.1% of the capacity associated with such switches. This led law enforcement to assign 0.1% as the level of historical electronic surveillance activity for Category III, expressed as a percentage of engineered capacity. This figure, therefore, was selected essentially to ensure a bare minimum capacity to support law enforcement interceptions.

PART TWO: ESTIMATING AND USING GROWTH RATES TO PROJECT FUTURE CAPACITY AND INTERCEPTION ACTIVITY

CALEA's mandate that law enforcement identify capacity requirements marked the first time future carrier capacity sizings and future potential interception activity were required to be estimated. Although CALEA provided no specific date as an outer bound for the projection for maximum capacity, the year 2004 was used for its projection of maximum capacity. We used the year 2004 because it reflects a ten year period from the last date for which historical data was available (1994). A ten year period is commonly used as a period of time within which to analyze and prepare projections. An analysis of a period of this length also provides the affected telecommunications carriers with the information that would produce the greatest level of stability for the mid-term to intermediate future. By comparison, CALEA specifies October 1998 as the date for projecting potential future interception activity (actual capacity).

Four steps were followed to determine the maximum and actual capacity percentages which were published in the Initial Capacity Notice. These four steps are as follows:

STEP 1: ESTABLISHING A STATISTICAL MODEL; PROJECTING TITLE III COURT ORDER TRENDS AS A PREDICATE FOR PROJECTING FUTURE DESIGN CAPACITY AND POTENTIAL FUTURE INTERCEPTION ACTIVITY

Projections regarding future design capacity that may be required to accommodate unusual future interception activity, as well as the amount of potential future interception activity itself (call content interceptions, as well as the much more prevalent pen register and trap and trace interceptions), in terms of the number of lines that possibly could be implicated, are not readily and easily derived. For example, when one considers just one of the relevant groups of information (past Title III court order authorizations) it becomes apparent that a simple straight line trend does not exist. In reviewing the number of such authorizations on a yearly basis over the last 15 years (1980–1994), there is over a 100% increase (from 566 to 1154). However, the year to year increases are anything but consistent, with variations from –12% to +19% occurring by way of yearly changes.

Although it may be impossible to discern precisely why increases (or decreases) occur on a yearly basis with regard to all of the types of interception activity, a number of factors were considered (discussed further below) which over time presumably would logically influence such activity. In brief, these factors relate to population, telecommunications technology, law enforcement resources, and relevant crime statistics.

Notwithstanding the difficulty in making long range estimations about a design capacity level capable of accommodating reasonable growth over the intermediate future (1998–2004) and which, more importantly, could also address totally unexpected worst case scenarios (maximum capacity) and future potential, interception activity (actual capacity), in terms of the number of lines implicated, we were obligated to respond to CALEA's mandate to produce capacity estimates.

Law enforcement determined that it was imperative to construct and utilize an analytical statistical model in order to address the variability related to relevant historical data that could be associated with interception activity. The model selected was a widely-used model referred to as a multi-variable linear regression statistical model. With such a model, future trends central to predicting capacity could be projected.

In broad terms, this model sought to project potential future behavior based upon an analysis of the relationships between two data groups for which historical data was available over the last 15 years. One data group was the number of criminal Title III court orders authorized between 1980 and 1994. The other data group was composed of a suite of relevant factors (multi-variables) related to population, telecommunications technology, law enforcement resources, and relevant crime statistics. Once trend relationships were noted between the second group and the first, an equation was produced from which projections as to the future level of the first group (Title III court orders) could be established based on growth projections of the second group. The projection for the criminal Title III court order authorizations was an important analytic first step in projecting the design capacity and future potential interception activity in terms of the number of lines (interceptions) that may be involved.

The first data group consisted of the number of Title III court order authorizations recorded per year in the Wiretap Report, compiled each year by the Administrative Office of the United States Courts. In an attempt to establish a trend, we examined the criminal Title III court order authorizations granted per year over the last 15 years (1980–1994). As noted above, however, an examination of this data showed significant yearly fluctuations thereby precluding a simple, straight line trend for approximating future authorizations. Also, as noted above, the Wiretap Report only documents the number of criminal Title III court orders; it does not specify the actual number of call content interceptions associated with each order, nor does it address at all the vastly greater number of interceptions associated with pen registers and traps and traces. Nonetheless, because it was the only longstanding electronic surveillance data source in existence, it was concluded that it necessarily should play an important role in the model because it did document past, relevant interception-related information from which projections of design capacity and future potential interception activity could later be made.

The second data group consisted of factors or multi-variables deemed relevant with regard to the conduct of all types of interception activity. These factors, as noted above, were population, telecommunications technology, law enforcement resources, and relevant crime statistics. Historical and projected future data on population totals was collected from the United States Census Bureau. Historical and projected future data for wireline telecommunications subscribers was collected from the Federal Communications Commission. Historical data on wireless subscribers was acquired from reviewing publications issued by the Cellular Telecommunications Industry Association (CTIA). Projected future data for wireless subscribers was derived based upon an analysis of information found in trade journals concerning future projections of the number of wireless subscribers and attributed to the CTIA, the Personal Communications Industry Association, and other industry sources. Historical data on total number of law enforcement officers and reported incidents of violent crime was collected from the FBI's Uniform Crime Report. Projected future data on the total number of law enforcement officers and crime was derived based on an assumed linear growth rate of the historical data. For each of the above factors, projections for future data were made out to the year 2004.

STEP 2: COMPUTING GROWTH RATES

Using the projected future data produced by the equation, the statistics indicated a growth rate of 130% in the first group between 1994 and 2004, a factor which was included in the subsequent analysis used to project maximum (design) capacity. By comparison, a projection for potential future interception activity (actual capacity) was arrived at by noting the statistics in the first group, that had applied the same trends projected by the statistical model, suggesting a growth rate between 1994 and 1998 of 54 percent. As noted above, when one reviews the number of criminal Title III court order authorizations on a yearly basis during the last 15 years (1980–1994), there is more than a 100% increase (from 566 to 1154). Also, when one reviews available official reports regarding the vastly more prevalent pen register and trap and trace court orders granted during the last 8 years, one observes an increase of 219%. Finally, for the same period, with regard to such pen register and trap and trace court orders "the number of persons whose telephone facilities were affected" increased by 345%.[6] Consequently, the model's results are considered to be reasonable and consistent with past interception-related activity and appropriate for use as part of the analysis.

STEP 3: PROJECTIONS FOR DESIGN CAPACITY AND POTENTIAL FUTURE INTERCEPTION ACTIVITY

As noted above, the historical interception activity expressed as a percentage of engineered capacity for Category I was 0.34% (120 simultaneous interceptions out of a switch serving a possible 35,000 subscribers); and the historical interception activity expressed as a percentage of engineered capacity for Category II was 0.16% (42 simultaneous interceptions out of a switch serving a possible 27,000 subscribers). For Category III, the minimum level of interception activity expressed as a percentage of engineered capacity was 0.1%. The computed growth rates of 130% and 54% were converted into growth multipliers of 2.3 and 1.54, for maximum and actual capacity, respectively. By multiplying the historical interception activity figures for Category I, Category II, and Category III by the growth multipliers, we calculated numbers for a "raw" maximum and actual capacity, as illustrated in the table below.

RAW MAXIMUM AND ACTUAL CAPACITY PREDICTED BY THE GROWTH FACTORS

	Maximum	Actual
Category I	0.34%2.3=0.78%	0.34%1.54=0.52%
Category II	0.16%2.3=0.37%	0.16%1.54=0.25%
Category III	0.10%2.3=0.23%	0.10%1.54=0.15%

STEP 4: APPLYING REASONABLENESS CRITERIA TO THE RAW CALCULATIONS

In projecting future design capacity (maximum capacity) and capacity for potential future interception activity (actual capacity) that may be needed by all law enforcement agencies, for publication in the Federal Register, the FBI made downward adjustments to the numbers that were set forth with regard to the raw actual capacity in both Categories I and III. A substantial downward adjustment was made in Category III. These downward adjustments were made because law environment recognized that a majority of the affected telecommunications carriers fall in Category III, and that our historical interception activity was minimal in this category. Therefore, we chose to lessen the burden on the telecommunications industry and minimize the costs of installing solutions, consistent with assuring an essential minimum level of interception capacity.

The numbers set forth for the raw maximum capacity in Categories I, II, and III were adjusted upward for a number of reasons. First, as noted above, the interception activity associated with pen registers and traps and traces by far represents the most frequently used type of interception. The growth rate in the number of pen register and trap and trace court orders far exceeds that projected in the statistical analysis. As noted above, the percentage of increase in such court orders during the past 8 years was 219% and the number of persons whose telephone facilities were affected increased 345%.

Second, although the peak number of simultaneous interceptions identified in the baseline data was 220, we elected not to use it in the statistical analysis because it was deemed to be an anomaly. However, this level of interception activity, although anomalous, is indicative of the type of worst-case scenarios that law enforcement should not easily ignore or completely discount. Hence some provision needs to be made for such situations.

Third, although every effort was made to capture as accurately as possible the actual levels of past interception activity in compiling our baseline of historical intercept information, there may be some instances where data was not fully collected or reported. Also, there is an amount of interception activity associate with national security that must be accounted for in the final capacity projections.

Fourth, during the study period (1980–1994), the number of States granting State and local law enforcement interception authority by statute increased and a number of States expanded interception authority to cover additional types of crimes and/or additional types of communications devices (e.g., cellular telephones and pagers). There is a reasonable likelihood that in the future other States may grant similar interception authority and/or increase the scope of existing interception authority.

Finally, law enforcement believed that judgment needed to be brought to bear on the numbers for raw actual and maximum capacity, in terms of making appropriate upward or downward adjustments. In particular, the FBI, acting on behalf of the entire law enforcement community, had a responsibility to be careful not to overstate or understate capacity needs. Importantly, however, if capacity needs were understated it could pose direct harm to the public safety and effective law enforcement.

INITIAL CAPACITY NOTICE

On October 16, 1995, the FBI published in the Federal Register its Initial Capacity Notice. The estimates of actual and maximum capacity, expressed as a percentage of engineered capacity, were stated as follows in the Initial Capacity Notice:

ESTIMATES FOR PROJECTED MAXIMUM AND ACTUAL CAPACITY AS PUBLISHED IN THE FEDERAL REGISTER

	Maximum	Actual
Category I	1.00%	0.50%
Category II	0.50%	0.25%
Category III	0.25%	0.05%

After the FBI's publication of the Initial Capacity Notice in the Federal Register, you requested two documents in your correspondence: (1) the historical baseline of electronic surveillance activity, and (2) an analysis of that activity. By way of response and clarification, although we examined past electronic surveillance activity and utilized certain key pieces of information derived therefrom as discussed in this letter, no "document", as such, was ever created. Similarly, the factors utilized in our analysis were never compiled into a document.

Nonetheless, because of the interest and the misunderstandings that have been associated with this matter, we currently are in the process of preparing two methodology documents which will explain our capacity notice efforts in greater depth. The first document will describe the process used to collect historical electronic surveillance information. The second document will describe the analysis used in developing the Initial Capacity Notice, as well as the Final Capacity Notice. Regarding the latter, it will take into account the written comments we have received and the input from our ongoing meetings with the telecommunications industry and other interest groups. The FBI will provide copies of these two documents to you upon their completion.

SUMMARY

As you are aware, in 1968 when Congress statutorily authorized court ordered electronic surveillance, telephone technology permitted law enforcement to execute, without impairment, essentially all court orders—a 100 percent capability/capacity to accommodate law enforcement's court ordered electronic surveillance needs. However, the onset of new and advanced technologies has begun to erode the capacity and capability of the telecommunications industry to support law enforcement's interception needs. For the first time, technological limitations will potentially be set on law enforcement's ability to lawfully conduct electronic surveillance. In view of these potential limitations, an attempt was made to estimate law enforcement's capacity needs in an accurate and reasonable manner with the goal of striking a balance of meeting law enforcement's interception needs without introducing unduly burdensome or excessive requirements on telecommunications carriers. This in no way changes law enforcement's fundamental statutory responsibility to obtain proper legal authority to conduct electronic surveillance. CALEA's capacity requirements simply ensure that, after law enforcement obtains proper legal authority, telecommunications carriers will have sufficient capacity to accommodate lawfully authorized electronic surveillance activity.

To project capacity needs, the previously described national methodology was employed in order to prepare an Initial Capacity Notice for publication in the Federal Register. Since release of the Notice, law enforcement has met with privacy advocates, the telecommunications industry, and other interested parties to clarify and further describe how best to apply capacity needs within a given carrier's network, and it is reviewing and considering the formal written comments provided in response to the Initial Capacity Notice.

In closing, CALEA is important to the public safety and national security of this nation and its full and timely implementation is critically important to the American public. On behalf of the law enforcement community, we would again like to express our appreciation for your support and leadership regarding this significant and complex issue. With the continued support of the Congress, we are confident that CALEA will be fully implemented in an effective and efficient manner.

FOOTNOTES

[1] For purposes of this discussion, the word "interception" refers to all types of interceptions: (1) interceptions of communication content (e.g., Title III); and (2) interceptions of dialing-related information (call identifying information) derived from pen registers and traps and traces.

[2] 47 U.S.C. 1003 (1994).

[3] For purposes of this discussion, the word "lines" refers to the transmission path from a subscriber's terminal to the network via a wireline or wireless medium.

[4] Although a valuable source for historical information on criminal Title III (call content) court orders, *The Wiretap Report*, published annually by the Administrative Office of the United States Courts, does not identify the actual number of interception lines associated with each court order or, more importantly, with the vastly greater number of lines associated with pen register and trap and trace interceptions that have been performed by all law enforcement agencies. Even though the FBI used information pertaining to the number of court orders reported in *The Wiretap Report* as an essential element for forecasting purposes, the *Report* does not contain the line-related information that was needed to identify the actual level of past interception activity related to specific switches.

[5] For purposes of this discussion, the term "switch" also represents a licensed cellular service area.

[6] 18 U.S.C. 3126 (1986). By law, the Department of Justice is required to report to the Congress on a yearly basis information on the use of pen registers and trap and trace devices by law enforcement agencies within the Department of Justice. This report includes information concerning the number of original orders, extensions, the number of investigations, the number of persons whose telephone facilities were affected, and the number of overall dialings.

TRANSFER OF NUCLEAR TECHNOLOGY TO THIRD COUNTRIES

Mr. THOMAS. Mr. President, I rise today as the Chairman of the Subcommittee on East Asian and Pacific Affairs to express my grave concern at recent reports regarding the sale or transfer by the People's Republic of China of nuclear technology to third countries.

It has been widely reported in the domestic press that the U.S. intelligence agencies have thoroughly credible evidence that these sales have occurred; I have seen some of this evidence myself, as have many of my colleagues, and find it to be overwhelming.

In the past, we have seen evidence of missile sales to Pakistan, and the transfer of certain nuclear technology to Iran, in violation of United States law and international nuclear agreements. The most recent reports involved the sale of over 5,000 ring magnets to Pakistan. These magnets are component parts of centrifuges used to enrich uranium to make it weapons-grade. The magnets are made of a highly advanced alloy, and according to experts will significantly enhance Pakistan's nuclear program by allowing its laboratory at Kahuta to upgrade its centrifuges at the rate of between 1,000 and 2,000 per year.

The People's Republic of China has not denied that the sale took place. Somewhat inconsistently, Pakistan categorically denies these reports. Mr. President, Karachi's denials ring completely hollow. How many times did the Pakistani Government deny that it was pursuing the development of nuclear weapons, only to have the United States produce irrefutable evidence to the contrary? How many times did they assure us that they had no such intentions, only to be caught sneaking behind our backs doing the precise things they denied? Mr. President, one hates to use the word ''lie,'' but as the saying goes—if the shoe fits.

Almost more troubling than the sales themselves, Mr. President, is what is shaping up to be the Clinton administration's completely inadequate response to the sales. Under U.S. law, we are required to impose a variety of sanctions on any nation selling nuclear weapons technology in violation of nonproliferation commitments. Only if the President states that requirement because of the national interest are the sanctions waived.

Here, we have solid evidence that the People's Republic of China has violated its agreements in this regard. The failure to impose the sanctions required by our laws, I believe, is a mistake of the greatest magnitude. I can think of no worse signal to send the Chinese Government than for us to draw a line in the sand, have them cross it, and for us to shrug it off and say ''now don't do that again.'' The Chinese are quick to pick up on occasions when we fail to stick to our guns, and only see it as encouragement. This is why I have been so supportive of U.S. Trade Representative Mickey Kantor. He has told the Chinese in the trade arena that if they do not abide by their agreements, there will be a price to pay. And, when necessary, he has moved steadfastly to impose that price in the form of sanctions. The Chinese, recognizing the strength of such a position, have subsequently backed down and honored their agreements.

For us to back down from our principles in this matter is to completely call into question our determination in a host of other areas, the security of Taiwan comes immediately to mind, and as Senator SPECTER has noted ''make[s] our national policy a laughing stock and encourage[s] a proliferation of nuclear weapons.'' Yet the Clinton administration is showing every sign of being willing to shrug off the People's Republic of China actions, rap them on the nose, and ask them to please not do it again.

During the 1992 presidential campaign, candidate Clinton took President Bush to task for ''coddling dictators''—especially the Chinese. Well Mr. President, like he has on so many other issues that were central to his campaign President Clinton has flip-flopped on this one, saying one thing but doing some thing completely different. I ask my colleagues, who is doing the coddling now? The White House appears close to waiving sanctions because it is worried about offending China and because it is kowtowing to United States business interests in an election year afraid of the effects on their bottom-line that sanctions might have.

Can you imagine that, Mr. President? As the Washington Post pointed out this morning, ''The Chinese are the accused violators, and the Americans—as the complaining and injured party—are backing off.'' This administration is backing off in the shortsighted hope that Beijing has learned its lesson and won't do it again. It's like telling a child not to take a cookie, watching him take it, but not telling him he's a bad boy in the hopes that maybe he won't want to take another cookie. And this is not the only area in which the Clinton administration is coddling Beijing. USTR Kantor, who has on several occasions urged the White House to impose sanctions on the PRC because it is still in violation of several of the key provisions of the Sino-American intellectual property rights agreement, has been prevented by this administration from setting a deadline for Chinese compliance for fear of upsetting the violators of that agreement.

Mr. President, I join my colleagues in both Houses in calling for the imposition of the sanctions required by U.S. law in this case. We need to say what me mean, and then do what we say. Any failure or hesitation to do so can only be interpreted in Beijing as a sign of weakness, and sets a very dangerous precedent that we will regret down the road.

Mr. GLENN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. LEAHY pertaining to the introduction of S. 1567 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

THE TAX LIMITATION AMENDMENT

Mr. KYL. Mr. President, I wanted to speak briefly this morning on two subjects. The first concerns an announcement that the Senator from Minnesota, who is presiding as of this moment, and I and Senator BOB SMITH made yesterday relating to a constitutional amendment proposal which we are soon going to be introducing in the Senate, which has already been introduced in the House with about 150 cosponsors, which we hope will be quickly adopted by both the House and Senate and sent to the States for ratification, in reference to a constitutional amendment to require a supermajority of two-thirds voting to approve any tax increase at the Federal Government level.

We want to do this because of the possibility, and I hope the probability, that some form of simple, single-rate tax reform could be adopted sometime after next January. Some proponents call it a flat tax. But a tax proposal of the kind that I support would include exemptions and certain deductions, so it cannot be properly characterized as a pure flat tax, but a simpler tax rate system with a limited number of deductions and exemptions is the kind of tax reform that most Americans seem very supportive of at this time, and which I hope the Congress will adopt.

If that occurs, it will be doubly important for us to ensure that tax rates cannot easily be increased. Because without the deductions, credits, and exemptions that taxpayers can take advantage of today to shelter their income, if tax rates are increased, once those exemptions and deductions and credits have been eliminated from the Tax Code, which is what we propose to do, there will be nowhere to go if Congress then begins to raise the single tax rate. That is why we think we need a constitutional requirement of a two-thirds support for such a tax increase in order to protect the taxpayers of America.

Let me quote from the Kemp report. The Kemp Commission was a commission appointed by Senate Majority Leader ROBERT DOLE and House Speaker NEWT GINGRICH to look into the question of fundamental tax reform and to make recommendations. It was chaired by former HUD Secretary Jack

Kemp. Here is what the Kemp report says with regard to this proposal.

The roller-coaster ride of tax policy in the past few decades has fed citizens' cynicism about the possibility of real, long-term reform, while fueling frustration with Washington. The initial optimism inspired by the low rates of the 1986 Tax Reform Act soured into disillusionment and anger when taxes subsequently were hiked two times in less than seven years. The commission concludes that a two-thirds super-majority vote of Congress will earn Americans' confidence in the longevity, predictability, and stability of any new tax system.

That is what we hope to achieve by a simpler, fairer, single-rate tax system: stability, predictability and longevity. But if Congress can quickly raise the rate after we have put such a system into effect, then that stability and longevity and predictability will have been eroded. That is why we think it is important to make it a little bit more difficult for Congress to raise taxes by requiring a two-thirds vote.

Let me note a couple of things about some history here. Since the last attempt at comprehensive reform in 1986, when the number of tax brackets were reduced from 14 down to 2, there have been 4,000 amendments to the Tax Code in less than 10 years. The number of tax rates, of course, is back up to five. But 4,000 amendments? It is too easy to change the Tax Code. Many of those amendments, of course, resulted in taxpayers paying more money. Not only have the rules changed in the middle of the game for many taxpayers, but for many it was after the game was over. The 1993 Clinton tax increase retroactively raised taxes, even on the dead.

The frequency of changes not only makes people more vulnerable to tax increases but also makes it virtually impossible to make financial plans for the future, whether to save for a child's education or invest in your business or set money aside in a pension fund—or hold it to pay taxes. If you have to have that possibility, then you cannot predict with certainty that you can invest in these more important things. So the tax limitation amendment puts an end to that volatility by requiring there be sufficient consensus and partisan support around the country before taxes will be raised again.

One final point. To the extent we are interested in reducing the power of the special interests, of the lobbyists who come to change the Tax Code to get special benefits for their particular interest, to reduce their tax burden, to create a loophole, as it were—this two-thirds majority requirement would really put an end to that kind of practice because, if we assume that we want to continue to collect a roughly equal amount of revenue and that therefore any proposal would have to be revenue neutral, any proposal to create a loophole for a special interest and therefore result in less money to the Treasury would necessarily require that tax revenues be raised in some other area. But to do that would require a two-thirds vote. So I think Members of the House and Senate would look much more skeptically at proposals to reduce taxes for certain taxpayers if we knew that, in order to make up that revenue, we would have to have a two-thirds vote. Therefore, I think the influence of special interests would be very much reduced.

The tax limitation amendment represents an important reform whether we stay with the existing Tax Code or we go to a new system. But it will be particularly important if the American people conclude that a single-rate kind of reform is the one that we should adopt, because, again, once all of the deductions and exemptions and credits are eliminated, taxpayers will be particularly vulnerable to tax rate increases. I think we should ensure it is not too easy for Congress to raise their taxes again.

Again, I compliment Senator BOB SMITH from New Hampshire and the Senator from Minnesota, who is presiding at the moment, for their support as original cosponsors of this important constitutional amendment.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. KYL). Without objection, it is so ordered.

THE SENATE SCHEDULE

Mr. LOTT. Mr. President, I would like to clarify the record somewhat and respond to some of the comments that have been made today and earlier this week by the distinguished Senator from Ohio, Senator GLENN, about our schedule.

First, I think it should be noted that the first month of the calendar year 1996 has been a very productive month legislatively for the Senate. We have had some extraordinary activity. We may not have been in session as many days as has been the case in some years gone by, but in terms of actual production, we have produced some of the biggest, most important pieces of legislation in history during the last month. I would like to just read off the list. Certainly not all Senators agreed with how these pieces of legislation were dealt with, but they were very important pieces of legislation and in most cases passed overwhelmingly.

For instance, we have already passed S. 1260, which is a fair housing bill, out of the Banking Committee. A lot of work went into it. It did pass by unanimous consent, but that was because it was an important bill with broad, bipartisan support.

We passed, in January, the Defense authorization conference report for this fiscal year. That was brought about by the fact that the President had vetoed the first Defense authorization bill. Some modifications were made. I did not agree with all of them. I know the Senator in the chair did not agree with all of them. But we did come to an agreement on a second conference report, and it passed overwhelmingly and has gone to the President for his signature.

The START II Treaty was passed after discussion by the Senate. We passed a continuing resolution that kept the Government operating while the President and the Congress can continue to work on trying to come to some agreement on appropriations bills that have not yet been passed. We took action on legislation raising the debt limit so that there would be no question that Social Security checks would go out to our senior citizens the 1st of March. We passed the Telecommunications Act of 1996, probably the biggest jobs creation bill that has passed this decade, legislation that took months—in fact years—to come to fruition. There have been 10 years of effort to get telecommunications reform legislation passed by the Congress. We had not changed the telecommunications laws substantially since 1934. So we deregulated, we opened up all of the various areas of telecommunications for competition. It will mean lower prices, and more services and information for people. There is going to be a tremendous revolution because the Government is taking down the barriers it put up. This is a new era of competition, a new time of choice of services and products for people. The bill passed 91 to 5. Forty-eight hours before it passed most people would have bet you that we would not get it passed at all. Well, it was signed into law just yesterday by the President of the United States.

Through tremendous efforts by the distinguished majority leader, Senator DOLE, we were able to come to an agreement this week on a farm bill, a farm bill that passed the Senate with 64 votes; a bipartisan vote. I think we had 49 Members of the majority and 15 or so Members of the minority that voted for this bill, a bill that had been tangled up for months. It was included in the budget reconciliation package that the President vetoed. So we had to take action on a farm bill before our farmers actually went into the fields to start plantings.

In the South, in my State of Mississippi the farmers are getting close—within the next 2 weeks—to start to plant. And they had no idea what they could expect for the farm legislation and what they could expect for this year.

So we got that bill through the Senate. So there has been a lot of action by the Senate this year. And to answer those who come to the floor and say, ''What is the Congress doing?''—I have just given a very impressive list. I would put that list up against any list from just about any January over the past 20 years in which I have been in the Congress.

Just today we are at work. We are having major speeches here on the floor of the Senate. And there is an effort underway right now to get agreement on two important bills out of the Environment and Public Works Committee. We are trying to get an agreement on the District of Columbia appropriations conference report. In fact, we will take action to make sure that we have cloture, if it is necessary, so that we can take up that District of Columbia conference report as soon as we come back. In fact, we will have a vote on February 27 at 2:15 on that conference report. And committee meetings are working.

You cannot just pop legislation out to the floor. There have to be subcommittee hearings, full committee hearings, there needs to be markup, we need to have investigations, and we need to have oversight. This is the time of the year when in fact the committees should be the most active. The Budget Committee is getting ready to try to see how we can deal with the next fiscal year budget. The Banking Committee is having hearings. The Judiciary Committee is having hearings. This is when you do the preparation for the legislative process that will really start moving forward in March and April. So there is a lot that is going on legislatively in the Senate.

Now, it has been suggested that we should not be out, that the schedule for the remainder of February is a charade, that there was not a recorded vote on whether we should be in pro forma session.

I have to remind my colleagues in the minority that there was an agreement reached between the leaders on the schedule. The majority leader, Senator DOLE, and the minority leader, Senator DASCHLE, after a lot of conversation, worked out a schedule that was agreed to. On specific days there would be only pro forma sessions, on other days there would be opportunity for agreements to be entered into, for speeches to be made on important issues by the Senators. This was agreed to. It was not a charade. It was not snuck through. A lot of people were consulted.

So we are going to be in session. We are going to be having activities. We are going to be trying to reach agreements.

Then it was suggested by the Senator from Ohio that we have appropriations bills that have not passed the Congress for the present fiscal year when we should have done them last year. That is true. But let us look at why they have not been passed.

First of all, everybody around here complains that we have not finished legislation on health and human services and education. They are right. We have not. Do you know why? Because the Democrats in the Senate have refused to allow us to even bring it up for debate. They have threatened to filibuster the motion to proceed. In common language, this means they will not even let us bring it up without talking it to death.

Why has that been done? They object to a provision with regard to striker replacement. That was brought about by the fact that the President, unconstitutionally in my opinion, by Executive order tried to accomplish what the courts and the Congress have refused to do. He says that when there are protracted strikes, employers cannot replace strikers to keep their business alive. It has been taken to court, and a Federal court has already ruled that was an improper action by the President. Now it is going to go on appeal probably all the way to the Supreme Court. But I feel pretty confident that the President's action is going to be stricken down as unconstitutional.

Yet the Democrats have refused to allow us to bring this bill up to provide appropriations for the important Departments of Health and Human Services and Education because we have a provision in there that says basically what the President did was wrong. Now, the Federal courts agree with us.

That is the truth of why this legislation has not been brought up. Except for the objections on the minority side of the aisle, the Democrats, we would have passed that legislation through and got it into conference and sent it to the President weeks—in fact, months—ago. So how we can hear whining from the Democratic side of the aisle about why these departments have not been funded is pretty astounding to me when you look at the facts.

Now, with regard to these other departments that have not been funded: State, Justice, Interior, Commerce, EPA, we have passed the legislation. The President vetoed those bills. And when you look at why he vetoed them, there is the real charade. He vetoed the interior bill because of some policy decisions that are very debatable to begin with and are minor as compared to the overall Interior Department appropriations bill.

Also, I think it is very clear that the distinguished chairman of the Interior Subcommittee of Appropriations, the Senator from Washington, Senator GORTON, and the Congressman from the House, RALPH REGULA from Ohio, have worked very hard with the Secretary of the Interior, Secretary Babbitt, to get an agreement to move this bill. In fact, they almost had an agreement. And then the word came back that the White House had said, ''Do not negotiate any more with these congressional Members. We are not going to agree to what they want.''

Well, you know, there are three coequal branches of Government. We have to get legislation passed through the Congress and then the President, yes, has to sign it for it to be enacted. But when he says do not talk to them anymore, what are we to do? And then they have the temerity to complain that these departments are not funded.

Let me tell you this. There a lot of Americans who really have questions about just how much or if some of these departments should be funded. There are a lot of us who think that the Energy Department could probably be eliminated. Most people are not aware that a majority of the budget for the Energy Department is defense related. It is not even separate, not even applicable to the Energy Department. It is defense related. And the Commerce Department. The various agencies and divisions of the Commerce Department could be carried out as independent agencies or in other departments. We could save millions, millions of dollars. We might even cut down on some of the travel that we have seen from the Secretaries of Commerce and Energy.

I must also point out that historically the tradition has been in February around the Presidents Day recess Congresses have always taken a few days to be with their constituents. I think it is a good idea for Congressmen and Senators to get out of this city, go home, listen to their constituents. That is an important part of the legislative process to hear what your constituents have to say, to listen to the farmers, to listen to the fishermen, to listen to the business men and women, to listen to the parents express their concern about crime and drugs and the poor quality of education in America, to hear from American people who even though we continue to spend more and more billions of dollars for Federal aid to education the quality of education continues to slide. Why is that? I bet we could find some answers if we listened to the people at home. So for us to be off a few days around Presidents Day, the Lincoln Day recess period, is very traditional. Everybody in the House and Senate understands that. And so hopefully the Senators and the Congressmen are going to be back home. I am going to my State. I am going to meet with my constituents. I am going to talk to civic clubs, going to speak to the State Grand Masters Banquet; I am going to speak to industrial groups. That is a very, very important part of our job.

So I just wanted to respond to some of the allegations about how there has been some secret agreement to have just pro forma sessions and morning business days. It was worked out very carefully between the joint leadership. I would like to see us pass all those appropriations bills, but the problem begins here, and it begins in the minority because they will not let us even bring up the Labor, HHS and Education bill.

I would like to also say, though, that I do agree with Senator GLENN and others that we still need to try to get an agreement on the budget between the President and the Congress. I am one of those incurable optimists who still believes it will be done, and it should be done. I think we were helped this week by the bipartisan agreement from the Governors with regard to Medicare and welfare. I do not like all of what they came up with, but I think they gave us a roadmap of how we can deal with the welfare issue and the need for welfare reform and changes in Medicaid, hopefully, that would save us some money.

That is one of the problems that worries me about what they suggested. I do not think you get welfare reform if you end up with a bill that costs more than the present welfare system. What kind of welfare reform is that? But they came up with some helpful suggestions. I think the budget negotiators have made real progress. I believe that we could get a budget agreement that would lead us to a balanced budget in 7 years using honest numbers that would significantly cut back on the amount of increase in spending in nondefense discretionary, that would give us some Medicaid, welfare, Medicare reform, and that would give some tax relief to the American people. I think we are going to make a mistake if we do not take some action soon to give a little boost to the economy, a little incentive for growth in the economy. The economy is showing tattered edges. We may not have a growth this year in the economy of even as much as 1.5 percent, which is very low and very weak. If we would cut the capital gains rate, it would have a tremendous impact on the economy. There would be growth and the creation of jobs. We need that legislation.

So I hope that when we come back February 26, Congress will give serious effort once again, our negotiators will give serious efforts to meeting with administration officials and see if we can come to an agreement. But an important part of that is going to be Medicare. Other than Social Security in the 1970's, I have never seen an issue that has been more demagoged than Medicare in the year 1995. Misinformation, misleading information, accusations that are absolutely not true about what the Republicans have tried to do to save, preserve, and protect Medicare.

We have warned that there is a solvency problem. We must take action now to make sure that Medicare is not only there for my 82-year-old mother but it will be there for us and for our children and grandchildren.

MEDICARE SHORTFALL

Mr. LOTT. Mr. President, the headline in Monday's New York Times, February 5, was even more chilling than Washington's weather. It read, ''Shortfall Posted by Medicare Fund Two Years Early. A Surplus Was Expected.''

The chief actuary of the Health Care Finance Administration observed, ''Things turned out a little worse than we expected.'' I will say they did. The administration had projected a $4.5 billion increase in the Medicare fund balance for fiscal year 1995. Instead, the balance fell by $35.7 million. The reason for the shortfall was twofold. First, income from payroll taxes was less than expected. Second, and more important, outlays were higher because of more hospital admissions than were expected.

Whatever the reasons, the day of reckoning is coming sooner than anyone had expected. Throughout last year, the Republicans in the House and the Senate have urged a solution for Medicare's fiscal ills. We have hammered home the estimates by the Medicare trustees that the program would slip into the red ink by 1997, and would go bankrupt by 2002.

Now it turns out even that dire forecast was on the optimistic side. Medicare has already started paying out more than it takes in. I cannot help but wonder how the White House will respond to this news. The administration spin experts must be wracking their brains on this one. In the face of all the facts, they have to come up with some way to portray President Clinton as the champion and savior of Medicare.

The fact is that instead of cooperating with the Congress, who wanted to preserve and protect Medicare last year, President Clinton launched his Medicare campaign and played Medicare politics ruthlessly, and I regret to say, somewhat successfully. He convinced or he scared many Americans into believing that our proposal to strengthen Medicare was instead a cut in its funding when, in fact, it would allow over the next 7 years for over a 60-percent increase. Only in Washington is a 60-percent increase in the level of spending over 7 years considered a cut.

They were somewhat successful in scaring the people into believing that. When he vetoed that proposal last December, he posed as the defender of Medicare against extremists in the Congress.

Now, the fiscal chickens are coming home to roost and they are headed for the roof of the west wing of the White House. Mr. President, Clinton's game plan for Medicare—to stonewall about the problem's financial peril in hope of getting safely reelected in another term after this year have been overtaken by the events that have occurred recently. He is trapped in a maze of his own mapping.

Here is the dilemma: To make it through this year, I guess he will have to come up with a Medicare salvage package of his own, but in order to do that he will have to call for a massive job crippling and probably recessionary hike in payroll taxes, or he will have to adopt most of the Republican plan to preserve Medicare. That would be the same plan he vetoed just last year with such gusto, and with Lyndon Johnson's pen, no less.

Of course, he will want to do neither. So, he will look for another way out for an escape, make an evasion. My guess is he will call for a national commission or a similar proposal to postpone the decisions that have to be made now. I hope I am wrong. I hope the President will take another look at the legislation of congressional Republicans, the work we have drafted, the year we spent developing this plan to save and protect and preserve Medicare for the future. I hope he will reconsider his bias against health care choices for seniors. That is a major part of what we tried to do.

I hope he will renounce his animus against the medical savings accounts. When I suggest to my senior citizens and even my mother about the idea of a medical savings account of your own, where you have it to use, or you do not have to use it, a novel idea, it is yours. It would help cut out some of the unnecessary use of the system. It is the American way. Let you choose, let you use your own money, let you save and get a little interest.

I do not know why the President was so opposed. Maybe he will reconsider. That could be the final catalyst that brings together a real budget agreement—not a deal, an agreement—that is good for America.

Well, maybe I should prepare for the worst, which would be yet another abdication of sensibly dealing with the problems of Medicare. We demonstrated that last year that we really could not, as a government, face up to it. This is not an issue we can walk away from. It is there. It is not good. It is going to get worse soon. There is too much at stake for 35 million Americans, the elderly, and the disabled, for whom Medicare is, quite literally, a lifeline.

It is time we put partisanship and politics aside and address the real problems for the future of Medicare, for our parents, and for our children.

I ask unanimous consent the New York Times article by Robert Pear be printed in the RECORD, entitled ''Shortfall Posted by Medicare Fund Two Years Early.''

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, Feb. 5, 1996]

SHORTFALL POSTED BY MEDICARE FUND TWO YEARS EARLY

(By Robert Pear)

WASHINGTON, FEB. 4.—New Government data show that Medicare's Hospital Insurance Trust Fund lost money last year for the first time since 1972, suggesting that the financial condition of the Medicare program was worse than assumed by either Congress or the Clinton Administration.

In a report to Congress in April, the Administration estimated that the amount of money in the trust fund would increase by $4.7 billion in the 1995 fiscal year, which ended on Sept. 30. In fact, officials said in interviews, the balance in the trust fund fell by $35.7 million, to $129.5 billion.

''Things turned out a little worse than we expected,'' said Richard S. Foster, chief actuary of the Federal Health Care Financing Administration, which runs Medicare for 37 million people who are elderly or disabled. ''We had projected that 1997 would be the first fiscal year with a deficit.''

Income to the trust fund, primarily from payroll taxes, was slightly less than expected, Mr. Foster said, and outlays were somewhat higher. There were more hospital admissions than anticipated, patients were somewhat sicker and hospitals filed claims faster than expected, he said.

The deficit, while relatively small, is significant because once the trust fund starts to lose money, the losses are expected to grow from year to year. No tax increases are scheduled under current law, and Federal officials do not expect a reduction in the rate of growth in Medicare spending unless there is a budget deal between President Clinton and Congress.

No such deal is in sight. The two sides have not held serious negotiations in three weeks, and they evidently intend to fight out their philosophical differences in the November elections.

Moreover, neither party's proposals go far enough to guarantee the solvency of Medicare for the baby boom generation, whose members start to reach the age of 65 in 2011.

In general, health policy experts say, the changes needed to shore up Medicare can be relatively small and gradual if they are made in the near future, but they will have to be larger and more abrupt if they are deferred.

Bruce C. Vladeck, administrator of the Health Care Financing Administration, said: ''We are still analyzing the Medicare data to see what last year's experience might say about changing patterns of care or need among the elderly. In-patient hospital volume went up a bit more than we had projected. We are trying to figure out why.''

Officials at the American Hospital Association said the increase was puzzling because it followed more than a decade of decline in Medicare hospital admissions.

Donna E. Shalala, the Secretary of Health and Human Services, and three other Administration officials serve as trustees of Medicare. In the report in April, they said the hospital trust fund would run out of money late in the year 2002.

Republicans seized on that prediction to justify their proposals for vast changes in the structure of Medicare. They said they were cutting the growth of Medicare not to balance the budget, but to ''preserve, protect and strengthen'' the program. Mr. Clinton vetoed the proposals, saying they would hurt beneficiaries and ''dismantle Medicare as we know it.''

In view of the financial shortfall in 1995, the Hospital Insurance Trust Fund could go bankrupt earlier than anticipated, perhaps a year sooner, but that is not certain.

''It's hard to say what the implications are for future estimates,'' Mr. Foster said. ''It's possible this could advance the depletion date, or the trust fund might be depleted earlier in the same year, 2002. In any event, it doesn't help. That's a safe conclusion.''

The trustees and the actuary will make new forecasts in their next annual report, which under Federal law is to be submitted to Congress by April 1. The report may be a month late because of time lost while the Government was shut down in November and again in December.

The actuary and his staff write much of the trustees' report. Medicare actuaries have a tradition of independence and a history of providing objective information to Federal officials and Congress. This year's report will be closely scrutinized since it comes in an election year, when Medicare is an important campaign issue. Under Federal law, the chief actuary must certify whether the Administration's conclusions are based on reasonable assumptions and cost estimates.

Private employers have slowed the growth of health costs in recent years by prodding employees to join health maintenance organizations and other forms of managed care. While the number of Medicare beneficiaries in H.M.O.'s is growing rapidly, only about four million people, representing 11 percent of the beneficiaries, are in H.M.O's.

Medicare's Hospital Insurance Trust Fund pays for hospital care, skilled nursing homes, home health agencies and hospices. The trustees' report in April predicted that outlays would grow an average of 8 percent a year from 1995 to 2002, while income to the trust fund would grow 4 percent a year.

Referring to the disparity between income and outlays, Mr. Foster said: ''This gap, which barely showed up in 1995, will grow in future years. In the absence of legislation, it will keep getting worse. Obviously, you can't continue very long with a situation in which the expenditures of the program are significantly greater than the income. We have enough assets to cover the shortfall in each of the next few years. But once the assets of the trust fund are depleted, there is no way to pay all the benefits that are due.''

While Congress and the Administration recognize that Medicare is unsustainable in its current form, they disagree on the urgency of the problem. In 1993, President Clinton described a health care crisis, demanding transformation of the entire health care system. But last year, when the debate focused on Medicare, he expressed less alarm and resisted many Republican proposals, saying they would have ''Draconian consequence for the elderly.''

Doctor and laboratory bills are paid by a separate Medicare trust fund under Part B of the program. It is much smaller than the hospital trust fund and is financed in a different way, with beneficiary premiums and general revenues.

This separate Medical Insurance Trust Fund ended the fiscal year 1995 with a balanced of $13.9 billion,which was $1.7 billion more than predicted it is virtually impossible for this trust fund to run out of money because it has a sizable cushion and the premiums and matching Government contributions are adjusted each year to cover the expected costs.

Medicare outlays for doctors' services are rising faster than those for hospital care, in part because complex services once performed in hospitals are now often done in out-patient clinics and doctors' offices.

Mr. Clinton and the Republicans agree on many proposals to curb Medicare payments to hospitals, doctors and other health-care providers. But it appears unlikely that such cutbacks will be approved this in the absence of a general agreement on how to balance the Federal budget.

''No deal is preferable to a bad deal,'' said Mr. Vladeck,the head of the health care financing agency, who expresses the Administration's views. ''Everybody agrees on many things that could be done to save money and to make the Medicare program better. But we can't do them because members of the Congressional majority are unwilling to separate those items from their ideological agenda.''

Repblicans, by contrast, say Mr. Clinton has thwarted their efforts to save the program from bankruptcy. Under their proposal, elderly people would have a range of health insurance options like those available to people under 65, and the Republicans assume that many would choose H.M.O.'s, which try to control costs by providing comprehensive care in return for flat monthly premiums.

Mr. LOTT. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KYL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. LOTT). Without objection, it is so ordered.

BOSNIA

Mr. KYL. Mr. President, I will take a couple minutes to compliment the Senator from Mississippi, the distinguished majority whip presiding in the chair at the moment, for the comments just made, both to clear the record with respect to what we have been doing in January and February and to make a very important point with regard to Medicare. I would rather be home now in Arizona where it is over 80 degrees, than back here in Washington, DC, but this morning we are working on very important immigration reform legislation, which is very important in my State, and important to the entire country. Under the leadership of the Senator from Wyoming, Senator SIMPSON, and Senator HATCH, and others I think we will be able to get that legislation. It is taking a lot of time to put it together in the way we can get it adopted. As a result, we have to be here working.

The other point I want to make relates to a recent trip that I took to Bosnia, visiting with NATO officials in Munich, Germany, after that trip. As a result of this, I have come to a rather disturbing conclusion, and that is, I do not think the NATO forces, the United States included, have our act together in anything other than a military sense.

As one would expect, our troops are performing magnificently. We defined the mission narrowly: Stop the fighting parties from fighting with each other. Once the U.S. military moved in, nobody wanted to mess with them. Our troops, well trained, well equipped, well motivated, are performing just like all of us would expect them to. It really makes you proud to see them performing there, in addition, in a rainy, muddy, snowy, icy climate far away from home, where there is no clear-cut idea why they are there, but they are doing their mission and doing it well.

They have the fighting forces separated, and I do not think the Bosnians or Serbs or Croats are going to mess with either our forces or the British or the French forces and the other nations under their command.

What is not happening is that the European countries are not coming together to solve the political problems, the economic problems, the rebuilding of the infrastructure, the ensuring that the Bosnian Army is well enough equipped and armed to defend itself—all of the things that need to occur to make this peace treaty really work are being ignored by the Europeans. I know that is a harsh statement to make, but in the 2 days following our trip to Bosnia, a group of six members of the United States Senate, as well as Defense Secretary Perry and other United States officials, visited with our European allies and repeatedly asked the question: Are you going to help fund the economic reconstruction of the country, the infrastructure that needs to be rebuilt, if are you going to help get the government back on its feet? Will you lend a hand to us in arming the Bosnian Government so it can defend itself when we leave?

Essentially, we got the cold shoulder. They do not want to talk about it. It requires money and requires a commitment.

They want to pat themselves on the back for the military operation which is succeeding well and not get to the hard business of making the peace work in Bosnia. My concern with going into Bosnia is not that we would not be able to succeed militarily, but this is an insufficient commitment on the part of the Europeans to follow through and make peace work. That is what we have seen.

This morning's wire, Mr. President, contains a very disturbing story. In an ominous sign from the AP wire story, ''Bosnian Serbs followed through today on their threat to sever with the NATO-led peace force ties because of the government's arrest of two Serb officers at suspected war criminals.''

They lost all top level contact with the Bosnian Serb Army and the ground commander said it was the worst crisis in Bosnia since the peace took hold 2 months ago.

''The commander, Lt. Gen. Sir Michael Walker, characterized the development as an ominous sign and direct breach of the Bosnian peace accord.''

At the same time, I note that the Chairman of the United States Joint Chiefs of Staff, John Shalikashvili, urged the Bosnian Government to immediately release Serbs against whom there is no evidence of participating in war crimes.

Does that mean the two people arrested are being held? Very unclear. There is a total lack of cohesion because there has not been an agreement by the NATO allied forces of exactly what we are supposed to be doing over there, except keeping the warring sides from fighting with each other.

There is an absolute commitment to leave in the year. The Europeans say they will leave when we leave. When we are out of Bosnia next October, I can only hope that the Europeans have gotten together and have made a stronger commitment than they have so far to help rebuild that economy and that government and to deal with the war crimes issue and the arming of the Bosnian Government so that when we leave all we accomplished will not have been for nothing. I especially have reference to one U.S. death and other U.S. casualties.

I want to be able to say, when this is over with, that they did not die in vain. I am afraid if we do not get more cooperation from our European allies, that we will not be able to say that, and that will be a very, very big shame and a blot on the United States as well as our European allies.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO IRAQ—MESSAGE FROM THE PRESIDENT—PM 118

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Banking, Housing, and Urban Affairs.

To the Congress of the United States:

I hereby report to the Congress on the developments since my last report on August 1, 1995, concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 of August 2, 1990. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c).

Executive Order No. 12722 ordered the immediate blocking of all property and interests in property of the Government of Iraq (including the Central Bank of Iraq) then or thereafter located in the United States or within the possession or control of a U.S. person. That order also prohibited the importation into the United States of goods and services of Iraqi origin, as well as the exportation of goods, services, and technology from the United States to Iraq. The order prohibited travel-related transactions to or from Iraq and the performance of any contract in support of any industrial, commercial, or governmental project in Iraq. U.S. persons were also prohibited from granting or extending credit or loans to the Government of Iraq.

The foregoing prohibitions (as well as the blocking of Government of Iraq property) were continued and augmented on August 9, 1990, by Executive Order No. 12724, which was issued in order to align the sanctions imposed by the United States with United Nations Security Council Resolution 661 of August 6, 1990.

Executive Order No. 12817 was issued on October 21, 1992, to implement in the United States measures adopted in United Nations Security Council Resolution 778 of October 2, 1992. Resolution 778 requires U.N. Member States to transfer to a U.N. escrow account any funds (up to $200 million apiece) representing Iraqi oil sale proceeds paid by purchasers after the imposition of U.N. sanctions on Iraq, to finance Iraq's obligations for U.N. activities with respect to Iraq, such as expenses to verify Iraqi weapons destruction, and to provide humanitarian assistance in Iraq on a nonpartisan basis. A portion of the escrowed funds also funds the activities of the U.N. Compensation Commission in Geneva, which handles claims from victims of the Iraqi invasion and occupation of Kuwait. Member States also may make voluntary contributions to the account. The funds placed in the escrow account are to be returned, with interest, to the Member States that transferred them to the United Nations, as funds are received from future sales of Iraqi oil authorized by the U.N. Security Council. No Member State is required to fund more than half of the total transfers or contributions to the escrow account.

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 and matters relating to Executive Orders No. 12724 and 12817 (the ''Executive orders''). The report covers events from August 2, 1995, through February 1, 1996.

1. During the reporting period, there were no amendments to the Iraqi Sanctions Regulations.

2. The Department of the Treasury's Office of Foreign Assets Control (FAC) continues its involvement in lawsuits seeking to prevent the unauthorized transfer of blocked Iraqi assets. In *Consarc Corporation* v. *Iraqi Ministry of Industry and Minerals*, No. 94–5390 (D.C. Cir. Dec. 15, 1995), the U.S. Court of Appeals for the D.C. Circuit issued its second opinion in this case, finding in FAC's favor on all issues presented to the court. The court ordered the district court judge to direct Consarc Corporation to restore the status quo by returning $6.4 million plus interest to the blocked Iraqi government account from which it was withdrawn after the district court erroneously held that these funds were not blocked Iraqi government property. The court also found that the unsold furnace manufactured for the Iraqi government and sales proceeds of a second furnace were blocked property. Finally, the court reversed the district court's ruling that Consarc held a specific claim against a blocked Iraqi government account for $6.4 million, holding that any claim Consarc had against the Government of Iraq was as a general creditor only.

Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken. Several cases from prior reporting periods are continuing and recent additional allegations have been referred by FAC to the U.S. Customs Service for investigation. Additional FAC civil penalty notices were prepared during the reporting period for violations of the International Emergency Economic Powers Act and Iraqi Sanctions Regulations with respect to transactions involving Iraq. On *de minimis* penalty has been collected from an organization for unlicensed exports in violation of the prohibitions against transactions involving Iraq. Several other penalty proceedings are pending completion.

3. Investigation also continues into the roles played by various individuals and firms outside Iraq in the Iraqi government procurement network. These investigations may lead to additions to FAC's listing of individuals and organizations determined to be Specially Designated Nationals (SDNs) of the Government of Iraq.

4. Pursuant to Executive Order No. 12817 implementing United Nations Security Council Resolution 778, on October 26, 1992, FAC directed the Federal Reserve Bank of New York to establish a blocked account for receipt of certain post-August 6, 1990, Iraqi oil sales proceeds, and to hold, invest, and transfer these funds as required by the order. On September 5, 1995, following payments by the Governments of Australia ($216,350.00), Denmark ($168,985.00), Japan ($4,075,000.00), The Netherlands ($4,168,745.47), New Zealand ($67,050.00), Switzerland ($265,108.20), and by the European Union ($647,463.31), respectively, to the special United Nations-controlled account, entitled, ''United Nations Security Council Resolution 778 Escrow Account,'' the Federal Reserve Bank of New York was directed to transfer a corresponding amount of $9,606,711.98 from the blocked account it holds to the United Nations-controlled account. Similarly, on October 30, 1995, following the payment of $1,504,000.00 by the European Community, and payments by the Governments of Germany ($355,871.89), The Netherlands ($2,698,348.13), Norway ($199,983.00), and the United Kingdom ($2,188,992.67), the Federal Reserve Bank of New York was directed to transfer a corresponding amount of $6,947,195.69 to the United Nations-controlled account. Finally, on December 21, 1995, following the payment of $3,062,197.28 by the European Union, and payments by the Governments of the Netherlands ($1,922,719.00), Sweden ($4,223,178.20), and the United Kingdom ($208,600.44), the Federal Reserve Bank of New York was directed to transfer the amount of $8,313,066.13 to the United Nations-controlled account. Cumulative transfers from the blocked Federal Reserve Bank of New York account since issuance of Executive Order No. 12817 now have amounted to $200 million, fully satisfying the U.S. commitment to match the payments of other Member States from blocked Iraqi oil payments, and its obligations pursuant to United Nations Security Council Resolution 778.

5. The Office of Foreign Assets Control has issued a total of 618 specific licenses regarding transactions pertaining to Iraq or Iraqi assets since August 1990. Licenses have been issued for transactions such as the filing of legal actions against Iraqi governmental entities, legal representation of Iraq, and the exportation to Iraq of donated medicine, medical supplies, food intended for humanitarian relief purposes, the execution of powers of attorney relating to the administration of personal assets and decedents' estates in Iraq and the protection of preexistent intellectual property rights in Iraq. Since my last report, 28 specific licenses have been issued.

6. The expenses incurred by the Federal Government in the 6-month period from August 2, 1995, through February 1, 1996, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iraq are reported to be about $1.6 million, most of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, the Office of the Under Secretary for Enforcement, and the Office of the General Counsel), the Department of State (particularly the Bureau of Economic and Business Affairs, the Bureau of Near Eastern Affairs, the Bureau of International Organization Affairs, the Bureau of Political-Military Affairs, the U.S. Mission to the United Nations, and the Office of the Legal Adviser), and the Department of Transportation (particularly the U.S. Coast Guard).

7. The United States imposed economic sanctions on Iraq in response to Iraq's illegal invasion and occupation of Kuwait, a clear act of brutal aggression. The United States, together with the international community, is maintaining economic sanctions against Iraq because the Iraqi regime has failed to comply fully with the United Nations Security Council resolutions. Security Council resolutions on Iraq call for the elimination of Iraqi weapons of mass destruction, Iraqi recognition of Kuwait, and the inviolability of the Iraq-Kuwait boundary, the release of Kuwaiti and other third-country nationals, compensation for victims of Iraqi aggression, long-term monitoring of weapons of mass destruction capabilities, the return of Kuwaiti assets stolen during Iraq's illegal occupation of Kuwait, renunciation of terrorism, an end to internal Iraqi repression of its own Iraqi civilian population, and the facilitation of access of international relief organizations to all those in need in all parts of Iraq. More than 5 years after the invasion, a pattern of defiance persists: a refusal to account for missing Kuwaiti detainees; failure to return Kuwaiti property worth millions of dollars, including military equipment that was used by Iraq in its movement of troops to the Kuwaiti border in October 1994; sponsorship of assassinations in Lebanon and in northern Iraq; incomplete declarations to weapons inspectors; and ongoing widespread human rights violations. As a result, the U.N. sanctions remain in place; the United States will continue to enforce those sanctions under domestic authority.

The Baghdad government continues to violate basic human rights of its own citizens through systematic repression of minorities and denial of humanitarian assistance. The Government of Iraq has repeatedly said it will not be bound by United Nations Security Council Resolution 688. For more than 4 years, Baghdad has maintained a blockade of food, medicine, and other humanitarian supplies against northern Iraq. The Iraqi military routinely harasses residents of the north, and has attempted to ''Arabize'' the Kurdish, Turcomen, and Assyrian areas in the north. Iraq has not relented in its artillery attacks against civilian population centers in the south, or in its burning and draining operations in the southern marshes, which have forced thousands to flee to neighboring States.

In April 1995, the U.N. Security Council adopted Resolution 986 authorizing Iraq to export limited quantities of oil (up to $1 billion per quarter) under U.N. supervision in order to finance the purchase of food, medicine, and other humanitarian supplies. The resolution includes arrangements to ensure equitable distribution of such assistance to all the people of Iraq. The resolution also provides for the payment of compensation to victims of Iraqi aggression and for the funding of other U.N. activities with respect to Iraq. Resolution 986 was carefully crafted to address the issues raised by Iraq to justify its refusal to implement similar humanitarian resolutions adopted in 1991 (Resolutions 706 and 712), such as oil export routes and questions of national sovereignty. Nevertheless, Iraq refused to implement this humanitarian measure. This only reinforces our view that Saddam Hussein is unconcerned about the hardships suffered by the Iraqi people.

The policies and actions of the Saddam Hussein regime continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States, as well as to regional peace and security. The U.N. resolutions affirm that the Security Council be assured of Iraq's peaceful intentions in judging its compliance with sanctions. Because of Iraq's failure to comply fully with these resolutions, the United States will continue to apply economic sanctions to deter it from threatening peace and stability in the region.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *February 9, 1996*.

REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO THE MIDDLE EAST PEACE PROCESS—MESSAGE FROM THE PRESIDENT—PM 119

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Banking, Housing, and Urban Affairs.

To the Congress of the United States:

I hereby report to the Congress on the developments concerning the national emergency with respect to organizations that threaten to disrupt the Middle East peace process that was declared in Executive Order No. 12947 of January 23, 1995. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c).

1. On January 23, 1995, I signed Executive Order 12947, ''Prohibiting Transactions with Terrorists Who Threaten to Disrupt the Middle East Peace Process'' (the ''order'') (60 *Fed. Reg.* 5079, January 25, 1995). The order blocks all property subject to U.S. jurisdiction in which there is any interest of 12 terrorist organizations that threaten the Middle East peace process as identified in an Annex to the order. The order also blocks the property and interests in property subject to U.S. jurisdiction of persons designated by the Secretary of State, in coordination with the Secretary of the Treasury and the Attorney General, who are found (1) to have committed, or to pose a significant risk of committing, acts of violence that have the purpose or effect of disrupting the Middle East peace process, or (2) to assist in, sponsor or provide financial, material, or technological support for, or services in support of, such acts of violence. In addition, the order blocks all property and interests in property subject to U.S. jurisdiction in which there is any interest of persons determined by the Secretary of the Treasury, in coordination with the Secretary of State and the Attorney General, to be owned or controlled by, or to act for or on behalf of, any other person designated pursuant to the order (collectively ''Specially Designated Terrorists'' or ''SDTs'').

The order further prohibits any transaction or dealing by a United States person or within the United States in property or interests in property of SDTs, including the making or receiving of any contribution of funds, goods, or services to or for the benefit of such persons. This prohibition includes donations that are intended to relieve human suffering.

Designations of persons blocked pursuant to the order are effective upon the date of determination by the Secretary of State or his delegate, or the Director of the Office of Foreign Assets Control (FAC) acting under authority delegated by the Secretary of the Treasury. Public notice of blocking is effective upon the date of filing with the *Federal Register*, or upon prior actual notice.

2. On January 25, 1995, the Department of the Treasury issued a notice listing persons blocked pursuant to Executive Order No. 12947 who have been designated by the President as terrorist organizations threatening the Middle East peace process or who have been found to be owned or controlled by, or to be acting for or on behalf of, these terrorist organizations (60 *Fed. Reg.* 5084, January 25, 1995). The notice identified 31 entities that act for or on behalf of the 12 Middle East terrorist organizations listed in the Annex to Executive Order No. 12947, as well as 18 individuals who are leaders or representatives of these groups. In addition the notice provides 9 name variations or pseudonyms used by the 18 individuals identified. The list identifies blocked persons who have been found to have committed, or to pose a risk of committing, acts of violence that have the purpose of disrupting the Middle East peace process or to have assisted in, sponsored, or provided financial, material or technological support for, or service in support of, such acts of violence, or are owned or controlled by, or to act for or on behalf of other blocked persons. The Department of the Treasury issued three additional notices adding the names of three individuals, as well as their pseudonyms, to the List of SDTs (60 *Fed. Reg.* 41152–53, August 11, 1995; 60 *Fed. Reg.* 44932–33, August 29, 1995; and 60 *Fed. Reg.* 58435–36, November 27, 1995). Copies of the notices are attached to this report. The FAC, in coordination with the Secretary of State and the Attorney General, is continuing to expand the list of Specially Designated Terrorists, including both organizations and individuals, as additional information is developed.

3. The expenses incurred by the Federal Government in the 6-month period from July 23, 1995, through January 22, 1996, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the national emergency with respect to organizations that disrupt the Middle East peace process are estimated at approximately $2.6 million. (The expenses for the previous period, incorrectly stated in the report of July 27, 1995, to be approximately $55,000, were about $2.5 million.) Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the Office of the General Counsel, and the U.S. Customs Service), the Department of State, and the Department of Justice.

4. Executive Order No. 12947 provides this Administration with a new tool for combating fundraising in this country on behalf of organizations that use terror to undermine the Middle East peace process. The order makes it harder for such groups to finance these criminal activities by cutting off their access to sources of support in the United States and to U.S. financial facilities. It is also intended to reach charitable contributions to designated organizations and individuals to preclude diversion of such donations to terrorist activities.

In addition, the Congress has pending before it comprehensive counter-terrorism legislation proposed by the Administration that would strengthen our ability to prevent terrorist acts, identify those who carry them out, and bring them to justice. The combination of Executive Order No. 12947 and the proposed legislation demonstrate the U.S. determination to confront and combat those who would seek to destroy the Middle East peace process, and our commitment to the global fight against terrorism.

I shall continue to exercise the powers at my disposal to apply economic sanctions against extremists seeking to destroy the hopes of peaceful coexistence between Arabs and Israelis as long as these measures are appropriate, and will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).

WILLIAM J. CLINTON.

THE WHITE HOUSE, *February 9, 1996*.

REPORT ON THE AGREEMENT BETWEEN THE UNITED STATES AND THE REPUBLIC OF POLAND—MESSAGE FROM THE PRESIDENT—PM 120

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Commerce, Science, and Transportation.

To the Congress of the United States:

In accordance with the Magnuson Fishery Conservation and Management Act of 1976 (16 U.S.C. 1801 *et seq.*), I transmit herewith an Agreement between the Government of the United States of America and the Government of the Republic of Poland Extending the Agreement of August 1, 1985, as amended, Concerning Fisheries Off the Coasts of the United States (''the 1985 Agreement''). The Agreement, which was effected by an exchange of notes at Warsaw on December 15 and 20, 1995, extends the 1985 Agreement to December 31, 1997.

In light of the importance of our fisheries relationship with the Republic of Poland, I urge that the Congress give favorable consideration to this Agreement at an early date.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *February 9, 1996*.

REPORT WITH RESPECT TO JAPAN—MESSAGE FROM THE PRESIDENT—PM 121

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Commerce, Science, and Transportation.

To the Congress of the United States:

On December 11, 1995, Secretary of Commerce Ronald Brown certified under section 8 of the Fishermen's Protective Act of 1967, as amended (the "Pelly Amendment") (22 U.S.C. 1978), that Japan has conducted research whaling activities that diminish the effectiveness of the International Whaling Commission (IWC) conservation program. This message constitutes my report to the Congress pursuant to subsection (b) of the Pelly Amendment.

The certification of the Secretary of Commerce was based on Japanese research whaling activities in both the North Pacific and the Southern Ocean Whale Sanctuary. In 1994, Japan expanded its research whaling activities into the North Pacific by permitting the taking of 100 minke whales, 21 of which were taken. The IWC found that this North Pacific whaling failed to satisfy applicable criteria for lethal research and was therefore inconsistent with the IWC's conservation program. Nevertheless, Japan continued its whaling activities in the North Pacific, taking 100 minke whales in 1995. In addition, during 1995, Japan increased the number of minke whales to be harvested in the Southern Ocean Whale Sanctuary by 33 percent, despite a 1994 finding by the IWC that this lethal research program did not meet all applicable criteria.

In his letter to me of December 11, 1995, Secretary Brown conveyed his concerns not only over the whales that have been killed in this program to date but also over any further expansion of lethal research. While noting that the Japanese have informed us they have no plans for a further expansion of lethal research in the Southern Ocean Whale Sanctuary, he expressed particular concern over whaling activity in that area. I share these concerns.

At this stage, I do not believe that the use of trade sanctions is the most constructive approach to resolving our differences over research whaling activities with the Government of Japan. However, I have instructed the Department of State to convey my very strong concerns to the Government of Japan. We will also vigorously pursue high-level efforts to persuade Japan to reduce the number of whales killed in its research program and act consistently with the IWC conservation program. We hope to achieve significant progress on these issues by the beginning of the next Antarctic whaling season and will keep these issues under review. I have instructed the Department of Commerce to continue to monitor closely Japan's research whaling and to report promptly on any further inconsistencies between Japanese whaling activities and the guidelines of the IWC conservation program.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *February 9, 1996.*

MEASURES REFERRED

Pursuant to the order of February 9, 1996, the following bill was ordered referred to the Committee on Labor and Human Resources:

H.R. 849. An act to amend the Age Discrimination in Employment Act of 1967 to reinstate an exemption for certain bona fide hiring and retirement plans applicable to State and local firefighters and law enforcement officers; and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–1856. A communication from the Deputy Assistant Secretary for Water and Science, Department of the Interior, transmitting, pursuant to law, the interim report on the High Plain States Groundwater Demonstration Program for October 1995; to the Committee on Energy and Natural Resources.

EC–1857. A communication from the Secretary of Defense, transmitting, pursuant to law, a report relative to the Cooperative Threat Reduction Assistance Program; to the Committee on Armed Services.

EC–1858. A communication from the Secretary of the Navy, transmitting, pursuant to law, a notice of intent to donate two civilian aircraft to the Naval Aviation Museum Foundation; to the Committee on Armed Service.

EC–1859. A communication from the General Counsel of the Department of Defense, transmitting, a draft of proposed legislation to authorize the transfer of eight naval vessels to certain foreign countries; to the Committee on Armed Services.

EC–1860. A communication from the Secretary of the Interior, transmitting, pursuant to law, the annual report on the Outer Continental Shelf Natural Gas and Oil Leasing and Production Program for fiscal year 1994; to the Committee on Energy and Natural Resources.

EC–1861. A communication from the Secretary of Energy, transmitting, pursuant to law, the quarterly report for the Strategic Petroleum Reserve for the third quarter of 1995; to the Committee on Energy and Natural Resources.

EC–1862. A communication from the Administrator of the Energy Information Administration, Department of Energy, transmitting, pursuant to law, the report entitled "Annual Energy Outlook 1996"; to the Committee on Energy and Natural Resources.

EC–1863. A communication from the Deputy Associate Director for Compliance, Royalty Management Program, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, notice of the intention to make refunds of offshore lease revenues where a refund or recoupment is appropriate; to the Committee on Energy and Natural Resources.

EC–1864. A communication from the President of the United States, transmitting, pursuant to law, a notice relative to Presidential Determination 95-45 concerning the Air Force's Operating Location Near Groom Lake, Nevada; to the Committee on Environment and Public Works.

EC–1865. A communication from the Inspector General of the Department of Health and Human Services, transmitting, pursuant to law, annual report entitled, "Superfund Financial Activities at the National Institute of Environment Health Science for Fiscal Year 1994"; to the Committee on Environment and Public Works.

EC–1866. A communication from the Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report entitled, "The Effects of Great Lakes Contaminants on Human Health"; to the Committee on Environment and Public Works.

EC–1867. A communication from the Director of the Office Emergency and Remedial Response, Environmental Protection Agency, transmitting, pursuant to law, a notice to amend the following rules of the National Priorities List; to the Committee on Environment and Public Works.

EC–1868. A communication from the Assistant Secretary of State (Legislative Affairs) transmitting, pursuant to law, the annual report of voluntary contributions by the U.S. Government to international organizations for fiscal year 1994; to the Committee on Foreign Relations.

EC–1869. A communication from the Lieutenant General, Director of the Defense Security Assistance Agency, transmitting, pursuant to law, the report of the status of loans and guarantees issued under the Arms Export Control Act; to the Committee on Foreign Relations.

EC–1870. A communication from the Lieutenant General, Director of the Defense Security Assistance Agency, transmitting, pursuant to law, the report of analysis and description of services performed by full-time employees under the Arms Export Control Act for fiscal year 1995; to the Committee on Foreign Relations.

EC–1871. A communication from the Lieutenant General, Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report relative to foreign military sales customers as of October 1, 1995; to the Committee on Foreign Relations.

EC–1872. A communication from the Director of the Congressional Budget Office, transmitting, pursuant to law, the final sequestration report for fiscal year 1996; referred jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, to the Committee on Appropriations, Committee on the Budget, Committee on Agriculture, Nutrition, and Forestry, Committee on Armed Services, Committee on Banking, Housing, and Urban Affairs, Committee on Commerce, Science, and Transportation, Committee on Finance, Committee on Foreign Relations, Committee on Governmental Affairs, Committee on the Judiciary, Committee on Labor and Human Resources, Committee on Rules and Administration, Committee on Small Business, Committee on Veterans' Affairs, Select Committee on Indian Affairs, Select Committee on Intelligence, Committee on Energy and Natural Resources, and Committee on Environment and Public Works.

EC–1873. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, the cumulative report on rescissions and deferrals dated January 1, 1995; referred jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, to the Committee on Appropriations, Committee on the Budget, to Committee on Finance, Committee on Foreign Relations.

EC–1874. A communication from the Comptroller General of the United States, transmitting, pursuant to law, the report of the summary of proposed and enacted rescissions for fiscal year 1995; referred jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986; to the Committee on Appropriations and the Committee on the Budget.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CHAFEE, from the Committee on Environment and Public Works, with an amendment in the nature of a substitute and an amendment to the title:

S. 1005. A bill to amend the Public Buildings Act of 1959 to improve the process of constructing, altering, purchasing, and acquiring public buildings, and for other purposes (Rept. No. 104–232).

By Mr. PRESSLER, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute and an amendment to the title:

S. 604. A bill to amend title 49, United States Code, to relieve farmers and retail farm suppliers from limitations on maximum driving and on-duty time in the transportation of agricultural commodities or farm supplies if such transportation occurs within 100-air mile radius of the source of the commodities or the distribution point for the farm supplies (Rept. No. 104–233).

By Mr. PRESSLER, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 772. A bill to provide for an assessment of the violence broadcast on television, and for other purposes (Rept. No. 104–234).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. LEAHY (for himself and Mr. FEINGOLD):

S. 1567. A bill to amend the Communications Act of 1934 to repeal the amendments relating to obscene and harassing use of telecommunications facilities made by the Communications Decency Act of 1995; to the Committee on Commerce, Science, and Transportation.

By Mr. HATCH (for himself, Mr. BAUCUS, Mr. SIMPSON, and Mr. D'AMATO):

S. 1568. A bill to amend the Internal Revenue Code of 1986 to provide for the extension of certain expiring provisions; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mrs. KASSEBAUM (for herself, Mr. DODD, Mr. LIEBERMAN, Mr. MCCAIN, Mr. MACK, Mr. D'AMATO, Mrs. FEINSTEIN, Mr. SARBANES, Mr. SIMON, Mr. GLENN, Mr. COHEN, Mr. SPECTER, Mr. PELL, Mr. COCHRAN, Ms. SNOWE, Mr. LEVIN, Mr. KOHL, Mr. JEFFORDS, Mr. HELMS, Mr. SIMPSON, Mr. KENNEDY, Mr. INOUYE, Mr. STEVENS, Mr. CRAIG, Mr. HOLLINGS, Mr. CHAFEE, and Mr. GRASSLEY):

S. Con. Res. 42. A concurrent resolution concerning the emancipation of the Iranian Baha'i community; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. LEAHY (for himself and Mr. FEINGOLD):

S. 1567. A bill to amend the Communications Act of 1934 to repeal the amendments relating to obscene and harassing use of telecommunications facilities made by the Communications Decency Act of 1995; to the Committee on Commerce, Science, and Transportation.

TELECOMMUNICATION LEGISLATION

Mr. LEAHY. Mr. President, last week, the Congress passed telecommunications legislation. The President signed it into law this week. For a number of reasons, and I stated them in the Chamber at the time, I voted against the legislation. There were a number of things in that legislation I liked and I am glad to see them in law. There were, however, some parts I did not like, one of them especially. Today I am introducing a bill to repeal parts of the new law, parts I feel would have far-reaching implications and would impose far-reaching new Federal crimes on Americans for exercising their free speech rights on-line and on the Internet.

The parts of the telecommunications bill called the Communications Decency Act are fatally flawed and unconstitutional. Indeed, such serious questions about the constitutionality of this legislation have been raised that a new section was added to speed up judicial review to see if the legislation would pass constitutional muster. The legislation is not going to pass that test.

The first amendment to our Constitution expressly states that "Congress shall make no law abridging the freedom of speech." The new law flouts that prohibition for the sake of political posturing. We should not wait to let the courts fix this mistake. Even on an expedited basis, the judicial review of the new law would take months and possibly years of litigation. During those years of litigation unsuspecting Americans who are using the Internet in unprecedented numbers and more every day, are going to risk criminal liability every time they go on-line.

Let us be emphatically clear that the people at risk of committing a felony under this new law are not child pornographers, purveyors of obscene materials, or child sex molesters. These people can already be prosecuted and should be prosecuted under longstanding Federal criminal laws that prevent the distribution over computer networks of obscene and other pornographic materials harmful to minors, under 18 U.S.C. sections 1465, 2252 and 2423(a); that prohibit the illegal solicitation of a minor by way of a computer network, under 18 U.S.C. section 2252; and that bar the illegal luring of a minor into sexual activity through computer conversations, under 18 U.S.C. section 2423(b). In fact, just last year, we passed unanimously a new law that sharply increases penalties for people who commit these crimes.

There is absolutely no disagreement in the Senate, no disagreement certainly among the 100 Senators about wanting to protect children from harm. All 100 Senators, no matter where they are from, would agree that obscenity and child pornography should be kept out of the hands of children. All Senators agree that we should punish those who sexually exploit children or abuse children. I am a former prosecutor. I have prosecuted people for abusing children. This is something where there are no political or ideological differences among us.

I believe there was a terribly misguided effort to protect children from what some prosecutors somewhere in this country might consider offensive or indecent online material, and in doing that, the Communications Decency Act tramples on the free speech rights of all Americans who want to enjoy this medium.

This legislation sweeps more broadly than just stopping obscenity from being sent to children. It will impose felony penalties for using indecent four-letter words, or discussing material deemed to be indecent, on electronic bulletin boards or Internet chat areas and news groups accessible to children.

Let me give a couple of examples: You send e-mail back and forth, and you want to annoy somebody whom you talked with many times before—it may be your best buddy—and you use a four-letter word. Well, you could be prosecuted for that, although you could pick up the phone, say the same thing to him, and you commit no crime; or send a letter and say the same word and commit no crime; or talk to him walking down the street and commit no crime.

To avoid liability under this legislation, users of e-mail will have to ban curse words and other expressions that might be characterized as indecent from their online vocabulary.

The new law will punish with 2-year jail terms someone using one of the seven dirty words in a message to a minor or for sharing with a minor material containing indecent passages. In some areas of the country, a copy of Seventeen magazine would be considered indecent, even though kids buy it. The magazine is among the 10 most frequently challenged school library materials in the country. Somebody sends an excerpt from it, and bang, they could be prosecuted.

The new law will make it a crime "to display in a manner available to" a child any message or material "that, in context, depicts or describes, in terms patently offensive as measured by contemporary community standards, sexual or excretory activities or organs* * *" That covers any of the over 13,000 Usenet discussion groups, as well as electronic bulletin boards, online service provider chat rooms, and Web sites, that are all accessible to children.

This display prohibition, according to the drafters, ''applies to content providers who post indecent material for online display without taking precautions that shield that material from minors.''

What precautions will Internet users have to take to avoid criminal liability? These users, after all, are the ones who provide the ''content'' read in news groups and on electronic bulletin boards. The legislation gives the FCC authority to describe the precautions that can be taken to avoid criminal liability. All Internet users will have to wait and look to the FCC for what they must do to protect themselves from criminal liability.

Internet users will have to limit all language used and topics discussed in online discussions accessible to minors to that appropriate for kindergartners, just in case a child clicks onto the discussion. No literary quotes from racy parts of ''Catcher in the Rye'' or ''Ulysses'' will be allowed. Certainly, online discussions of safe sex practices, or birth control methods, and of AIDS prevention methods will be suspect. Any user who crosses the vague and undefined line of ''indecency'' will be subject to 2 years in jail and fines.

This worries me considerably. I will give you an idea of what happens. People look at this, and because it is so vague and so broad and so sweeping, attempts to protect one's self from breaking the law become even broader and even more sweeping.

A few weeks ago, America Online took the online profile of a Vermonter off the service. Why? Because the Vermonter used what AOL deemed a vulgar, forbidden word. The word—and I do not want to shock my colleagues—but the word was ''breast.'' And the reason this Vermonter was using the word ''breast''? She was a survivor of breast cancer. She used the service to exchange the latest information on detection of breast cancer or engage in support to those who are survivors of breast cancer. Of course, eventually, America Online apologized and indicated they would allow the use of the word where appropriate.

We are already seeing premonitions of the chilling effect this legislation will have on online service providers. Far better we use the laws on the books today to go after child pornographers, to go after child abusers.

What strikes some people as indecent or patently offensive may look very different to other people in another part of the country. Given these differences, a vague ban on patently offensive and indecent communications may make us feel good but threatens to drive off the Internet and computer networks an unimaginable amount of valuable political, artistic, scientific, health and other speech.

For example, many museums in this country and abroad are going high-technology and starting Web pages to provide the public with greater access to the cultural riches they offer. What if museums, like the Whitney Museum, which currently operates a Web page, had to censor what it made available online out of fear of being dragged into court? Only adults and kids who can make it in person to the museum will be able to see the paintings or sculpture censored for online viewing under this law.

What about the university health service that posts information online about birth control and protections against the spread of AIDS? With many students in college under 18, this information would likely disappear under threat of prosecution.

What happens if they are selling online versions of James Joyce's ''Ulysses'' or of ''Catcher in the Rye''? Can they advertise this? Can excerpts be put online? In all likelihood not. The Internet is breaking new ground important for the economic health of this country. Businesses, like the Golden Quill Book Shop in Manchester Center, VT, can advertise and sell their books around the country or the world via the Internet. But now, advertisers will have to censor their ads.

For example, some people consider the Victoria's Secret catalogue indecent. Under this new law, advertisements that would be legal in print could subject the advertiser to criminal liability if circulated online. You could put them in your local newspaper, but you cannot put it online.

In bookstores and on library shelves, the protections of the first amendment are clear. The courts are unwavering in the protection of indecent speech. In altering the protections of the first amendment for online communications, I believe you could cripple this new mode of communication.

At some point you have to start asking, where do we censor? What speech do we keep off? Is it speech we may find politically disturbing? If somebody wants to be critical of any one Member of Congress, are we able to keep that off? Should we be able to keep that off? I think not. There is a lot of reprehensible speech and usually it becomes more noted when attempts are made to censor it rather than let it out in the daylight where people can respond to it.

The Internet is an American technology that has swept around the world. As its popularity has grown, so have efforts to censor it. For example, complaints by German prosecutors prompted an online service provider to cut off subscriber access to over 200 Internet news groups with the words ''sex,'' ''gay,'' or ''erotica'' in the name. They censored such groups as ''clarinet.news.gays,'' which is an online newspaper focused on gay issues, and ''gay-net.coming-out,'' which is a support group for gay men and women dealing with going public with their sexual orientation.

German prosecutors have also tried to get AOL to stop providing access to neo-Nazi propaganda accessible on the Internet. No doubt such material is offensive and abhorrent, but nonetheless just as protected by our first amendment as indecent material.

In China, look what they are trying to do. They are trying to create an intranet that would heavily censor outside access to the worldwide Internet. We ought to make sure it is open, not censored. We ought to send that out as an example to China.

Americans should be taking the high ground to protect the future of our home-grown Internet, and to fight these censorship efforts that are springing up around the globe. Instead of championing the first amendment, however, the Communications Decency Act tramples on the principles of free speech and free flow of information that has fueled the growth of this medium.

We have to be vigilant in enforcing the laws we have on the books to protect our children from obscenity, child pornography, and sexual exploitation. Those laws are being enforced. Just last September, using current laws, the FBI seized computers and computer files from about 125 homes and offices across the country as part of an operation to shut down an online child pornography ring.

I well understand the motivation for the Communications Decency Act. We want to protect our children from offensive or indecent online materials. This Senator—and I am confident every other Senator—agrees with that. But we must be careful that the means we use to protect our children does not do more harm than good. We can already control the access our children have to indecent material with blocking technologies available for free from some online service providers and for a relatively low cost from software manufacturers.

Frankly, and I will close with this, Mr. President, at some point we ought to stop saying the Government is going to make a determination of what we read and see, the Government will determine what our children have or do not have.

I grew up in a family where my parents thought it was their responsibility to guide what I read or would not read. They probably had their hands full. I was reading at the age of 4. I was a voracious reader, and all the time I was growing up I read several books a week and went through our local library in the small town I grew up in very quickly. That love of reading has stood me in very good stead. I am sure I read some things that were a total waste of time, but very quickly I began to determine what were the good things to read and what were the bad things. I had read all of Dickens by the end of the third grade and much of Robert Louis Stevenson. I am sure some can argue there are parts of those that maybe were not suitable for somebody in third grade. I do not think I was severely damaged by it at all. That same love of reading helped me get through law school and become a prosecutor where I did put child abusers behind bars.

Should we not say that the parents ought to make this decision, not us in the Congress? We should put some responsibility back on families, on parents. They have the software available that they can determine what their children are looking at. That is what we should do. Banning indecent material from the Internet is like using a meat cleaver to deal with the problems better addressed with a scalpel.

We should not wait for the courts. Let us get this new unconstitutional law off the books as soon as possible.

My Mr. HATCH (for himself, Mr. BAUCUS, Mr. SIMPSON, and Mr. D'AMATO):

S. 1568. A bill to amend the Internal Revenue Code of 1986 to provide for the extension of certain expiring provisions; to the Committee on Finance.

EXTENSION OF EXPIRED TAX PROVISIONS LEGISLATION

Mr. HATCH. Mr. President, I am pleased today to join with my friends and colleagues, Senator BAUCUS, Senator SIMPSON, and Senator D'AMATO, in introducing legislation that would extend certain expired tax provisions that have been delayed by the recent budget impasse. If no action is taken, the current tax treatment for individuals who accept educational benefits from their employer or donate stock to a charitable foundation will disappear as well as the tax incentives for companies who hire disadvantaged employees and invest heavily in research and development, orphan drug research, and alternative fuel research. These items are noncontroversial and have consistently enjoyed bipartisan support. However, because President Clinton vetoed the balanced budget of 1995, which included these extensions, these much-needed provisions need immediate attention inasmuch as April 15 is quickly approaching. Both individuals and businesses are anxiously awaiting the extension of these expired provisions so they will be able to pay their anticipated tax bill.

Mr. President, this bill would ensure continued opportunity for Americans. The termination of one of these provisions—the employer-provided educational assistance program—would end the hopes of thousands to attend college in order to enhance their job opportunities. This program has been well-established as an alternative way for individuals to meet their long-range educational goals. Without this extension, an estimated 800,000 Americans would be required to pay taxes on the education expenses paid by employers who did not withhold for the 1995 tax year because they counted on Congress to extend this program. Companies have already reported a significant drop in program participation because employees would be unable to pay the anticipated additional taxes. Without this exclusion, education becomes too expensive for many and the future promise embodied by it often slips away.

Not only will educational goals be defeated if these expired provisions are not extended, but programs that contribute to economic growth and long-term job creation will also be eliminated as research incentives dissipate. Many high-technology industries rely on the research and experimentation tax credit to make the development of new products economically feasible. Without this credit, they would be forced to either reduce the amount of their research or relocate to a country with research-friendly tax policies. In the end, the people of the United States would pay the price for our negligence in not extending this tax credit. They would be the ones without the high-technology, high paying jobs. They would be the ones who would suffer from a research deficit. And they would be the ones who had to live in a country with a less than robust economy.

As this extender package focuses on job creation for the high-technology industries, it also creates incentives for businesses to hire high-risk employees through the work opportunities tax credit [WOTC]. This program helps remove individuals from the more costly government assistant programs and provides them with jobs that allow them to both learn and earn.

Mr. President, some of my colleagues will correctly note that this bill includes no offset to pay for the lost revenue of extending these expired tax provisions. However, when these items were introduced as a small portion of the balanced budget of 1995, they were an important part of a complete package that placed this Nation on a path to fiscal responsibility. Thus, in the context of a complete balanced budget deal, the cost of these provisions are offset by the necessary spending cuts. This bill has been carved out of the larger piece of legislation because time constraints require that we must now focus attention on the immediacy of this issue. While all of the tax provisions in the Balanced Budget Act of 1995 are important and need to be addressed in comprehensive legislation, the items singled out in this bill are those that will have a direct impact on tax returns that are due this spring. As the sponsor of the balanced budget amendment, I certainly recognize the need to enact these provisions in a way that will not increase the deficit. And, I remain hopeful that Congress will pass an effective and responsible budget bill, including these and other vital tax provisions, that the President will sign. We look forward to working with Chairman ROTH of the Finance Committee and Senator DOMENICI of the Budget Committee in crafting a revenue neutral package that would include these provisions.

Mr. President, these programs are specifically designed to target individuals and businesses in a way that will produce benefits for the American economy. History has proven that high employment rates, educational opportunities, and intensive research are goals that we can agree on. It is important that we see this bill enacted in a timely matter so that our Nation will feel the effects of this legislation. Individuals and businesses alike have anticipated the renewal of these provisions. Congress has extended them in the past, and should have extended them in the 1995 budget agreement. Failure to do so now could have serious repercussions. I note that similar legislation will be introduced in the House by Representatives NANCY JOHNSON and ROBERT MATSUI. I urge all of my colleagues to support this bill.

I ask unanimous consent that the text of the bill and a summary of its provisions be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1568

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. WORK OPPORTUNITY TAX CREDIT.

(a) AMOUNT OF CREDIT.—Subsection (a) of section 51 of the Internal Revenue Code of 1986 (relating to amount of credit) is amended by striking ''40 percent'' and inserting ''35 percent''.

(b) MEMBERS OF TARGETED GROUPS.—Subsection (d) of section 51 of the Internal Revenue Code of 1986 is amended to read as follows:

''(d) MEMBERS OF TARGETED GROUPS.—For purposes of this subpart—

''(1) IN GENERAL.—An individual is a member of a targeted group if such individual is—

''(A) a qualified IV–A recipient,

''(B) a qualified veteran,

''(C) a qualified ex-felon,

''(D) a high-risk youth,

''(E) a vocational rehabilitation referral,

''(F) a qualified summer youth employee, or

''(G) a qualified food stamp recipient.

''(2) QUALIFIED IV–A RECIPIENT.—

''(A) IN GENERAL.—The term 'qualified IV–A recipient' means any individual who is certified by the designated local agency as being a member of a family receiving assistance under a IV–A program for at least a 9-month period ending during the 9-month period ending on the hiring date.

''(B) IV–A PROGRAM.—For purposes of this paragraph, the term 'IV–A program' means any program providing assistance under a State plan approved under part A of title IV of the Social Security Act (relating to assistance for needy families with minor children) and any successor of such program.

''(3) QUALIFIED VETERAN.—

''(A) IN GENERAL.—The term 'qualified veteran' means any veteran who is certified by the designated local agency as being—

''(i) a member of a family receiving assistance under a IV–A program (as defined in paragraph (2)(B)) for at least a 9-month period ending during the 12-month period ending on the hiring date, or

''(ii) a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date.

''(B) VETERAN.—For purposes of subparagraph (A), the term 'veteran' means any individual who is certified by the designated local agency as—

''(i)(I) having served on active duty (other than active duty for training) in the Armed

Forces of the United States for a period of more than 180 days, or

''(II) having been discharged or released from active duty in the Armed Forces of the United States for a service-connected disability, and

''(ii) not having any day during the 60-day period ending on the hiring date which was a day of extended active duty in the Armed Forces of the United States.

For purposes of clause (ii), the term 'extended active duty' means a period of more than 90 days during which the individual was on active duty (other than active duty for training).

''(4) QUALIFIED EX-FELON.—The term 'qualified ex-felon' means any individual who is certified by the designated local agency—

''(A) as having been convicted of a felony under any statute of the United States or any State,

''(B) as having a hiring date which is not more than 1 year after the last date on which such individual was so convicted or was released from prison, and

''(C) as being a member of a family which had an income during the 6 months immediately preceding the earlier of the month in which such income determination occurs or the month in which the hiring date occurs, which, on an annual basis, would be 70 percent or less of the Bureau of Labor Statistics lower living standard.

Any determination under subparagraph (C) shall be valid for the 45-day period beginning on the date such determination is made.

''(5) HIGH-RISK YOUTH.—

''(A) IN GENERAL.—The term 'high-risk youth' means any individual who is certified by the designated local agency—

''(i) as having attained age 18 but not age 25 on the hiring date, and

''(ii) as having his principal place of abode within an empowerment zone or enterprise community.

''(B) YOUTH MUST CONTINUE TO RESIDE IN ZONE.—In the case of a high-risk youth, the term 'qualified wages' shall not include wages paid or incurred for services performed while such youth's principal place of abode is outside an empowerment zone or enterprise community.

''(6) VOCATIONAL REHABILITATION REFERRAL.—The term 'vocational rehabilitation referral' means any individual who is certified by the designated local agency as—

''(A) having a physical or mental disability which, for such individual, constitutes or results in a substantial handicap to employment, and

''(B) having been referred to the employer upon completion of (or while receiving) rehabilitative services pursuant to—

''(i) an individualized written rehabilitation plan under a State plan for vocational rehabilitation services approved under the Rehabilitation Act of 1973, or

''(ii) a program of vocational rehabilitation carried out under chapter 31 of title 38, United States Code.

''(7) QUALIFIED SUMMER YOUTH EMPLOYEE.—

''(A) IN GENERAL.—The term 'qualified summer youth employee' means any individual—

''(i) who performs services for the employer between May 1 and September 15,

''(ii) who is certified by the designated local agency as having attained age 16 but not 18 on the hiring date (or if later, on May 1 of the calendar year involved),

''(iii) who has not been an employee of the employer during any period prior to the 90-day period described in subparagraph (B)(i), and

''(iv) who is certified by the designated local agency as—

''(I) having his principal place of abode within an empowerment zone or enterprise community, or

''(II) being a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date.

''(B) SPECIAL RULES FOR DETERMINING AMOUNT OF CREDIT.—For purposes of applying this subpart to wages paid or incurred to any qualified summer youth employee—

''(i) subsection (b)(2) shall be applied by substituting 'any 90-day period between May 1 and September 15' for 'the 1-year period beginning with the day the individual begins work for the employer', and

''(ii) subsection (b)(3) shall be applied by substituting '$3,000' for '$6,000'.

The preceding sentence shall not apply to an individual who, with respect to the same employer, is certified as a member of another targeted group after such individual has been a qualified summer youth employee.

''(C) YOUTH MUST CONTINUE TO RESIDE IN ZONE.—Paragraph (5)(B) shall apply for purposes of subparagraph (A)(iv)(I).

''(8) QUALIFIED FOOD STAMP RECIPIENT.—

''(A) IN GENERAL.—The term 'qualified food stamp recipient' means any individual who is certified by the designated local agency—

''(i) as having attained age 18 but not age 25 on the hiring date, and

''(ii) as being a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date.

''(9) HIRING DATE.—The term 'hiring date' means the day the individual is hired by the employer.

''(10) DESIGNATED LOCAL AGENCY.—The term 'designated local agency' means a State employment security agency established in accordance with the Act of June 6, 1933, as amended (29 U.S.C. 49–49n).

''(11) SPECIAL RULES FOR CERTIFICATIONS.—

''(A) IN GENERAL.—An individual shall not be treated as a member of a targeted group unless—

''(i) on or before the day on which such individual begins work for the employer, the employer has received a certification from a designated local agency that such individual is a member of a targeted group, or

''(ii)(I) on or before the day the individual is offered employment with the employer, a pre-screening notice is completed by the employer with respect to such individual, and

''(II) not later than the 14th day after the individual begins work for the employer, the employer submits such notice, signed by the employer and the individual under penalties of perjury, to the designated local agency as part of a written request for such a certification from such agency.

For purposes of this paragraph, the term 'pre-screening notice' means a document (in such form as the Secretary shall prescribe) which contains information provided by the individual on the basis of which the employer believes that the individual is a member of a targeted group.

''(B) INCORRECT CERTIFICATIONS.—If—

''(i) an individual has been certified by a designated local agency as a member of a targeted group, and

''(ii) such certification is incorrect because it was based on false information provided by such individual,

the certification shall be revoked and wages paid by the employer after the date on which notice of revocation is received by the employer shall not be treated as qualified wages.

''(C) EXPLANATION OF DENIAL OF REQUEST.—If a designated local agency denies a request for certification of membership in a targeted group, such agency shall provide to the person making such request a written explanation of the reasons for such denial.''

(c) MINIMUM EMPLOYMENT PERIOD.—Paragraph (3) of section 51(i) of the Internal Revenue Code of 1986 (relating to certain individuals ineligible) is amended to read as follows:

''(3) INDIVIDUALS NOT MEETING MINIMUM EMPLOYMENT PERIOD.—No wages shall be taken into account under subsection (a) with respect to any individual unless such individual either—

''(A) is employed by the employer at least 180 days (20 days in the case of a qualified summer youth employee), or

''(B) has completed at least 250 hours (120 hours in the case of a qualified summer youth employee) of services performed for the employer.''

(d) TERMINATION.—Paragraph (4) of section 51(c) of the Internal Revenue Code of 1986 (relating to wages defined) is amended to read as follows:

''(4) TERMINATION.—The term 'wages' shall not include any amount paid or incurred to an individual who begins work for the employer—

''(A) after December 31, 1994, and before January 1, 1996, or

''(B) after December 31, 1997.''

(e) REDESIGNATION OF CREDIT.—

(1) Sections 38(b)(2) and 51(a) of the Internal Revenue Code of 1986 are each amended by striking ''targeted jobs credit'' and inserting ''work opportunity credit''.

(2) The subpart heading for subpart F of part IV of subchapter A of chapter 1 of such Code is amended by striking ''**Targeted Jobs Credit**'' and inserting ''**Work Opportunity Credit**''.

(3) The table of subparts for such part IV is amended by striking ''targeted jobs credit'' and inserting ''work opportunity credit''.

(4) The heading for paragraph (3) of section 1396(c) of such Code is amended by striking ''TARGETED JOBS CREDIT'' and inserting ''WORK OPPORTUNITY CREDIT''.

(f) TECHNICAL AMENDMENTS.—

(1) Paragraph (1) of section 51(c) of the Internal Revenue Code of 1986 is amended by striking '', subsection (d)(8)(D),''.

(2) Paragraph (3) of section 51(i) of such Code is amended by striking ''(d)(12)'' each place it appears and inserting ''(d)(6)''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after December 31, 1995.

SEC. 2. EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE PROGRAMS.

(a) EXTENSION.—Subsection (d) of section 127 of the Internal Revenue Code of 1986 (relating to educational assistance programs) is amended by striking ''December 31, 1994'' and inserting ''December 31, 1997''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1994.

SEC. 3. RESEARCH CREDIT.

(a) IN GENERAL.—Subsection (h) of section 41 of the Internal Revenue Code of 1986 (relating to credit for research activities) is amended—

(1) by striking ''June 30, 1995'' each place it appears and inserting ''December 31, 1997'', and

(2) by striking ''July 1, 1995'' each place it appears and inserting ''January 1, 1998''.

(b) BASE AMOUNT FOR START-UP COMPANIES.—Clause (i) of section 41(c)(3)(B) of the Internal Revenue Code of 1986 (relating to start-up companies) is amended to read as follows:

''(i) TAXPAYERS TO WHICH SUBPARAGRAPH APPLIES.—The fixed-base percentage shall be determined under this subparagraph if—

''(I) the first taxable year in which a taxpayer had both gross receipts and qualified research expenses begins after December 31, 1983, or

''(II) there are fewer than 3 taxable years beginning after December 31, 1983, and before January 1, 1989, in which the taxpayer had both gross receipts and qualified research expenses.''.

(c) ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—Subsection (c) of section 41 of the Internal Revenue Code of 1986 is amended by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:

''(4) ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—

''(A) IN GENERAL.—At the election of the taxpayer, the credit determined under subsection (a)(1) shall be equal to the sum of—

''(i) 1.65 percent of so much of the qualified research expenses for the taxable year as exceeds 1 percent of the average described in subsection (c)(1)(B) but does not exceed 1.5 percent of such average,

''(ii) 2.2 percent of so much of such expenses as exceeds 1.5 percent of such average but does not exceed 2 percent of such average, and

''(iii) 2.75 percent of so much of such expenses as exceeds 2 percent of such average.

''(B) ELECTION.—An election under this paragraph may be made only for the first taxable year of the taxpayer beginning after June 30, 1995. Such an election shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary.''

(d) INCREASED CREDIT FOR CONTRACT RESEARCH EXPENSES WITH RESPECT TO CERTAIN RESEARCH CONSORTIA.—Paragraph (3) of section 41(b) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

''(C) AMOUNTS PAID TO CERTAIN RESEARCH CONSORTIA.—

''(i) IN GENERAL.—Subparagraph (A) shall be applied by substituting '75 percent' for '65 percent' with respect to amounts paid or incurred by the taxpayer to a qualified research consortium for qualified research.

''(ii) QUALIFIED RESEARCH CONSORTIUM.—The term 'qualified research consortium' means any organization described in subsection (e)(6)(B) if—

''(I) at least 15 unrelated taxpayers paid (during the calendar year in which the taxable year of the taxpayer begins) amounts to such organization for qualified research,

''(II) no 3 persons paid during such calendar year more than 50 percent of the total amounts paid during such calendar year for qualified research, and

''(III) no person contributed more than 20 percent of such total amounts.

For purposes of subclause (I), all persons treated as a single employer under subsection (a) or (b) of section 52 shall be treated as related taxpayers.''

(e) CONFORMING AMENDMENT.—Subparagraph (D) of section 28(b)(1) of the Internal Revenue Code of 1986 is amended by striking ''June 30, 1995'' and inserting ''December 31, 1997''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years ending after June 30, 1995.

(2) SUBSECTIONS (c) AND (d).—The amendments made by subsections (c) and (d) shall apply to taxable years beginning after June 30, 1995.

SEC. 4. ORPHAN DRUG TAX CREDIT.

(a) RECATEGORIZED AS A BUSINESS CREDIT.—

(1) IN GENERAL.—Section 28 of the Internal Revenue Code of 1986 (relating to clinical testing expenses for certain drugs for rare diseases or conditions) is transferred to subpart D of part IV of subchapter A of chapter 1 of such Code, inserted after section 45B, and redesignated as section 45C.

(2) CONFORMING AMENDMENT.—Subsection (b) of section 38 of such Code (relating to general business credit) is amended by striking ''plus'' at the end of paragraph (10), by striking the period at the end of paragraph (11) and inserting '', plus'', and by adding at the end the following new paragraph:

''(12) the orphan drug credit determined under section 45C(a).''.

(3) CLERICAL AMENDMENTS.—

(A) The table of sections for subpart B of such part IV is amended by striking the item relating to section 28.

(B) The table of sections for subpart D of such part IV is amended by adding at the end the following new item:

''Sec. 45C. Clinical testing expenses for certain drugs for rare diseases or conditions.''.

(b) CREDIT TERMINATION.—Subsection (e) of section 45C of the Internal Revenue Code of 1986, as redesignated by subsection (a)(1), is amended by striking ''December 31, 1994'' and inserting ''December 31, 1997''.

(c) NO PRE-1995 CARRYBACKS.—Subsection (d) of section 39 of the Internal Revenue Code of 1986 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following new paragraph:

''(7) NO CARRYBACK OF SECTION 45C CREDIT BEFORE 1995.—No portion of the unused business credit for any taxable year which is attributable to the orphan drug credit determined under section 45C may be carried back to a taxable year beginning before January 1, 1995.''.

(d) ADDITIONAL CONFORMING AMENDMENTS.—

(1) Section 45C(a) of the Internal Revenue Code of 1986, as redesignated by subsection (a)(1), is amended by striking ''There shall be allowed as a credit against the tax imposed by this chapter for the taxable year'' and inserting ''For purposes of section 38, the credit determined under this section for the taxable year is''.

(2) Section 45C(d) of such Code, as so redesignated, is amended by striking paragraph (2) and by redesignating paragraphs (3), (4), and (5) as paragraphs (2), (3), and (4).

(3) Section 29(b)(6)(A) of such Code is amended by striking ''sections 27 and 28'' and inserting ''section 27''.

(4) Section 30(b)(3)(A) of such Code is amended by striking ''sections 27, 28, and 29'' and inserting ''sections 27 and 29''.

(5) Section 53(d)(1)(B) of such Code is amended—

(A) by striking ''or not allowed under section 28 solely by reason of the application of section 28(d)(2)(B),'' in clause (iii), and

(B) by striking ''or not allowed under section 28 solely by reason of the application of section 28(d)(2)(B)'' in clause (iv)(II).

(6) Section 55(c)(2) of such Code is amended by striking ''28(d)(2),''.

(7) Section 280C(b) of such Code is amended—

(A) by striking ''section 28(b)'' in paragraph (1) and inserting ''section 45C(b)'',

(B) by striking ''section 28'' in paragraphs (1) and (2)(A) and inserting ''section 45C(b)'', and

(C) by striking ''subsection (d)(2) thereof'' in paragraphs (1) and (2)(A) and inserting ''section 38(c)''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 1994.

SEC. 5. CONTRIBUTIONS OF STOCK TO PRIVATE FOUNDATIONS.

(a) IN GENERAL.—Subparagraph (D) of section 170(e)(5) of the Internal Revenue Code of 1986 (relating to special rule for contributions of stock for which market quotations are readily available) is amended by striking ''December 31, 1994'' and inserting ''December 31, 1997''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after December 31, 1994.

SEC. 6. EXTENSION OF BINDING CONTRACT DATE FOR BIOMASS AND COAL FACILITIES.

(a) IN GENERAL.—Subparagraph (A) of section 29(g)(1) of the Internal Revenue Code of 1986 (relating to extension of certain facilities) is amended by striking ''January 1, 1997'' and inserting ''January 1, 1999'' and by striking ''January 1, 1996'' and inserting ''July 1, 1997''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 7. EXTENSION OF TRANSITION RULE FOR CERTAIN PUBLICLY TRADED PARTNERSHIPS.

(a) IN GENERAL.—Subparagraph (B) of section 10211(c)(1) of the Revenue Act of 1987 (Public Law 100–203) is amended by striking ''December 31, 1997'' and inserting ''December 31, 1999''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provisions of section 10211 of the Revenue Act of 1987.

SEC. 8. EXTENSION OF GROUP LEGAL SERVICES.

(a) EXTENSION.—Subsection (e) of section 120 of the Internal Revenue Code of 1986 (relating to amounts received under qualified group legal services plans) is amended by striking ''June 30, 1992'' and inserting ''December 31, 1997''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after June 30, 1992.

PROVISIONS OF THE EXTENDER BILL

All the tax provisions in this legislation are extended until 12/31/97 so that they will be protected through the fundamental tax reform debate that is sure to ensue in this election year.

1. Work Opportunities Tax Credit [WOTC], formerly TJTC:

This program is not as flexible as the original TJTC. However, this bill expands it from the limited version that was included in the Balanced Budget Act of 1995, as follows:

The categories have been expanded to include qualified summer youth who live with families dependent on food stamps and 18–25 year olds who live with families dependent on food stamps.

The hour requirement for the minimum employment period was reduced from the 500 hours included in the Balanced Budget Act of 1995 to 250 hours.

2. Employer-Provided Educational Assistance Program:

This program remains the same as the version included in the Balanced Budget Act, but this legislation does not limit the provision to undergraduate education.

3. Research and Experimentation Tax Credit:

This bill extends the research and experimentation credit as included in the Balanced Budget Act by incorporating an Alternative Increment Research Credit as well as an adjustment for start-up companies (the notch baby issue).

4. Orphan Drug Tax Credit:

This bill extends the research credit for rare diseases and allows the carryforward or carryback of unused credit, as included in the Balanced Budget Act of 1995.

5. Contributions of Stock to Private Foundation:

Extends existing law to December 31, 1997.

6. Extension of Binding Contract Date for the Section 29 Credit:

Extends the placed-in-service date to January 1, 1999, and the binding contract date to July 1, 1997.

7. Publicly Traded Partnerships:

Extends grandfathered PTPs as regular partnerships until December 31, 1997.

8. Group Legal Services:

This bill extends the program included in the Senate version of the Balanced Budget Act of 1995 until December 31, 1997.

• Mr. D'AMATO. Mr. President, I am very pleased to join my distinguished colleagues, Senators HATCH, BAUCUS, and SIMPSON, in introducing legislation to extend certain expiring tax provisions. Over the years, all of the provisions in this bill have received support from most Members of Congress. In the first session of this Congress, I joined Senator HATCH in cosponsoring legislation to extend the tax benefits on a number of these provisions. In addition, on June 29, 1995, I introduced S. 997 to permanently reinstate the tax exclusion for employer-provided group legal services. I am very pleased that that provision has been included in this bill.

Mr. President, this bill is an important and necessary piece of legislation. As such, I urge my colleagues to join us in the effort to extend these important benefits.•

ADDITIONAL COSPONSORS

S. 413

At the request of Mr. DASCHLE, the name of the Senator from Washington [Mrs. MURRAY] was added as a cosponsor of S. 413, a bill to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under such Act, and for other purposes.

S. 673

At the request of Mrs. KASSEBAUM, the names of the Senator from Idaho [Mr. CRAIG] and the Senator from Mississippi [Mr. COCHRAN] were added as cosponsors of S. 673, a bill to establish a youth development grant program, and for other purposes.

S. 837

At the request of Mr. WARNER, the names of the Senator from South Carolina [Mr. THURMOND] and the Senator from Oklahoma [Mr. NICKLES] were added as cosponsors of S. 837, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 250th anniversary of the birth of James Madison.

S. 1058

At the request of Mr. WELLSTONE, the name of the Senator from California [Mrs. BOXER] was added as a cosponsor of S. 1058, a bill to provide a comprehensive program of support for victims of torture.

S. 1095

At the request of Mr. MOYNIHAN, the name of the Senator from Nevada [Mr. BRYAN] was added as a cosponsor of S. 1095, a bill to amend the Internal Revenue Code of 1986 to extend permanently the exclusion for educational assistance provided by employers to employees.

S. 1130

At the request of Mr. BROWN, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of S. 1130, a bill to provide for the establishment of uniform accounting systems, standards, and reporting systems in the Federal Government, and for other purposes.

S. 1183

At the request of Mr. HATFIELD, the name of the Senator from Minnesota [Mr. WELLSTONE] was added as a cosponsor of S. 1183, a bill to amend the Act of March 3, 1931 (known as the Davis-Bacon Act), to revise the standards for coverage under the Act, and for other purposes.

S. 1379

At the request of Mr. THURMOND, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 1379, a bill to make technical amendments to the Fair Debt Collection Practices Act, and for other purposes.

S. 1423

At the request of Mr. GREGG, the names of the Senator from Mississippi [Mr. COCHRAN] and the Senator from Iowa [Mr. GRASSLEY] were added as cosponsors of S. 1423, a bill to amend the Occupational Safety and Health Act of 1970 to make modifications to certain provisions, and for other purposes.

S. 1497

At the request of Mr. NICKLES, the name of the Senator from Wyoming [Mr. THOMAS] was added as a cosponsor of S. 1497, a bill to amend the Solid Waste Disposal Act to make certain adjustments in the land disposal program to provide needed flexibility, and for other purposes.

SENATE RESOLUTION 215

At the request of Mr. LAUTENBERG, the names of the Senator from Montana [Mr. BAUCUS], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Ohio [Mr. DEWINE], and the Senator from Oklahoma [Mr. INHOFE] were added as cosponsors of Senate Resolution 215, a resolution to designate June 19, 1996, as ''National Baseball Day.''

SENATE RESOLUTION 217

At the request of Mrs. KASSEBAUM, the names of the Senator from Connecticut [Mr. LIEBERMAN], the Senator from Pennsylvania [Mr. SPECTER], the Senator from Rhode Island [Mr. PELL], and the Senator from Oklahoma [Mr. INHOFE] were added as cosponsors of Senate Resolution 217, a resolution to designate the first Friday in May 1996, as ''American Foreign Service Day'' in recognition of the men and women who have served or are presently serving in the American Foreign Service, and to honor those in the American Foreign Service who have given their lives in the line of duty.

SENATE CONCURRENT RESOLUTION 42—CONCERNING THE EMANCIPATION OF THE IRANIAN BAHA'I COMMUNITY

Mrs. KASSEBAUM (for herself, Mr. DODD, Mr. LIEBERMAN, Mr. MCCAIN, Mr. MACK, Mr. D'AMATO, Mrs. FEINSTEIN, Mr. SARBANES, Mr. SIMON, Mr. GLENN, Mr. COHEN, Mr. SPECTER, Mr. PELL, Mr. COCHRAN, Ms. SNOWE, Mr. LEVIN, Mr. KOHL, Mr. JEFFORDS, Mr. HELMS, Mr. SIMPSON, Mr. KENNEDY, Mr. INOUYE, Mr. STEVENS, Mr. CRAIG, Mr. HOLLINGS, Mr. CHAFEE, and Mr. GRASSLEY) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 42

Whereas in 1982, 1984, 1988, 1990, 1992, and 1994 the Congress, by concurrent resolution, declared that it holds the Government of Iran responsible for upholding the rights of all its nationals, including members of the Baha'i Faith, Iran's largest religious minority;

Whereas the Congress has deplored the Government of Iran's religious persecution of the Baha'i community in such resolutions and in numerous other appeals, and has condemned Iran's execution of more than 200 Baha'is and the imprisonment of thousands of others solely on account of their religious beliefs;

Whereas the Government of Iran continues to deny individual Baha'is access to higher education and government employment and denies recognition and religious rights to the Baha'i community, according to the policy set forth in a confidential Iranian Government document which was revealed by the United Nations Commission on Human Rights in 1993;

Whereas all Baha'i community properties in Iran have been confiscated by the government and Iranian Baha'is are not permitted to elect their leaders, organize as a community, operate religious schools or conduct other religious community activities guaranteed by the Universal Declaration of Human Rights; and

Whereas on February 22, 1993, the United Nations Commission on Human Rights published a formerly confidential Iranian Government document that constitutes a blueprint for the destruction of the Baha'i community and reveals that these repressive actions are the result of a deliberate policy designed and approved by the highest officials of the Government of Iran: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress—

(1) continues to hold the Government of Iran responsible for upholding the rights of all its nationals, including members of the Baha'i community, in a manner consistent with Iran's obligations under the Universal Declaration of Human Rights and other international agreements guaranteeing the civil and political rights of its citizens;

(2) condemns the repressive anti-Baha'i policies and actions of the Government of Iran, including the denial of legal recognition to the Baha'i community and the basic rights to organize, elect it leaders, educate its youth, and conduct the normal activities of a law-abiding religious community;

(3) expresses concern that individual Baha'is continue to suffer from severely repressive and discriminatory government actions, solely on account of their religion;

(4) urges the Government of Iran to extend to the Baha'i community the rights guaranteed by the Universal Declaration of Human Rights and the international covenants of

human rights, including the freedom of thought, conscience, and religion, and equal protection of the law; and

(5) calls upon the President to continue—

(A) to assert the United States Government's concern regarding Iran's violations of the rights of its citizens, including members of the Baha'i community, along with expressions of its concern regarding the Iranian Government's support for international terrorism and its efforts to acquire weapons of mass destruction;

(B) to emphasize that the United States regards the human rights practices of the Government of Iran, particularly its treatment of the Baha'i community and other religious minorities, as a significant factor in the development of the United States Government's relations with the Government of Iran;

(C) to urge the Government of Iran to emancipate the Baha'i community by granting those rights guaranteed by the Universal Declaration of Human Rights and the international covenants on human rights; and

(D) to encourage other governments to continue to appeal to the Government of Iran, and to cooperate with other governments and international organizations, including the United Nations and its agencies, in efforts to protect the religious rights of the Baha'is and other minorities through joint appeals to the Government of Iran and through other appropriate actions.

• Mrs. KASSEBAUM. Mr. President, today I am submitting a concurrent resolution condemning the persecution of the Baha'i community that has been carried out systematically by the Government of Iran over the past two decades. I am joined in this effort by Senator DODD, Senator LIEBERMAN, Senator MCCAIN, and 23 other cosponsors.

Six times in the past, Congress has passed similar legislation, most recently in 1994. While Iran's repression of Baha'is appears less bloody today than during the 1980's, that persecution nevertheless continues. None of us has forgotten the confidential documents from 1991, drafted and signed by Iran's highest government and clerical authorities, which revealed a deliberate policy to destroy the Baha'is.

We believe it is important that Congress again raise its voice in protest of the Iranian Government's persecution of Baha'is. While American Baha'is reside in every State and are deeply concerned about the fate of more than 300,000 Baha'is in Iran, our legislation is not motivated by constituent pressure. Rather, it rests on broader principles. Ours is a Nation founded in an unwavering belief in the importance of religious freedom, and all Americans—whatever their religious convictions may be—believe strongly that no government should condemn and persecute a people because of their faith.

Yet, this is what the Government of Iran has done to the Baha'is for many years. Iran's constitution does not recognize Baha'is as a religious group but as unprotected infidels whose civil rights can be ignored at will. The Baha'i cannot legally marry or divorce in Iran, nor can they travel freely outside Iran. They cannot inherit property. They are not free to assemble and cannot elect community leaders or maintain their community institutions.

Since 1979, 201 Baha'is have been killed and 15 others have disappeared and are presumed dead. Arbitrary arrests of Baha'is continue. From January 1990 to June 1993, 43 Baha'is were arrested and detained for varying periods of time, and as of January this year 5 Baha'is were being held in prison because of their religious beliefs.

Baha'i cemeteries, holy places, historical sites, administrative centers, and other assets, most of which were seized in 1979, remain confiscated or have been destroyed. Baha'i property rights generally are disregarded, and many homes and businesses have been arbitrarily confiscated. More than 10,000 Baha'is were dismissed from positions in government and education in the early 1980's because of their religious beliefs, and many remain unemployed without benefits or pensions. Baha'i youth are systematically barred from institutions of higher learning.

Perhaps we cannot, from the U.S. Congress, end the terrible oppression of the Baha'is in Iran. But by submitting this concurrent resolution, we can send a clear message to all who will listen: We have not forgotten.•

• Mr. LIEBERMAN. Mr. President, on a number of occasions over the past several years, many of my colleagues and I have condemned the government of Iran for its repressive policies and actions toward its Baha'i community. Today, I join with Senator KASSEBAUM, Senator DODD, Senator MCCAIN, and others in submitting another concurrent resolution calling on Iran to change its repressive anti-Baha'i policies and to protect the rights of all its people including minorities such as the Baha'is.

Since the Senate passed its first concurrent resolution on the Iranian Baha'is in 1982, we have seen some improvement in the situation. Persecution of individual Baha'is seems to be less severe than in past years. Expressions of international outrage and the application of diplomatic pressure have had some effect, even on the isolated and close-minded regime in Iran.

But the progress we have seen is not enough. It is not enough to say that the government is not persecuting these people as much as they used to. It is not enough to say that only a few Baha'is are being held in Iran's prisons because of their religious beliefs. It is not enough to say that the Government of Iran is willing, in the words of a 1991 policy document, to ''permit them a modest livelihood.'' It is not enough that the Government of Iran is willing to allow Baha'is to ''be enrolled in schools.'' It is not enough when all of these rights are dependent on citizens NOT identifying themselves as Baha'is.

The real thrust of Iranian policy is seen in the provisions of the 1991 policy document that say Baha'is ''must be expelled from universities * * * once it becomes known that they are Baha'is'' or that the Government will ''deny them employment if they identify themselves as Baha'is.'' A policy which calls for a plan to ''be devised to confront and destroy their cultural roots outside the country'' and to ''deny them any position of influence, such as in the educational sector, etc'' is a policy of repression and denial of fundamental human rights. Such a policy violates the obligations of sovereign states to uphold the Universal Declaration of Human Rights and other international agreements guaranteeing the civil and political rights of citizens. Such a policy must change if Iran is ever to rejoin the community of nations.

Our action today in passing this resolution is consistent with the actions of the U.S. Government and responsible international bodies for many years. The Reagan and Bush administrations worked to gain international support for the Baha'i community. President Clinton has cited ''the abusive treatment of the Baha'i in Iran'' as a critical human rights concern and his administration has remained attentive to the fate of this community. The State Department has worked diligently to secure passage of U.N. resolutions condemning Iran for its persecution of the Baha'is and to raise the issue at all relevant international fora. The U.N. General Assembly has adopted numerous resolutions condemning Iran's human rights abuses with specific reference to the Baha'is. The German Bundestag and the European Parliament have also adopted resolutions condemning Iran's treatment of its Baha'i community.

And so we come before the Senate once again with a concurrent resolution which will keep this critical issue in the public eye and will maintain international pressure on Iran to change its ways. The American people understand very well that if the rights of all members of a society are not protected, then the rights of no one in the society are secure. We do not expect Iran to become a Jeffersonian democracy. But we and the entire world community have a right to expect and to demand that it not persecute any of its peoples solely for their religious preferences. How can a society consider itself to be just and based on the law of God when it persecutes in a broad and systematic fashion 300,000 of its citizens who constitute the largest religious minority in Iran? Iran must end its hypocrisy and extend to the Baha'i community the rights guaranteed by the Universal Declaration of Human Rights and international covenants on human rights.

I urge my colleagues to support this concurrent resolution and our continuing effort to bring about change in Iran.•

• MR. MCCAIN. Mr. President, it is an honor once again to join my colleagues, Senators KASSEBAUM, DODD, and LIEBERMAN in submitting the seventh concurrent resolution since 1982 condemning the abuses endured by the Baha'i faithful in Iran. It is, however, an honor which I would prefer to be relieved of by an Iranian Government that respects the rights of religious minorities.

There has been some limited progress since 1982, but the situation for the Baha'is remains far from tolerable. Since 1979, 201 Baha'is have been killed and thousands have been jailed. Tens of thousands have been dismissed from jobs and denied the means to provide for themselves and their families. Baha'is, severely persecuted in life, are not even afforded peace in death. Fifteen thousand graves in the Baha'i cemetery in Tehran were recently desecrated as a result of an excavation to make way for a city cultural project.

The scope of this persecution would seem ample proof of systematic persecution. But if there were any doubt in the international community that the suffering of the Baha'is is a result of deliberate government policy, the United Nations dispelled it in 1993 by publishing a secret Iranian Government document. The secret code of oppression which came to light that year outlined Iran's design for the destruction of the Baha'i faith.

It ordered the expulsion of known Baha'is from universities. A common strategy of tyrannies—this process has succeeded in depriving higher education to an entire generation.

The document emphasizes that Baha'is should be punished for false allegations of "political espionage."

It calls for a multifaceted effort to stop the growth of the Baha'i religion.

And most frighteningly, it urges the destruction of the Baha'is "cultural roots outside their country."

The Baha'is suffer oppression not because they pose a threat to the power of the Iranian Government or the order of Iranian society, but because they refuse to recant their religious beliefs and accept the Islam of the mullahs.

There is perhaps no nation in the world with which we have as many differences as we do with Iran. Its quest for weapons of mass destruction and its support for international subversion pose direct threats to its neighbors, U.S. interests, and the interests of our allies.

If Iran is ever to enjoy normal relations with the free world, it must demonstrate a commitment to abide by the basic rules of relations among civilized nations. This must be made clear to Iran. But we must also communicate to the Government of Iran that Americans and, indeed, all the ever expanding free world, consider religious tolerance to be a minimal requirement for entry into the community of nations. A Baha'i, no less than any other human being, is entitled to the right to life, liberty, and the pursuit of happiness.

For Baha'is, as for many people, happiness is pursued through religious devotion. If the theocracy that rules Iran cannot accept that enduring truth, it has no right to consider itself a worthy member of the civilized world.●

ADDITIONAL STATEMENTS

THE FARM BILL

● Mr. FRIST. Mr. President, I would like to offer a few quick remarks regarding the Senate's recent passage of a comprehensive farm bill, especially how it relates to the Nation's dairy industry, from the dairy farmer, to the processor, to the consumer.

Mr. President, beginning in 1995, American fluid milk processors initiated what is essentially a self-funded program which aims to counteract a slow decline in the consumption levels of fluid milk. Strangely enough, fluid milk consumption in the United States has been declining over the past several years, due mainly to a misconception that milk is not good for you. The program's intent is simple: To change those misconceptions and thus increase the consumption of fluid milk. Thus far the program has been very successful.

This trial program exists under the authority of the Fluid Milk Processor Promotion Act of 1990, which is set to expire at the end of 1996. Later this month, processors will vote on whether to continue the program, which they are expected to do, but they will need the underlying authority to do so. Fortunately, Senator LUGAR's amendment included just such authority by removing the sunset date in the original legislation. I commend Senator LUGAR for his inclusion of the extended authority for the program.

Mr. President, promotion is the one area where milk processors and dairy farmers are working closely together and are in full agreement as to its benefits. This program, along with promotion efforts funded by dairy farmers, works to increase milk sales and help the entire dairy industry.●

THE RISING TIDE MUST LIFT MORE BOATS

● Mr. DASCHLE. Mr. President, yesterday our distinguished colleague Senator KENNEDY delivered to the Center for National Policy an important address challenging us to confront a number of issues critical to our economy and our society. I commend the address, "The Rising Tide Must Lift More Boats," to the attention of Senators and the public, and ask that it be printed in the RECORD.

ADDRESS OF SENATOR EDWARD M. KENNEDY, FEBRUARY 8, 1996

I'm grateful to your president, Mo Steinbruner, for that generous introduction, and I also want to acknowledge your Chairman, my former outstanding colleague in Congress, Mike Barnes. I'm honored to address the Center for National Policy. The Center has made impressive and innovative contributions to the national debate. It truly is a national policy center. I hope to speak with you today in that spirit—about the future of the American economy, the clear and present threat to the American standard of life, and a strategy for a prosperity that lifts not only the numbers and statistics, but the wages and hopes of hardworking people.

By most indicators, the economy is doing very well. The stock market is hitting record highs. Inflation has been low and consistently so. Unemployment is down. And after years of slow growth, productivity is finally on the rise.

But those appearances are deceiving. The prosperity is less than it seems—because it is uneven, uncertain, and inequitable. All is not well in the American economic house, because all is not well in the homes of too many American workers and their families.

Americans are working more and earning less. Their standard of living is stagnant or sinking. They have been forced deeper into debt and they have less to spend. They worry—about losing their jobs, losing their health insurance, affording their children's education, caring for their parents in old age, and somehow still saving for some semblance of security in their own retirement.

President Kennedy said that a rising tide lifts all boats. And for the golden decades after World War II, that was true. But today's rising tide is lifting only some of the boats—primarily the yachts.

The vast majority of economic gains are being channeled to the wealthy few, while the working men and women who are the strength and soul of this country and its economy are being shortchanged.

From World War II until 1973, national economic growth benefited the vast majority of Americans. We were all growing together; but now we are growing apart—and the result is a tip-of-the-iceberg economy. Since 1973, the lower 60 percent of American wage earners—three fifths of our entire workforce—have actually lost ground. Real family income has fallen for 60 percent of all Americans, even as the income of the wealthiest 5 percent increased by nearly a third, and income for the top 1 percent almost doubled. As we approach the 21st century, we confront an economically unjustified, socially dangerous, historically unprecedented, and morally unacceptable income gap between the wealthy and the rest of our people.

Twenty years ago, the typical CEO of a large corporation earned 40 times the salary of the average worker. Today that CEO earns 190 times more. Can this be called fair? Can this be the basis of a good or even a stable society?

Productivity gains used to guarantee wage gains. But not anymore. In 1994 and 1995, productivity rose by 3 percent. Yet wages fell by more than 2 percent—the biggest drop in eight years. So the average worker did more, and yet the income gap grew worse.

Flat or falling wages are compounded by the ever present specter of layoffs. Once, corporations reduced their workforces only when they were in trouble. But now profitable companies are laying off good workers, at a time of increasing sales, in an endless quest for ever fatter profits and ever higher stock prices.

The recent merger between Chase Manhattan Bank and Chemical Bank earned rave reviews on Wall Street—but brought anguish and loss to so many homes. Stock prices soared, but 12,000 jobs will be lost. Can this be called fair? Can this be the basis of a good or even a stable society?

And as economic insecurity multiplies, other values suffer. Community and family feel the pressure. Parents work longer hours or take second jobs, and every extra hour on the job is taking from their children—time not spent at Little League, or PTA, or simply reading a bedtime story.

Every loss of health insurance; every cut in support for child care, schools, colleges, and job training makes it harder for families to earn a better future. There are those, even in my own party, who see a separation between economics and values—a theoretical opposition which they use and misuse as an excuse for evading fundamental economic questions. But we cannot solve great social problems by instructing people to be good while their financial situation is going from bad to worse. The V Chip makes sense, but it is no substitute for college loans. It will not buy clothing or food. It will not give working families a sense of hope. We have no chance of restoring values if we don't improve the lives of working Americans. When the economy is wrong, nothing else is right.

A storm is coming, and the effects are already being felt by most families. Only the short-sighted, who look only to the next quarterly report, can be content to live with the clouds that now also shadow corporate horizons. Soon the winds will be blowing through the boardrooms too. America's workers are also America's consumers. We can only lay off so many workers, cut wages and benefits by so much, and tear down government support programs for so long, before we downsize the consumer sector as well. In a winner-take-all economy, eventually there will be fewer buyers, and fewer winners, and ultimately even many corporate losers.

The Republican program, from the Contract with America, to the flat tax, exploits the income gap—but does nothing real to solve it. The silence on this fundamental issue from the Republican Presidential candidates on the campaign trail is deafening.

By bashing Medicare, slashing education, and trashing the environment, Republican budget plans only widen the disparity. In fact, half of all spending cuts in the Republican budget that President Clinton vetoed came from programs benefiting the bottom 20 percent of families; less than a tenth of the cuts come from the top 20 percent.

Two-thirds of the tax breaks in the Republican plan would flow to the top 20 percent—and the bottom 20 percent would actually face a tax increase. The middle 60 percent would suffer a net loss too, once the spending cuts are factored in.

It makes no sense for Republicans to preach hope, growth, and opportunity—while touting policies that bring growth only to the richest, deny hope to the poorest, and restrict opportunity for the vast majority.

We need to set a different course. Early in this century, as Henry Ford pioneered one of America's great new companies, he raised the wages of his workers to twice the average in other industries. It made little apparent sense in terms of short-term profits. But he knew that in the long run, he would sell more Model T's if his own workers could afford to buy them. In the truest sense, he created his own consumers.

There are still some Henry Fords left, like Aaron Feuerstein, the Massachusetts mill owner, who decided to keep paying his employees instead of laying them off while he was rebuilding a factory that burned down last December.

The issue is not rich against poor, management against labor, or individuals against government. Sadly, the Party of Lincoln is now dividing America against itself. We cannot permanently sustain a prosperity that permits us to be divided between the wealthy few and the worried many.

We are committed to a free economy. But in times of testing in the past, we have had to act together as a nation to maintain the economy's freedom. A century ago, when economic power was concentrating in monopolies, we enacted the antitrust laws. In the midst of the Great Depression, we created a New Deal of employment programs and a social safety net.

Our day is different and our answers must be matched to it. But one basic principle remains the same: Government does have a role to play as the agent of our common concerns, and the expression of our shared values. The era of big government may be over, but a return to the era of no government is no answer.

President Clinton has spoken eloquently about this issue. So has Secretary of Labor Robert Reich, and so has the Center for National Policy. This is a defining moment for our nation—and a defining test for our party. We say we are the party of the people. Then how can we say little, and offer even less, while the very people who are the very reason for our being watch their livelihoods and lives become diminished?

Other great tests of conscience and purpose, like civil rights and the Vietnam War, may have been more visible and more immediate. The income gap has been opening slowly, over a period of years. Perhaps it could have been diagnosed earlier and treated sooner. Instead, it has festered quietly, and caused a long, slow-motion depression of wages and job security.

If we do not respond to this Quiet Depression, if we do not stand up now for the people we are supposed to represent, then as Democrats we will not deserve our name, our history, or their continuing confidence. It is our urgent task to fight for an economy where working families and the middle class can begin anew to make gains.

So today, I am proposing a strategy to end the income gap—to put the American dream back in the dreams of all Americans. Each part of society has its role to play—the business sector, the individual, and government. The strategy I advocate combines incentives for good corporate citizenship—improved protections for workers' rights—increased investment in education, training, technology and research—and greater wage and benefit security for all workers.

I realize that any strategy that requires legislative action has little chance in the present Congress. But the temporary ascendancy of reaction is no reason to be silent about what's right for America. Let us fight out the 1996 election on the fundamental issue of the income gap. And when President Clinton is re-elected, and Democrats retake Congress, let it be our pledge and our priority to right this lopsided economy.

Nothing less will do. The economic insecurity of millions of American families breeds distrust among our citizens and disrespect for our government. It tears us apart as a nation, and erodes law and order. It undermines family and community life—and threatens the character of America as a society of opportunity and justice for all.

First, as a basic precondition of all else, we must assure reliable, substantial and sustainable economic growth. Growth alone does not guarantee better incomes; but without it, we have no chance of closing the income gap. We cannot solve the problem of stagnant wages by redistributing rewards within a stagnant economy. Inflation has been lower for longer than at any time in decades; the Federal Reserve Board must become more aggressive in permitting and encouraging economic growth.

The Federal Reserve's charter requires it to pay attention to two goals—reducing unemployment and fighting inflation. Both goals are critical, but the Board too often seems to attend to only one of them. We need greater growth. We cannot right the nation's economic imbalance, or reverse the income gap facing working families, if 2.5% is the fastest which the Federal Reserve will let the economy grow.

America is historically a growth nation—and any policy that long defies that history will put this society at risk. We are stable, free people in part because we are also a people of plenty.

Second, we should create a two tier corporate tax rate that rewards those corporations which create higher quality and better paying jobs here at home. Let's accept the profit motive, and make it work for our workers as well as our corporations. I am not proposing tax penalties for bad corporate conduct, but tax incentives for good corporate citizenship.

We reward other countries with tariff benefits if they qualify as ''Most Favored Nations.'' Now we should establish a category of ''Most Favored Companies'' and reward them if they share profits with workers, maintain or add good jobs, and treat their employees well.

Businesses will qualify for Most Favored Company status on the basis of their quantifiable track record over a rolling four-year period in creating jobs—avoiding layoffs designed simply to maximize profits—paying adequate wages—sharing gains—training and upgrading skills—and providing decent health care and retirements benefits.

Most Favored Companies will be taxed at a reduced rate—for example, 30% rather than 34%—or a 10% reduction for companies taxed at lower rates. To take advantage of the reduced rate, the company would agree to allocate half of the tax benefit to its workers.

Third, we should supplement the two tier corporate tax with other incentives to close the income gap.

We should provide comparable incentives to encourage fair treatment of employees in the non-profit sector, and in start-up firms and other enterprises that pay no tax or little tax.

We should adopt a tax incentive to encourage employers and workers to place retirement savings in pension funds, IRAs, and 401(k) plans that invest in Most Favored Companies.

We should reduce the capital gains tax on new equity investments in Most Favored Companies.

We should give preference to Most Favored Companies in awarding government contracts and grants.

We should provide tax credits to businesses that convert full or part-time workers without benefits to employees with adequate benefits. We should encourage companies that award dividends to their stockholders to contribute a similar benefit to their employees. Shareholders in companies that do so should have their dividends taxed at a reduced rate.

We can pay for all these changes by eliminating costly tax loopholes that encourage layoffs, discourage job creation, and reward companies for moving American jobs overseas. Over the next seven years, corporate welfare, tax loopholes and tax preferences will cost the federal government over four trillion dollars. In 2002, these tax entitlements will represent a larger share of the federal budget than Social Security, Medicare, or Medicaid.

The loopholes are gaping. In 1991, 73% of foreign-based corporations doing business in the United States paid no federal income taxes—I repeat, not a single dollar. And more than 60% of U.S.-based companies paid no U.S. income taxes.

We should eliminate the transfer-pricing loophole, under which multinational companies avoid U.S. taxes by shifting income through rigged transactions to overseas subsidiaries.

We should eliminate the runaway plant loophole, which lets foreign subsidiaries of American companies defer taxes on income earned abroad. These companies never pay taxes on their profits if they reinvest them overseas. The painful, preposterous result is that our tax laws generate new jobs and investments in foreign countries rather than here at home in America.

We should close down the foreign sales corporation loophole, a paper shell that lets companies shield thirty percent of their income from U.S. taxes.

We should eliminate the title passage loophole, which encourages U.S. companies to move profitable transactions onto the high seas to avoid U.S. taxes. In fact, this loophole was closed in both the House and the Senate versions of the Tax Reform Act of 1986, only to have it reappear behind closed doors in the final bill.

We can and must close the Benedict Arnold loophole, which allows billionaires to renounce their citizenship and move to a foreign tax haven in order to avoid taxes on the wealth they have accumulated in America. In 1995, the Senate voted overwhelmingly to end this disgrace. Yet the Republican budget quietly restores it.

Fourth, we should act to put new trust in antitrust, by amending the laws to restrain mergers and acquisitions in cases where combinations and spinoffs will cause layoffs so large that they are contrary to the public interest. Our goal is not to penalize the efficiency and productivity needed to compete in the new international economy. But the antitrust laws now bar monopolies harmful to communities, to geographical regions and markets, and to consumers. The same prohibition should apply to mergers that can affect communities, regions, and workers even more adversely than any monopoly ever would.

We should eliminate tax deductions for expenses for mergers and acquisitions that result in substantial layoffs, and strengthen existing provisions in current law that limit the deductibility of interest on massive debt utilized in these acquisitions. We should reexamine accounting rules that invite the corporate restructurings that encourage massive layoffs, downsizing, and reduced wages.

The fifth step in this new economy strategy is to expand opportunities for workers who want union representation. Today, employers who interfere with free choice and intimidate union advocates get away with only a slap on the wrist for their lawless conduct. Penalties for such violations should be strengthened. And the federal government should deny contracts and business to companies that repeatedly, flagrantly, or willfully violate their employees' rights and dignity.

We should also re-tool labor law itself to fit the growing number of temporary workers who move from one employer to another on short-term assignment, as we did in the construction industry. It is almost impossible under current rules for them to be represented by unions in negotiating for better wages, benefits, and working conditions. Federal law here has to be changed. A flexible workforce must not mean an exploited workforce.

Sixth, government at every level—federal, state, and local—must invest in education and training. In an increasingly global economy, uneducated workers in America will find their wages increasingly pressured downward by unskilled and underpaid workers overseas.

We need to work with states and local school districts to demand and to help all schools meet high standards of achievement and to expand early childhood education. We need to change the way we train teachers and offer them the recognition and support they deserve on the basis of their performance. As President Clinton has pledged, we should install computer technology in every school by the year 2000, in cooperation with businesses across the nation. We cannot prepare children for the 21st century in 1950's classrooms.

The doors to college must be re-opened to more Americans. Tuition costs should be deductible, and every qualified high school graduate should be guaranteed economic access to higher education.

We must provide training for real jobs to high school students not going on to college. We must provide retraining for workers who lose or change their jobs. We must reward companies that invest in upgrading the skills of their workforce.

Seventh, since small business is the real job creator in the new economy, it must be encouraged to do what it does best—create new products, enter new markets, increase productivity, and thereby put more people to work.

We must reduce the red tap associated with government assistance and regulation. Small businesses employ 50% of our workers, yet bear more than 60% of the regulatory burden. The average annual cost of regulation, paperwork, and tax compliance for small business far surpasses what large companies have to spend as a percentage of revenues. A recent Small Business Administration study found that 19 cents of every revenue dollar in small companies of less than 50 employees was spent on regulation. Genuine regulatory reform can ease these burdens. It could have been enacted by Congress long ago, if so many on the other side were not so intent on misusing regulatory reform as an excuse and a cover to protect polluters, undermine the environment, and jeopardize health and safety in the workplace.

Eighth, we should make research a priority—in terms of both direct federal funds and new incentives for business. Despite its far smaller economy, Japan will spend more dollars on non-defense R&D than we do next year. Yet, the Republican budget plan would cut R&D spending by 30% by the year 2002. Nothing could be more short-sighted than this policy of financing an unneeded tax cut by retreating from the scientific frontiers of future prosperity. Both the laser and the transistor resulted from government financed R&D. Computers, integrated circuits, medical breakthroughs like MRIs, and even the revolution of the Internet were federal R&D initiatives.

Ninth, we should do more to defend American workers against low-wage labor and sweatshop practices from overseas. It is not protectionist to refuse to compete on the basis of who can exploit their workers the most. We should declare a pause before entering into new free trade agreements, so our economy and our companies can adjust to NAFTA and GATT. And we should condition any and all new trade benefits on compliance by other countries with international labor standards. We favor free trade. But it must not mean that more and more of our workers have to work more and more of their days for free to match sweatshops overseas.

We should strengthen our immigration laws to prevent the importation of foreign wages and working conditions. We should make it illegal for employers to lay off Americans and then fill their jobs by bringing in workers from overseas. Any U.S. employer who wishes to hire from abroad—even for temporary jobs—should have to recruit U.S. workers first. And we should end the unskilled immigration that competes with young Americans just entering the job market.

Tenth, Congress should take long overdue direct action to improve incomes and benefits.

We can and must raise the minimum wage. The present level of four dollars and twenty-five cents an hour is a national scandal—not even enough to lift a family out of poverty. We should start now by raising the minimum wage to $5.15 an hour, and restore as much as possible of the purchasing power it has disgracefully lost in recent years. No American who works for a living should have to live in poverty.

We can and must strengthen the Earned Income Tax Credit, not reduce it. President Reagan called it the "best anti-poverty, the best pro-family, the best job creation measure to come out of Congress." Ronald Reagan was right, and the Republican Congress should heed his words.

Health care, too, can and must be a priority again. I for one will not permit health care to become the forgotten issue. It is all too present for Americans who have to pay the bills and face the fears every day. My abiding goal is still health security for every citizen. The reform I have introduced with Senator Kassebaum is a significant step with broad bi-partisan support. It could be enacted quickly—if we can overcome the obstruction of a handful of Republican Senators doing the bidding of insurance industry profiteers. Our reform is simply justice: workers who change their job or lose their job should not lose their health insurance too.

Finally, we must secure the safety and sanctity of pensions. They must never become a corporate slush fund or a piggy bank for risky investments. Here again, the Republicans, instead of building more protections, seek to undermine those that already exist. The Republican Congress proposes to let unscrupulous corporations raid workers' pension funds, and they even make the preposterous claim that they're closing a tax loophole. This is odd, coming from those who previously never seem to have met a tax loophole they didn't like. In fact, it will cost the government nothing to protect pension funds against corporate raiders and unscrupulous investment managers.

We should create new incentives to extend pension coverage to all workers, not just the 48% who are currently covered, by establishing a new class of multi-employer, portable pension accounts.

We can also put workers' pension funds to work to close the income gap. We should maintain and strengthen the incentives which the Republicans seek to eliminate that can direct the $4.5 trillion currently in pension funds to investments that will mean more and better jobs here in America. The AFL–CIO Investment Trust is now committing half a billion dollars a year to housing and economic development projects. Their rate of return is highly competitive, and there are similar examples across the country. The issue here is as plain as the investment opportunity. The pension funds of American workers should be financing economic growth at home, not the export of American jobs overseas.

Of course, no economic program, no matter how far-reaching, can resolve all the hurts or fulfill all the hopes of a nation. But all to often we forget the link between values and economics. We lament the loss of traditional "family values," yet we forget that the golden age we look back to was also a time when family incomes were steadily rising. We berate Hollywood for glorifying sex and violence, yet we worship the profit motives that generate the very films we condemn. We hear voices calling for the end of affirmative action, or worrying that our society has become too diverse to survive, but we ignore at our peril the fact that those voices are driven by fear of economic loss. We worry about the loss of patriotism, yet our tax policies encourage corporate decisions that are plainly anti-American.

If we really believe in family values, then let's do a better job of valuing families. Let's change policies that threaten their jobs, their health care, and their pensions. Let's help people educate their children and care for their parents. If we really want to put the

''United'' back in the United States, then let's do all we can to expand the pie and provide economic opportunity for all, instead of letting the nation fragment into two separate and unequal factions of haves and have-nots.

We will only make things worse by pursuing nostrums and illusions—whether they take the form of social reaction, or the new deception of the flat tax. The flat tax is a cynical response to the income gap—offering but perhaps not even delivering a small tax cut as the only raise most workers will get—while surely providing a shameful windfall for those who already have the most. The Forbes flat tax gives new meaning to Franklin Roosevelt's indictment of the Republicans as the party of the privileged. The only family value the Forbes flat tax would enhance is the net worth of the Forbes 400.

We are coming to the close of what has been called the ''American Century.'' It has been an extraordinary era in which we have conquered imperialism, fascism, and communism abroad. We have wrestled with racism, sexism, poverty, depression, crime and other enemies within. We have struggled, often imperfectly, yet with great success, to build a fairer and freer society. And we have wisely used some of our resources to help other nations achieve and protect their own democratic ideals. The danger is that the achievements and the vision that made this possible are fading too quickly into the forgetfulness of history, and that we are becoming a nation fragmented between rich and poor, its values diminishing as its standard of living is devalued.

We can and must end the income gap in America. It will require a new Progressive Era which will come, just as the first one did, just after the forces of reaction think they have achieved their dominance. We can and must restore true progress in America. That is our duty as progressives. That is the defining mission of the Democratic Party. And in my view, that is the only way we can win—and the only way we will deserve to win—in 1996.●

CONGRATULATING THE NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES ON THE OCCASION OF ITS 75TH ANNIVERSARY

● Mr. ABRAHAM. Mr. President, I rise today to congratulate the National Association of Retired Federal Employees on its 75 years of service to our public servants and our communities.

NARFE has protected the rights and retirement benefits of Federal employees and their widows now for three quarters of a century. In that cause they have grown from 14 members to an organization of half a million members with 53 State federations and more than 1,740 active local chapters in the United States, Puerto Rico, Panama, the Philippines, and Guam.

In my own State of Michigan, the city of Dearborn is home to area chapter 1515, with 975 members of NARFE. These fine people contribute to the community, not only by fulfilling their official duties, but through their many acts of good citizenship, charity, and public-spirited voluntaism.

In recognition of the National Association of Retired Federal Employees' service to its members, to the public at large, and to the many communities in which its members live and participate in public life, I would invite my colleagues to join me in recognizing February 19, 1996, NARFE's 75th anniversary, as National Association of Retired Federal Employees Day.●

THE 50TH WEDDING ANNIVERSARY OF JOE AND EILEEN COATAR

● Ms. MOSELEY-BRAUN. Mr. President, I rise today to honor Joseph and Eileen Coatar, two long-time constituents of mine, who celebrated the truly momentous event on February 2, 1996—their golden wedding anniversary. Their 50 years of marriage, a demonstration of their strong commitment to each other and their seven children, can serve as an example to us all.

Joe Coatar and Eileen Prendergast grew up in warm, close-knit families, who lived in adjoining parishes on the South Side of Chicago. They began dating in high school: Eileen attended Mercy High School, while Joe went to Tilden Technical High School, where he is a member of the alumni hall of fame. His athletic prowess earned him all-city honors for football in 1937. He then attended Notre Dame on football and baseball scholarships, well before the Bo Jackson era. Eileen was his No. 1 fan. Joe left school in 1940 to play left field for the Chicago White Sox. He was then called to serve our country in the U.S. Army from 1943 to 1945, then returned to Chicago to marry Eileen, the girl next door, on February 2, 1946, in St. Martin's Church in Chicago. They have seven loving children: Mary Jane, Bernadette, Joan, Joseph, Eileen, Dennis, and Genevieve. They also have 15 treasured grandchildren.

Joe served his city as a Chicago police officer immediately after his military service. He then did management consulting work for a number of firms, and finished his career with a 12-year stint at Blue Cross/Blue Shield. He was also civic-minded, somehow finding time to serve two terms as Park Forest South Village trustee, one term as a Monee Township trustee, and 20 years as a Democratic precinct committeeman for Will County.

In 1972, after raising seven children, Eileen continued her motherly role working with students at Marian Catholic High School in Chicago Heights. She continues to work there, at the age of 78, and will soon be inducted into their alumni hall of fame in recognition of her long-time dedication to Marian's students. She served as president of the Mothers' Club twice, and volunteered in the library, before becoming a well-loved member of the cafeteria staff almost 25 years ago.

Joe and Eileen renewed their vows at their parish church in Flossmoor, Infant Jesus of Prague, this Saturday, surrounded by friends and family. We talk a lot about family values here in Washington. Joe and Eileen don't just talk the talk, they walk the walk. Their lives epitomize the values that make this country such a special place. I congratulate the Coatars on their 50th anniversary, and I wish them many more years of happiness together.●

TRIBUTE TO PETER WOJCIECHOWSKI

● Mr. GRAMS. Mr. President, I want to take this opportunity to recognize Peter Wojciechowski, from Anoka, MN for his dedication and service as president of the Minnesota Rural Electric Association over the past 10 years.

Peter has been a pillar of the community. As the long-time owner of Thurston's Furniture in Anoka, to his service on a variety of civic boards, including the Anoka County library board and the Ham Lake Planning Commission, Peter has been a model Minnesota citizen. However, it is his work on behalf of Minnesota's electric cooperatives which I would like to recognize today.

This month, Peter completes his term as president of the Minnesota Rural Electric Association, which represents 54 member-owned electric cooperatives in Minnesota. During his tenure, Minnesota's electric cooperatives led the Nation in creating jobs in rural areas. Under Peter's stewardship, electric co-ops have met the unserved needs of its rural members in telecommunications, water and waste water infrastructure and other services not readily available in the far reaches of greater Minnesota.

Peter also represents Minnesota as a national director on the National Rural Electric Cooperative Association and serves on the International Foundation Board which assists developing countries in establishing electric cooperatives.

I want to commend Peter for his efforts and for the leadership he provided over the past 10 years on behalf of Minnesota's electric cooperatives. His contributions toward ensuring that the lights of rural Minnesota, rural America, and rural areas throughout the world burn bright are truly commendable and worthy of recognition.

Mr. President, it is a privilege for me to insert Peter's accomplishments here on the floor of the U.S. Senate.●

UPPER GREAT PLAINS TRANSPORTATION INSTITUTE AT NDSU

● Mr. CONRAD. Mr. President, today I rise to commend the work of North Dakota State University's Upper Great Plains Transportation Institute. The institute is a great asset to North Dakota and other States in the surrounding region and an invaluable resource and leader in transportation research.

In early January the Transportation Research Board of the National Research Council held its 75th annual meeting in Washington. This meeting brought together more than 3,000 participants from Federal and State Governments, universities, and the private sector. The participants discussed scientific, engineering, and technological questions related to highways and bridges. The 5-day conference was a success, in part because of a telecommunications system operated by North Dakota State University.

Eleven conference sessions with almost 150 panelists were delivered by videoconference to the State departments of transportation in 6 States: Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming. The teleconference was accomplished through the use of the TEL8 Center at North Dakota State University, in cooperation with the West Virginia Teleconferencing Network.

TEL8 is a digital, 2-way, interactive, satellite-based telecommunications system. It links 10 sites in 6 States, and is dedicated to meeting transportation needs in the region. The system is operated by the Upper Great Plains Transportation Institute at North Dakota State University. The system was made possible as a result of the University Transportation Centers Program sponsored by the U.S. Department of Transportation.

More than 300 people located more than 1,000 miles from Washington were able to participate in the conference through the telecommunications system. Not only were they able to hear the presentations, but they had the opportunity to make comments and engage in question-and-answer periods.

Robert E. Skinner, Executive Director of the Transportation Research Board, said recently:

> Because of busy schedules and limited travel funds, many transportation professionals are unable to participate at TRB's annual meeting. TEL8 showed that technology can help overcome these barriers and provide a means for real-time participation at remote locations.

We hear much these days about the promise of telecommunications and how technology is changing our lives. We hear discussions about the speed of transmissions, interactions, savings of time and travel costs, and convenience. North Dakota State University is doing more than talking about the promise of telecommunications, Mr. President. Through the TEL8 system, NDSU is making the promise of telecommunications a reality today.

Telecommunications activities are increasingly important throughout our Nation, particularly in rural States such as mine. The TEL8 system is also used for professional training and support and for the delivery of courses relevant to transportation. NDSU is exploring additional ways to use the system for distance learning and service-related activities.

I am proud of North Dakota State University's involvement and foresight in this important field. I appreciate this opportunity to bring it to the attention of my colleagues.●

THE FARM BILL

S. 1541, the Agricultural Market Transition Act of 1996, passed the Senate on Wednesday, February 7. The text of the bill follows:

S. 1541

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Agricultural Reform and Improvement Act of 1996''.

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

TITLE I—AGRICULTURAL MARKET TRANSITION PROGRAM

SEC. 101. SHORT TITLE.

This title may be cited as the ''Agricultural Market Transition Act''.

SEC. 102. DEFINITIONS.

In this title:

(1) CONSIDERED PLANTED.—The term ''considered planted'' means acreage that is considered planted under title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) (as in effect prior to the suspension under section 110(b)(1)(J)).

(2) CONTRACT.—The term ''contract'' means a production flexibility contract entered into under section 103.

(3) CONTRACT ACREAGE.—The term ''contract acreage'' means 1 or more crop acreage

bases established for contract commodities under title V of the Agricultural Act of 1949 (as in effect prior to the suspension under section 110(b)(1)(J)) that would have been in effect for the 1996 crop (but for the suspension under section 110(b)(1)(J)).

(4) CONTRACT COMMODITY.—The term ''contract commodity'' means wheat, corn, grain sorghum, barley, oats, upland cotton, and rice.

(5) CONTRACT PAYMENT.—The term ''contract payment'' means a payment made under section 103 pursuant to a contract.

(6) CORN.—The term ''corn'' means field corn.

(7) DEPARTMENT.—The term ''Department'' means the United States Department of Agriculture.

(8) FARM PROGRAM PAYMENT YIELD.—The term ''farm program payment yield'' means the farm program payment yield established for the 1995 crop of a contract commodity under title V of the Agricultural Act of 1949 (as in effect prior to the suspension under section 110(b)(1)(J)).

(9) LOAN COMMODITY.—The term ''loan commodity'' means each contract commodity, extra long staple cotton, and oilseeds.

(10) OILSEED.—The term ''oilseed'' means a crop of soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, or, if designated by the Secretary, other oilseeds.

(11) PERSON.—The term ''person'' means an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or State agency.

(12) PRODUCER.—

(A) IN GENERAL.—The term ''producer'' means a person who, as owner, landlord, tenant, or sharecropper, shares in the risk of producing a crop, and is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced.

(B) HYBRID SEED.—The term ''producer'' includes a person growing hybrid seed under contract. In determining the interest of a grower of hybrid seed in a crop, the Secretary shall not take into consideration the existence of a hybrid seed contract.

(13) PROGRAM.—The term ''program'' means the agricultural market transition program established under this title.

(14) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(15) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

(16) UNITED STATES.—The term ''United States'', when used in a geographical sense, means all of the States.

SEC. 103. PRODUCTION FLEXIBILITY CONTRACTS.

(a) CONTRACTS AUTHORIZED.—

(1) OFFER AND TERMS.—Beginning as soon as practicable after the date of the enactment of this title, the Secretary shall offer to enter into a contract with an eligible owner or operator described in paragraph (2) on a farm containing eligible farmland. Under the terms of a contract, the owner or operator shall agree, in exchange for annual contract payments, to comply with—

(A) the conservation plan for the farm prepared in accordance with section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812);

(B) wetland protection requirements applicable to the farm under subtitle C of title XII of the Act (16 U.S.C. 3821 et seq.); and

(C) the planting flexibility requirements of subsection (j).

(2) ELIGIBLE OWNERS AND OPERATORS DESCRIBED.—The following persons shall be considered to be an owner or operator eligible to enter into a contract:

(A) An owner of eligible farmland who assumes all of the risk of producing a crop.

(B) An owner of eligible farmland who shares in the risk of producing a crop.

(C) An operator of eligible farmland with a share-rent lease of the eligible farmland, regardless of the length of the lease, if the owner enters into the same contract.

(D) An operator of eligible farmland who cash rents the eligible farmland under a lease expiring on or after September 30, 2002, in which case the consent of the owner is not required.

(E) An operator of eligible farmland who cash rents the eligible farmland under a lease expiring before September 30, 2002, if the owner consents to the contract.

(F) An owner of eligible farmland who cash rents the eligible farmland and the lease term expires before September 30, 2002, but only if the actual operator of the farm declines to enter into a contract. In the case of an owner covered by this subparagraph, contract payments shall not begin under a contract until the fiscal year following the fiscal year in which the lease held by the nonparticipating operator expires.

(G) An owner or operator described in a preceding subparagraph regardless of whether the owner or operator purchased catastrophic risk protection for a fall-planted 1996 crop under section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)).

(3) TENANTS AND SHARECROPPERS.—In carrying out this section, the Secretary shall provide adequate safeguards to protect the interests of operators who are tenants and sharecroppers.

(b) ELEMENTS.—

(1) TIME FOR CONTRACTING.—

(A) DEADLINE.—Except as provided in subparagraph (B), the Secretary may not enter into a contract after April 15, 1996.

(B) CONSERVATION RESERVE LANDS.—

(i) IN GENERAL.—At the beginning of each fiscal year, the Secretary shall allow an eligible owner or operator on a farm covered by a conservation reserve contract entered into under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) that terminates after the date specified in subparagraph (A) to enter into or expand a production flexibility contract to cover the contract acreage of the farm that was subject to the former conservation reserve contract.

(ii) AMOUNT.—Contract payments made for contract acreage under this subparagraph shall be made at the rate and amount applicable to the annual contract payment level for the applicable crop.

(2) DURATION OF CONTRACT.—

(A) BEGINNING DATE.—A contract shall begin with—

(i) the 1996 crop of a contract commodity; or

(ii) in the case of acreage that was subject to a conservation reserve contract described in paragraph (1)(B), the date the production flexibility contract was entered into or expanded to cover the acreage.

(B) ENDING DATE.—A contract shall extend through the 2002 crop.

(3) ESTIMATION OF CONTRACT PAYMENTS.—At the time the Secretary enters into a contract, the Secretary shall provide an estimate of the minimum contract payments anticipated to be made during at least the first fiscal year for which contract payments will be made.

(c) ELIGIBLE FARMLAND DESCRIBED.—Land shall be considered to be farmland eligible for coverage under a contract only if the land has contract acreage attributable to the land and—

(1) for at least 1 of the 1991 through 1995 crops, at least a portion of the land was enrolled in the acreage reduction program authorized for a crop of a contract commodity under section 101B, 103B, 105B, or 107B of the Agricultural Act of 1949 (as in effect prior to the amendment made by section 110(b)(2)) or was considered planted, including land on a farm that is owned or leased by a beginning farmer (as determined by the Secretary) that the Secretary determines is necessary to establish a fair and equitable crop acreage base;

(2) was subject to a conservation reserve contract under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) whose term expired, or was voluntarily terminated, on or after January 1, 1995; or

(3) is released from coverage under a conservation reserve contract by the Secretary during the period beginning on January 1, 1995, and ending on the date specified in subsection (b)(1)(A).

(d) TIME FOR PAYMENT.—

(1) IN GENERAL.—An annual contract payment shall be made not later than September 30 of each of fiscal years 1996 through 2002.

(2) ADVANCE PAYMENTS.—

(A) FISCAL YEAR 1996.—At the option of the owner or operator, 50 percent of the contract payment for fiscal year 1996 shall be made not later than June 15, 1996.

(B) SUBSEQUENT FISCAL YEARS.—At the option of the owner or operator for fiscal year 1997 and each subsequent fiscal year, 50 percent of the annual contract payment shall be made on December 15.

(e) AMOUNTS AVAILABLE FOR CONTRACT PAYMENTS FOR EACH FISCAL YEAR.—

(1) IN GENERAL.—The Secretary shall, to the maximum extent practicable, expend on a fiscal year basis the following amounts to satisfy the obligations of the Secretary under all contracts:

(A) For fiscal year 1996, $5,570,000,000.

(B) For fiscal year 1997, $5,385,000,000.

(C) For fiscal year 1998, $5,800,000,000.

(D) For fiscal year 1999, $5,603,000,000.

(E) For fiscal year 2000, $5,130,000,000.

(F) For fiscal year 2001, $4,130,000,000.

(G) For fiscal year 2002, $4,008,000,000.

(2) ALLOCATION.—The amount made available for a fiscal year under paragraph (1) shall be allocated as follows:

(A) For wheat, 26.26 percent.

(B) For corn, 46.22 percent.

(C) For grain sorghum, 5.11 percent.

(D) For barley, 2.16 percent.

(E) For oats, 0.15 percent.

(F) For upland cotton, 11.63 percent.

(G) For rice, 8.47 percent.

(3) ADJUSTMENT.—The Secretary shall adjust the amounts allocated for each contract commodity under paragraph (2) for a particular fiscal year by—

(A) subtracting an amount equal to the amount, if any, necessary to satisfy payment requirements under sections 103B, 105B, and 107B of the Agricultural Act of 1949 (as in effect prior to the amendment made by section 110(b)(2)) for the 1994 and 1995 crops of the commodity;

(B) adding an amount equal to the sum of all repayments of deficiency payments received under section 114(a)(2) of the Agricultural Act of 1949 for the commodity;

(C) to the maximum extent practicable, adding an amount equal to the sum of all contract payments withheld by the Secretary, at the request of an owner or operator subject to a contract, as an offset against repayments of deficiency payments otherwise required under section 114(a)(2) of the Act (as so in effect) for the commodity; and

(D) adding an amount equal to the sum of all refunds of contract payments received during the preceding fiscal year under subsection (h) for the commodity.

(4) ADDITIONAL RICE ALLOCATION.—In addition to the allocations provided under paragraphs (1), (2), and (3), the amounts made

available for rice contract payments shall be increased by $17,000,000 for each of fiscal years 1997 through 2002.

(f) DETERMINATION OF CONTRACT PAYMENTS.—

(1) INDIVIDUAL PAYMENT QUANTITY OF CONTRACT COMMODITIES.—For each contract, the payment quantity of a contract commodity for each fiscal year shall be equal to the product of—

(A) 85 percent of the contract acreage; and

(B) the farm program payment yield.

(2) ANNUAL PAYMENT QUANTITY OF CONTRACT COMMODITIES.—The payment quantity of each contract commodity covered by all contracts for each fiscal year shall equal the sum of the amounts calculated under paragraph (1) for each individual contract.

(3) ANNUAL PAYMENT RATE.—The payment rate for a contract commodity for each fiscal year shall be equal to—

(A) the amount made available under subsection (e) for the contract commodity for the fiscal year; divided by

(B) the amount determined under paragraph (2) for the fiscal year.

(4) ANNUAL PAYMENT AMOUNT.—The amount to be paid under a contract in effect for each fiscal year with respect to a contract commodity shall be equal to the product of—

(A) the payment quantity determined under paragraph (1) with respect to the contract; and

(B) the payment rate in effect under paragraph (3).

(5) ASSIGNMENT OF CONTRACT PAYMENTS.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to contract payments under this subsection. The owner or operator making the assignment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require in the contract, of any assignment made under this paragraph.

(6) SHARING OF CONTRACT PAYMENTS.—The Secretary shall provide for the sharing of contract payments among the owners and operators subject to the contract on a fair and equitable basis.

(g) PAYMENT LIMITATION.—The total amount of contract payments made to a person under a contract during any fiscal year may not exceed the payment limitations established under sections 1001 through 1001C of the Food Security Act of 1985 (7 U.S.C. 1308 through 1308–3).

(h) EFFECT OF VIOLATION.—

(1) TERMINATION OF CONTRACT.—Except as provided in paragraph (2), if an owner or operator subject to a contract violates the conservation plan for the farm containing eligible farmland under the contract, wetland protection requirements applicable to the farm, or the planting flexibility requirements of subsection (j), the Secretary shall terminate the contract with respect to the owner or operator on each farm in which the owner or operator has an interest. On the termination, the owner or operator shall forfeit all rights to receive future contract payments on each farm in which the owner or operator has an interest and shall refund to the Secretary all contract payments received by the owner or operator during the period of the violation, together with interest on the contract payments as determined by the Secretary.

(2) REFUND OR ADJUSTMENT.—If the Secretary determines that a violation does not warrant termination of the contract under paragraph (1), the Secretary may require the owner or operator subject to the contract—

(A) to refund to the Secretary that part of the contract payments received by the owner or operator during the period of the violation, together with interest on the contract payments as determined by the Secretary; or

(B) to accept a reduction in the amount of future contract payments that is proportionate to the severity of the violation, as determined by the Secretary.

(3) FORECLOSURE.—An owner or operator subject to a contract may not be required to make repayments to the Secretary of amounts received under the contract if the contract acreage has been foreclosed on and the Secretary determines that forgiving the repayments is appropriate in order to provide fair and equitable treatment. This paragraph shall not void the responsibilities of such an owner or operator under the contract if the owner or operator continues or resumes operation, or control, of the contract acreage. On the resumption of operation or control over the contract acreage by the owner or operator, the provisions of the contract in effect on the date of the foreclosure shall apply.

(4) REVIEW.—A determination of the Secretary under this subsection shall be considered to be an adverse decision for purposes of the availability of administrative review of the determination.

(i) TRANSFER OF INTEREST IN LANDS SUBJECT TO CONTRACT.—

(1) EFFECT OF TRANSFER.—Except as provided in paragraph (2), the transfer by an owner or operator subject to a contract of the right and interest of the owner or operator in the contract acreage shall result in the termination of the contract with respect to the acreage, effective on the date of the transfer, unless the transferee of the acreage agrees with the Secretary to assume all obligations of the contract. At the request of the transferee, the Secretary may modify the contract if the modifications are consistent with the objectives of this section as determined by the Secretary.

(2) EXCEPTION.—If an owner or operator who is entitled to a contract payment dies, becomes incompetent, or is otherwise unable to receive the contract payment, the Secretary shall make the payment, in accordance with regulations prescribed by the Secretary.

(j) PLANTING FLEXIBILITY.—

(1) PERMITTED CROPS.—Subject to paragraph (2), any commodity or crop may be planted on contract acreage on a farm.

(2) LIMITATIONS.—

(A) HAYING AND GRAZING.—

(i) TIME LIMITATIONS.—Haying and grazing on land exceeding 15 percent of the contract acreage on a farm as provided in clause (iii) shall be permitted, except during any consecutive 5-month period between April 1 and October 31 that is determined by the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State. In the case of a natural disaster, the Secretary may permit unlimited haying and grazing on the contract acreage of a farm.

(ii) CONTRACT COMMODITIES.—Contract acreage planted to a contract commodity during the crop year may be hayed or grazed without limitation.

(iii) HAYING AND GRAZING LIMITATION ON PORTION OF CONTRACT ACREAGE.—Unlimited haying and grazing shall be permitted on not more than 15 percent of the contract acreage on a farm.

(B) ALFALFA.—Alfalfa may be planted for harvest without limitation on the contract acreage on a farm, except that each contract acre that is planted for harvest to alfalfa in excess of 15 percent of the total contract acreage on a farm shall be ineligible for contract payments.

(C) FRUITS AND VEGETABLES.—

(i) IN GENERAL.—The planting for harvest of fruits and vegetables shall be prohibited on contract acreage, unless there is a history of double cropping of a contract commodity and fruits and vegetables.

(ii) UNRESTRICTED VEGETABLES.—Lentils, mung beans, and dry peas may be planted without limitation on contract acreage.

(k) CONSERVATION FARM OPTION.—

(1) IN GENERAL.—The Secretary shall offer eligible owners and operators with contract acreage under this title on a farm who also have entered into a conservation reserve program contract under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (7 U.S.C. 3831 et seq.), the option of entering into a conservation farm option contract for a period of 10 years, as an alternative to the market transition payment contract.

(2) TERMS.—Under the conservation farm option contract—

(A) the Secretary shall provide eligible owners and operators with payments that reflect the Secretary's estimate of the payments and benefits the eligible owner or operator is expected to receive during the 10-year period under—

(i) conservation cost-share programs administered by the Secretary;

(ii) conservation reserve program rental and cost-share payments;

(iii) market transition payments; and

(iv) loan programs for contract commodities, oilseeds, and extra long staple cotton; and

(B) the eligible owner and operator shall—

(i) forego eligibility to participate in the conservation reserve program, conservation cost-share program payments, and market transition contracts; and

(ii) comply with a conservation plan for the farm approved by the Secretary that is consistent with the State conservation farm option plan established under paragraph (3).

(3) STATE CONSERVATION FARM OPTION PLAN.—In consultation with the State Technical Committee established under section 1261 of the Food Security Act of 1985 (16 U.S.C. 3801), the Secretary shall establish a plan for each State that is designed to—

(A) protect wildlife habitat;

(B) improve water quality; and

(C) reduce soil erosion.

SEC. 104. NONRECOURSE MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS.

(a) AVAILABILITY OF NONRECOURSE LOANS.—

(1) AVAILABILITY.—For each of the 1996 through 2002 crops of each loan commodity, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for loan commodities produced on the farm. The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under subsection (b) for the loan commodity.

(2) ELIGIBLE PRODUCTION.—The following production shall be eligible for a marketing assistance loan under this section:

(A) In the case of a marketing assistance loan for a contract commodity, any production by a producer who has entered into a production flexibility contract.

(B) In the case of a marketing assistance loan for extra long staple cotton and oilseeds, any production.

(b) LOAN RATES.—

(1) WHEAT.—

(A) LOAN RATE.—Subject to subparagraph (B), the loan rate for a marketing assistance loan for wheat shall be—

(i) not less than 85 percent of the simple average price received by producers of wheat, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of wheat, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not more than $2.58 per bushel.

(B) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of wheat to total use for the marketing year will be—

(i) equal to or greater than 30 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 10 percent in any year;

(ii) less than 30 percent but not less than 15 percent, the Secretary may reduce the loan rate for wheat for the corresponding crop by an amount not to exceed 5 percent in any year; or

(iii) less than 15 percent, the Secretary may not reduce the loan rate for wheat for the corresponding crop.

(C) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan rate for wheat under subparagraph (B) shall not be considered in determining the loan rate for wheat for subsequent years.

(2) FEED GRAINS.—

(A) LOAN RATE FOR CORN.—Subject to subparagraph (B), the loan rate for a marketing assistance loan for corn shall be—

(i) not less than 85 percent of the simple average price received by producers of corn, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of corn, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not more than $1.89 per bushel.

(B) STOCKS TO USE RATIO ADJUSTMENT.—If the Secretary estimates for any marketing year that the ratio of ending stocks of corn to total use for the marketing year will be—

(i) equal to or greater than 25 percent, the Secretary may reduce the loan rate for corn for the corresponding crop by an amount not to exceed 10 percent in any year;

(ii) less than 25 percent but not less than 12.5 percent, the Secretary may reduce the loan rate for corn for the corresponding crop by an amount not to exceed 5 percent in any year; or

(iii) less than 12.5 percent the Secretary may not reduce the loan rate for corn for the corresponding crop.

(C) NO EFFECT ON FUTURE YEARS.—Any reduction in the loan rate for corn under subparagraph (B) shall not be considered in determining the loan rate for corn for subsequent years.

(D) OTHER FEED GRAINS.—The loan rate for a marketing assistance loan for grain sorghum, barley, and oats, respectively, shall be established at such level as the Secretary determines is fair and reasonable in relation to the rate that loans are made available for corn, taking into consideration the feeding value of the commodity in relation to corn.

(3) UPLAND COTTON.—

(A) LOAN RATE.—Subject to subparagraph (B), the loan rate for a marketing assistance loan for upland cotton shall be established by the Secretary at such loan rate, per pound, as will reflect for the base quality of upland cotton, as determined by the Secretary, at average locations in the United States a rate that is not less than the smaller of—

(i) 85 percent of the average price (weighted by market and month) of the base quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan rate is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; or

(ii) 90 percent of the average, for the 15-week period beginning July 1 of the year in which the loan rate is announced, of the 5 lowest-priced growths of the growths quoted for Middling 1$\frac{3}{32}$-inch cotton C.I.F. Northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between the average Northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for the base quality of upland cotton), as determined by the Secretary.

(B) LIMITATIONS.—The loan rate for a marketing assistance loan for upland cotton shall not be less than $0.50 per pound or more than $0.5192 per pound.

(4) EXTRA LONG STAPLE COTTON.—The loan rate for a marketing assistance loan for extra long staple cotton shall be—

(A) not less than 85 percent of the simple average price received by producers of extra long staple cotton, as determined by the Secretary, during 3 years of the 5 previous marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(B) not more than $0.7965 per pound.

(5) RICE.—The loan rate for a marketing assistance loan for rice shall be $6.50 per hundredweight.

(6) OILSEEDS.—

(A) SOYBEANS.—The loan rate for a marketing assistance loan for soybeans shall be—

(i) not less than 85 percent of the simple average price received by producers of soybeans, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of soybeans, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not less than $4.92 or more than $5.26 per bushel.

(B) SUNFLOWER SEED, CANOLA, RAPESEED, SAFFLOWER, MUSTARD SEED, AND FLAXSEED.—The loan rate for a marketing assistance loan for sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, individually, shall be—

(i) not less than 85 percent of the simple average price received by producers of sunflower seed, individually, as determined by the Secretary, during the marketing years for the immediately preceding 5 crops of sunflower seed, individually, excluding the year in which the average price was the highest and the year in which the average price was the lowest in the period; but

(ii) not less than $0.087 or more than $0.093 per pound.

(C) OTHER OILSEEDS.—The loan rates for a marketing assistance loan for other oilseeds shall be established at such level as the Secretary determines is fair and reasonable in relation to the loan rate available for soybeans, except in no event shall the rate for the oilseeds (other than cottonseed) be less than the rate established for soybeans on a per-pound basis for the same crop.

(c) TERM OF LOAN.—In the case of each loan commodity (other than upland cotton or extra long staple cotton), a marketing assistance loan under subsection (a) shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made. A marketing assistance loan for upland cotton or extra long staple cotton shall have a term of 10 months beginning on the first day of the first month after the month in which the loan is made. The Secretary may not extend the term of a marketing assistance loan for any loan commodity.

(d) REPAYMENT.—

(1) REPAYMENT RATES FOR WHEAT AND FEED GRAINS.—The Secretary shall permit a producer to repay a marketing assistance loan under subsection (a) for wheat, corn, grain sorghum, barley, and oats at a level that the Secretary determines will—

(A) minimize potential loan forfeitures;

(B) minimize the accumulation of stocks of the commodities by the Federal Government;

(C) minimize the cost incurred by the Federal Government in storing the commodities; and

(D) allow the commodities produced in the United States to be marketed freely and competitively, both domestically and internationally.

(2) REPAYMENT RATES FOR UPLAND COTTON, OILSEEDS, AND RICE.—The Secretary shall permit producers to repay a marketing assistance loan under subsection (a) for upland cotton, oilseeds, and rice at a level that is the lesser of—

(A) the loan rate established for upland cotton, oilseeds, and rice, respectively, under subsection (b); or

(B) the prevailing world market price for upland cotton, oilseeds, and rice, respectively (adjusted to United States quality and location), as determined by the Secretary.

(3) REPAYMENT RATES FOR EXTRA LONG STAPLE COTTON.—Repayment of a marketing assistance loan for extra long staple cotton shall be at the loan rate established for the commodity under subsection (b), plus interest (as determined by the Secretary).

(4) PREVAILING WORLD MARKET PRICE.—For purposes of paragraph (2)(B) and subsection (f), the Secretary shall prescribe by regulation—

(A) a formula to determine the prevailing world market price for each loan commodity, adjusted to United States quality and location; and

(B) a mechanism by which the Secretary shall announce periodically the prevailing world market price for each loan commodity.

(5) ADJUSTMENT OF PREVAILING WORLD MARKET PRICE FOR UPLAND COTTON.—

(A) IN GENERAL.—During the period ending July 31, 2003, the prevailing world market price for upland cotton (adjusted to United States quality and location) established under paragraph (4) shall be further adjusted if—

(i) the adjusted prevailing world market price is less than 115 percent of the loan rate for upland cotton established under subsection (b), as determined by the Secretary; and

(ii) the Friday through Thursday average price quotation for the lowest-priced United States growth as quoted for Middling (M) 1$\frac{3}{32}$-inch cotton delivered C.I.F. Northern Europe is greater than the Friday through Thursday average price of the 5 lowest-priced growths of upland cotton, as quoted for Middling (M) 1$\frac{3}{32}$-inch cotton, delivered C.I.F. Northern Europe (referred to in this subsection as the ''Northern Europe price'').

(B) FURTHER ADJUSTMENT.—Except as provided in subparagraph (C), the adjusted prevailing world market price for upland cotton shall be further adjusted on the basis of some or all of the following data, as available:

(i) The United States share of world exports.

(ii) The current level of cotton export sales and cotton export shipments.

(iii) Other data determined by the Secretary to be relevant in establishing an accurate prevailing world market price for upland cotton (adjusted to United States quality and location).

(C) LIMITATION ON FURTHER ADJUSTMENT.—The adjustment under subparagraph (B) may not exceed the difference between—

(i) the Friday through Thursday average price for the lowest-priced United States growth as quoted for Middling $1\frac{3}{32}$-inch cotton delivered C.I.F. Northern Europe; and

(ii) the Northern Europe price.

(e) LOAN DEFICIENCY PAYMENTS.—

(1) AVAILABILITY.—Except as provided in paragraph (4), the Secretary may make loan deficiency payments available to producers who, although eligible to obtain a marketing assistance loan under subsection (a) with respect to a loan commodity, agree to forgo obtaining the loan for the commodity in return for payments under this subsection.

(2) COMPUTATION.—A loan deficiency payment under this subsection shall be computed by multiplying—

(A) the loan payment rate determined under paragraph (3) for the loan commodity; by

(B) the quantity of the loan commodity that the producers on a farm are eligible to place under loan but for which the producers forgo obtaining the loan in return for payments under this subsection.

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

(A) the loan rate established under subsection (b) for the loan commodity; exceeds

(B) the rate at which a loan for the commodity may be repaid under subsection (d).

(4) EXCEPTION FOR EXTRA LONG STAPLE COTTON.—This subsection shall not apply with respect to extra long staple cotton.

(f) SPECIAL MARKETING LOAN PROVISIONS FOR UPLAND COTTON.—

(1) COTTON USER MARKETING CERTIFICATES.—

(A) ISSUANCE.—Subject to subparagraph (D), during the period ending July 31, 2003, the Secretary shall issue marketing certificates or cash payments to domestic users and exporters for documented purchases by domestic users and sales for export by exporters made in the week following a consecutive 4-week period in which—

(i) the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) $1\frac{3}{32}$-inch cotton, delivered C.I.F. Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound; and

(ii) the prevailing world market price for upland cotton (adjusted to United States quality and location) does not exceed 130 percent of the loan rate for upland cotton established under subsection (b).

(B) VALUE OF CERTIFICATES OR PAYMENTS.—The value of the marketing certificates or cash payments shall be based on the amount of the difference (reduced by 1.25 cents per pound) in the prices during the 4th week of the consecutive 4-week period multiplied by the quantity of upland cotton included in the documented sales.

(C) ADMINISTRATION OF MARKETING CERTIFICATES.—

(i) REDEMPTION, MARKETING, OR EXCHANGE.—The Secretary shall establish procedures for redeeming marketing certificates for cash or marketing or exchange of the certificates for agricultural commodities owned by the Commodity Credit Corporation in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates. Any price restrictions that would otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this paragraph.

(ii) DESIGNATION OF COMMODITIES AND PRODUCTS.—To the extent practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites, the owners would prefer to receive in exchange for certificates. If any certificate is not presented for redemption, marketing, or exchange within a reasonable number of days after the issuance of the certificate (as determined by the Secretary), reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after the reasonable number of days and ending with the date of the presentation of the certificate to the Commodity Credit Corporation.

(iii) TRANSFERS.—Marketing certificates issued to domestic users and exporters of upland cotton may be transferred to other persons in accordance with regulations issued by the Secretary.

(D) EXCEPTION.—The Secretary shall not issue marketing certificates or cash payments under subparagraph (A) if, for the immediately preceding consecutive 10-week period, the Friday through Thursday average price quotation for the lowest priced United States growth, as quoted for Middling (M) $1\frac{3}{32}$-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under this paragraph, exceeds the Northern Europe price by more than 1.25 cents per pound.

(E) LIMITATION ON EXPENDITURES.—Total expenditures under this paragraph shall not exceed $701,000,000 during fiscal years 1996 through 2002.

(2) SPECIAL IMPORT QUOTA.—

(A) ESTABLISHMENT.—The President shall carry out an import quota program that provides that, during the period ending July 31, 2003, whenever the Secretary determines and announces that for any consecutive 10-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) $1\frac{3}{32}$-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificates issued under paragraph (1), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

(B) QUANTITY.—The quota shall be equal to 1 week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the most recent 3 months for which data are available.

(C) APPLICATION.—The quota shall apply to upland cotton purchased not later than 90 days after the date of the Secretary's announcement under subparagraph (A) and entered into the United States not later than 180 days after the date.

(D) OVERLAP.—A special quota period may be established that overlaps any existing quota period if required by subparagraph (A), except that a special quota period may not be established under this paragraph if a quota period has been established under subsection (g).

(E) PREFERENTIAL TARIFF TREATMENT.—The quantity under a special import quota shall be considered to be an in-quota quantity for purposes of—

(i) section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(d));

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

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

(iv) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(F) DEFINITION.—In this paragraph, the term ''special import quota'' means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(g) LIMITED GLOBAL IMPORT QUOTA FOR UPLAND COTTON.—

(1) IN GENERAL.—The President shall carry out an import quota program that provides that whenever the Secretary determines and announces that the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in the markets for the preceding 36 months, notwithstanding any other provision of law, there shall immediately be in effect a limited global import quota subject to the following conditions:

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

(B) QUANTITY IF PRIOR QUOTA.—If a quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established under this subsection shall be the smaller of 21 days of domestic mill consumption calculated under subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

(C) PREFERENTIAL TARIFF TREATMENT.—The quantity under a limited global import quota shall be considered to be an in-quota quantity for purposes of—

(i) section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(d));

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

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

(iv) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(D) DEFINITIONS.—In this subsection:

(i) SUPPLY.—The term ''supply'' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

(I) the carry-over of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the quota is established;

(II) production of the current crop; and

(III) imports to the latest date available during the marketing year.

(ii) DEMAND.—The term ''demand'' means—

(I) the average seasonally adjusted annual rate of domestic mill consumption in the most recent 3 months for which data are available; and

(II) the larger of—

(aa) average exports of upland cotton during the preceding 6 marketing years; or

(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the quota is established.

(iii) LIMITED GLOBAL IMPORT QUOTA.—The term ''limited global import quota'' means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(E) QUOTA ENTRY PERIOD.—When a quota is established under this subsection, cotton may be entered under the quota during the 90-day period beginning on the date the quota is established by the Secretary.

(2) NO OVERLAP.—Notwithstanding paragraph (1), a quota period may not be established that overlaps an existing quota period or a special quota period established under subsection (f)(2).

(h) SOURCE OF LOANS.—

(1) IN GENERAL.—The Secretary shall provide the loans authorized by this section through the Commodity Credit Corporation and other means available to the Secretary.

(2) PROCESSORS.—Whenever any loan or surplus removal operation for any agricultural commodity is carried out through purchases from or loans or payments to processors, the Secretary shall, to the extent practicable, obtain from the processors such assurances as the Secretary considers adequate that the producers of the commodity have received or will receive maximum benefits from the loan or surplus removal operation.

(i) ADJUSTMENTS OF LOANS.—

(1) IN GENERAL.—The Secretary may make appropriate adjustments in the loan levels for any commodity for differences in grade, type, quality, location, and other factors.

(2) LOAN LEVEL.—The adjustments shall, to the maximum extent practicable, be made in such manner that the average loan level for the commodity will, on the basis of the anticipated incidence of the factors, be equal to the level of support determined as provided in this section.

(j) PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.—

(1) IN GENERAL.—Except as provided in paragraph (2), no producer shall be personally liable for any deficiency arising from the sale of the collateral securing any nonrecourse loan made under this section unless the loan was obtained through a fraudulent representation by the producer.

(2) LIMITATIONS.—Paragraph (1) shall not prevent the Commodity Credit Corporation or the Secretary from requiring a producer to assume liability for—

(A) a deficiency in the grade, quality, or quantity of a commodity stored on a farm or delivered by the producer;

(B) a failure to properly care for and preserve a commodity; or

(C) a failure or refusal to deliver a commodity in accordance with a program established under this section.

(3) ACQUISITION OF COLLATERAL.—The Secretary may include in a contract for a nonrecourse loan made under this section a provision that permits the Commodity Credit Corporation, on and after the maturity of the loan or any extension of the loan, to acquire title to the unredeemed collateral without obligation to pay for any market value that the collateral may have in excess of the loan indebtedness.

(4) SUGARCANE AND SUGAR BEETS.—A security interest obtained by the Commodity Credit Corporation as a result of the execution of a security agreement by the processor of sugarcane or sugar beets shall be superior to all statutory and common law liens on raw cane sugar and refined beet sugar in favor of the producers of sugarcane and sugar beets and all prior recorded and unrecorded liens on the crops of sugarcane and sugar beets from which the sugar was derived.

(k) COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS.—

(1) IN GENERAL.—The Commodity Credit Corporation may sell any commodity owned or controlled by the Corporation at any price that the Secretary determines will maximize returns to the Corporation.

(2) NONAPPLICATION OF SALES PRICE RESTRICTIONS.—Paragraph (1) shall not apply to—

(A) a sale for a new or byproduct use;

(B) a sale of peanuts or oilseeds for the extraction of oil;

(C) a sale for seed or feed if the sale will not substantially impair any loan program;

(D) a sale of a commodity that has substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage;

(E) a sale for the purpose of establishing a claim arising out of a contract or against a person who has committed fraud, misrepresentation, or other wrongful act with respect to the commodity;

(F) a sale for export, as determined by the Corporation; and

(G) a sale for other than a primary use.

(3) PRESIDENTIAL DISASTER AREAS.—

(A) IN GENERAL.—Notwithstanding paragraph (1), on such terms and conditions as the Secretary may consider in the public interest, the Corporation may make available any commodity or product owned or controlled by the Corporation for use in relieving distress—

(i) in any area in the United States (including the Virgin Islands) declared by the President to be an acute distress area because of unemployment or other economic cause, if the President finds that the use will not displace or interfere with normal marketing of agricultural commodities; and

(ii) in connection with any major disaster determined by the President to warrant assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

(B) COSTS.—Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making a commodity available under subparagraph (A) beyond the cost of the commodity to the Corporation incurred in—

(i) the storage of the commodity; and

(ii) the handling and transportation costs in making delivery of the commodity to designated agencies at 1 or more central locations in each State or other area.

(4) EFFICIENT OPERATIONS.—Paragraph (1) shall not apply to the sale of a commodity the disposition of which is desirable in the interest of the effective and efficient conduct of the operations of the Corporation because of the small quantity of the commodity involved, or because of the age, location, or questionable continued storability of the commodity.

SEC. 105. PAYMENT LIMITATIONS.

(a) IN GENERAL.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended by striking paragraphs (1) through (4) and inserting the following:

''(1) LIMITATION ON PAYMENTS UNDER PRODUCTION FLEXIBILITY CONTRACTS.—The total amount of contract payments made under section 103 of the Agricultural Market Transition Act to a person under 1 or more production flexibility contracts during any fiscal year may not exceed $40,000.

''(2) LIMITATION ON MARKETING LOAN GAINS AND LOAN DEFICIENCY PAYMENTS.—

''(A) LIMITATION.—The total amount of payments specified in subparagraph (B) that a person shall be entitled to receive under section 104 of the Agricultural Market Transition Act for contract commodities and oilseeds during any crop year may not exceed $75,000.

''(B) DESCRIPTION OF PAYMENTS.—The payments referred to in subparagraph (A) are the following:

''(i) Any gain realized by a producer from repaying a marketing assistance loan for a crop of any loan commodity at a lower level than the original loan rate established for the commodity under section 104(b) of the Act.

''(ii) Any loan deficiency payment received for a loan commodity under section 104(e) of the Act.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) (as amended by subsection (a)) is amended—

(A) by redesignating paragraphs (5), (6), and (7) as paragraphs (3), (4), and (5), respectively; and

(B) in the second sentence of paragraph (3)(A) (as so redesignated), by striking ''paragraphs (6) and (7)'' and inserting ''paragraphs (4) and (5)''.

(2) Section 1305(d) of the Agricultural Reconciliation Act of 1987 (Public Law 100–203; 7 U.S.C. 1308 note) is amended by striking ''paragraphs (5) through (7) of section 1001, as amended by this subtitle,'' and inserting ''paragraphs (3) through (5) of section 1001,''.

(3) Section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1(a)(1)) is amended—

(A) in the first sentence of subsection (a)(1)—

(i) by striking ''section 1001(5)(B)(i)'' and inserting ''section 1001(3)(B)(i)'';

(ii) by striking ''under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.)''; and

(iii) by striking ''section 1001(5)(B)(i)(II)'' and inserting ''section 1001(3)(B)(i)(II)''; and

(B) in subsection (b)—

(i) in paragraph (1)—

(I) by striking ''under the Agricultural Act of 1949''; and

(II) by striking ''section 1001(5)(B)(i)'' and inserting ''section 1001(3)(B)(i)''; and

(ii) in paragraph (2)(B), by striking ''section 1001(5)(B)(i)(II)'' and inserting ''section 1001(3)(B)(i)(II)''.

(4) Section 1001C(a) of the Food Security Act of 1985 (7 U.S.C. 1308–3(a)) is amended—

(A) by striking ''For each of the 1991 through 1997 crops, any'' and inserting ''Any'';

(B) by striking ''price support program loans, payments, or benefits made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.),'' and inserting ''loans or payments made available under the Agricultural Market Transition Act''; and

(C) by striking ''during the 1989 through 1997 crop years''.

SEC. 106. PEANUT PROGRAM.

(a) QUOTA PEANUTS.—

(1) AVAILABILITY OF LOANS.—The Secretary shall make nonrecourse loans available to producers of quota peanuts.

(2) LOAN RATE.—The national average quota loan rate for quota peanuts shall be $610 per ton.

(3) INSPECTION, HANDLING, OR STORAGE.—The loan amount may not be reduced by the Secretary by any deductions for inspection, handling, or storage.

(4) LOCATION AND OTHER FACTORS.—The Secretary may make adjustments in the loan rate for quota peanuts for location of peanuts and such other factors as are authorized by section 104(i)(1).

(b) ADDITIONAL PEANUTS.—

(1) IN GENERAL.—The Secretary shall make nonrecourse loans available to producers of additional peanuts at such rates as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets.

(2) ANNOUNCEMENT.—The Secretary shall announce the loan rate for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the loan rate is being determined.

(c) AREA MARKETING ASSOCIATIONS.—

(1) WAREHOUSE STORAGE LOANS.—

(A) IN GENERAL.—In carrying out subsections (a) and (b), the Secretary shall make warehouse storage loans available in each of the producing areas (described in section 1446.95 of title 7 of the Code of Federal Regulations (January 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 section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a).

(B) ADMINISTRATIVE AND SUPERVISORY ACTIVITIES.—An area marketing association shall be used in administrative and supervisory activities relating to loans and marketing activities under this section and section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a).

(C) ASSOCIATION COSTS.—Loans made to the association under this paragraph shall include such costs as the area marketing association reasonably may incur in carrying out the responsibilities, operations, and activities of the association under this section and section 358e of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a).

(2) POOLS FOR QUOTA AND ADDITIONAL PEANUTS.—

(A) IN GENERAL.—The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for quota peanuts handled under loan and for additional peanuts placed under loan, except that separate pools shall be established for Valencia peanuts produced in New Mexico.

(B) ELIGIBILITY TO PARTICIPATE.—

(i) IN GENERAL.—Except as provided in clause (ii), in the case of the 1996 and subsequent crops, Valencia peanuts not physically produced in the State of New Mexico shall not be eligible to participate in the pools of the State.

(ii) EXCEPTION.—A resident of the State of New Mexico may enter Valencia peanuts that are produced outside of the State into the pools of the State in a quantity that is not greater than the 1995 crop of the resident that was produced outside the State.

(C) TYPES OF PEANUTS.—Bright hull and dark hull Valencia peanuts shall be considered as separate types for the purpose of establishing the pools.

(D) NET GAINS.—Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed only to producers who placed peanuts in the pool and shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of the following:

(i) QUOTA PEANUTS.—For quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool.

(ii) ADDITIONAL PEANUTS.—For additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts.

(d) LOSSES.—Losses in quota area pools shall be covered using the following sources in the following order of priority:

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

(2) OTHER PRODUCERS IN SAME POOL.—Further losses in an area quota pool shall be offset by reducing the gain of any producer in the pool by the amount of pool gains attributed to the same producer from the sale of additional peanuts for domestic and export edible use.

(3) OFFSET WITHIN AREA.—Further losses in an area quota pool shall be offset by any gains or profits from additional peanuts (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) owned or controlled by the Commodity Credit Corporation in that area and sold for domestic edible use, in accordance with regulations issued by the Secretary.

(4) USE OF MARKETING ASSESSMENTS.—The Secretary shall use funds collected under subsection (g) (except funds attributable to handlers) to offset further losses in area quota pools. The Secretary shall transfer to the Treasury those funds collected under subsection (g) and available for use under this subsection that the Secretary determines are not required to cover losses in area quota pools.

(5) CROSS COMPLIANCE.—Further losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358–1(b)(8) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)(8)), shall be offset by any gains or profits from quota pools in other production areas (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) in such manner as the Secretary shall by regulation prescribe.

(6) OFFSET GENERALLY.—If losses in an area quota pool have not been entirely offset under paragraph (3), further losses shall be offset by any gains or profits from additional peanuts (other than separate type pools established under subsection (c)(2)(A) for Valencia peanuts produced in New Mexico) owned or controlled by the Commodity Credit Corporation and sold for domestic edible use, in accordance with regulations issued by the Secretary.

(7) INCREASED ASSESSMENTS.—If use of the authorities provided in the preceding paragraphs is not sufficient to cover losses in an area quota pool, the Secretary shall increase the marketing assessment established under subsection (g) by such an amount as the Secretary considers necessary to cover the losses. The increased assessment shall apply only to quota peanuts in the production area covered by the pool. Amounts collected under subsection (g) as a result of the increased assessment shall be retained by the Secretary to cover losses in that pool.

(e) DISAPPROVAL OF QUOTAS.—Notwithstanding any other provision of law, no loan for quota peanuts may be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358–1(d) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(d)).

(f) QUALITY IMPROVEMENT.—

(1) IN GENERAL.—With respect to peanuts under loan, the Secretary shall—

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

(B) ensure that all Commodity Credit Corporation inventories of peanuts sold for domestic edible use must be shown to have been officially inspected by licensed Department inspectors both as farmer stock and shelled or cleaned in-shell peanuts;

(C) continue to endeavor to operate the peanut program so as to improve the quality of domestic peanuts and ensure the coordination of activities under the Peanut Administrative Committee established under Marketing Agreement No. 146, regulating the quality of domestically produced peanuts (under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937); and

(D) ensure that any changes made in the peanut program as a result of this subsection requiring additional production or handling at the farm level shall be reflected as an upward adjustment in the Department loan schedule.

(2) EXPORTS AND OTHER PEANUTS.—The Secretary shall require that all peanuts in the domestic and export markets fully comply with all quality standards under Marketing Agreement No. 146.

(g) MARKETING ASSESSMENT.—

(1) IN GENERAL.—The Secretary shall provide for a nonrefundable marketing assessment. The assessment shall be made on a per pound basis in an amount equal to 1.1 percent for each of the 1994 and 1995 crops, 1.15 percent for the 1996 crop, and 1.2 percent for each of the 1997 through 2002 crops, of the national average quota or additional peanut loan rate for the applicable crop.

(2) FIRST PURCHASERS.—

(A) IN GENERAL.—Except as provided under paragraphs (3) and (4), the first purchaser of peanuts shall—

(i) collect from the producer a marketing assessment equal to the quantity of peanuts acquired multiplied by—

(I) in the case of each of the 1994 and 1995 crops, .55 percent of the applicable national average loan rate;

(II) in the case of the 1996 crop, .6 percent of the applicable national average loan rate; and

(III) in the case of each of the 1997 through 2002 crops, .65 percent of the applicable national average loan rate;

(ii) pay, in addition to the amount collected under clause (i), a marketing assessment in an amount equal to the quantity of peanuts acquired multiplied by .55 percent of the applicable national average loan rate; and

(iii) remit the amounts required under clauses (i) and (ii) to the Commodity Credit Corporation in a manner specified by the Secretary.

(B) DEFINITION OF FIRST PURCHASER.—In this subsection, the term ''first purchaser'' means a person acquiring peanuts from a producer except that in the case of peanuts forfeited by a producer to the Commodity Credit Corporation, the term means the person acquiring the peanuts from the Commodity Credit Corporation.

(3) OTHER PRIVATE MARKETINGS.—In the case of a private marketing by a producer directly to a consumer through a retail or wholesale outlet or in the case of a marketing by the producer outside of the continental United States, the producer shall be responsible for the full amount of the assessment and shall remit the assessment by such time as is specified by the Secretary.

(4) LOAN PEANUTS.—In the case of peanuts that are pledged as collateral for a loan made under this section, ½ of the assessment shall be deducted from the proceeds of the loan. The remainder of the assessment shall be paid by the first purchaser of the peanuts. For purposes of computing net gains on peanuts under this section, the reduction in loan proceeds shall be treated as having been paid to the producer.

(5) PENALTIES.—If any person fails to collect or remit the reduction required by this subsection or fails to comply with the requirements for recordkeeping or otherwise as are required by the Secretary to carry out this subsection, the person shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

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

(B) the national average quota peanut rate for the applicable crop year.

(6) ENFORCEMENT.—The Secretary may enforce this subsection in the courts of the United States.

(h) CROPS.—Subsections (a) through (f) shall be effective only for the 1996 through 2002 crops of peanuts.

(i) MARKETING QUOTAS.—

(1) IN GENERAL.—Part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 is amended—

(A) in section 358–1 (7 U.S.C. 1358–1)—

(i) in the section heading, by striking ''**1991 THROUGH 1997 CROPS OF**'';

(ii) in subsections (a)(1), (b)(1)(B), (b)(2)(A), (b)(2)(C), and (b)(3)(A), by striking ''of the 1991 through 1997 marketing years'' each place it appears and inserting ''marketing year'';

(iii) in subsection (a)(3), by striking ''1990'' and inserting ''1990, for the 1991 through 1995 marketing years, and 1995, for the 1996 through 2002 marketing years'';

(iv) in subsection (b)(1)(A)—

(I) by striking ''each of the 1991 through 1997 marketing years'' and inserting ''each marketing year''; and

(II) in clause (i), by inserting before the semicolon the following: '', in the case of the 1991 through 1995 marketing years, and the 1995 marketing year, in the case of the 1996 through 2002 marketing years'';

(v) in subsection (b)(1), by adding at the end the following:

''(D) CERTAIN FARMS INELIGIBLE FOR QUOTA.—Effective beginning with the 1997 marketing year, the Secretary shall not establish a farm poundage quota under subparagraph (A) for a farm owned or controlled by—

''(i) a municipality, airport authority, school, college, refuge, or other public entity (other than a university used for research purposes); or

''(ii) a person who is not a producer and resides in another State.'';

(vi) in subsection (b)(2), by adding at the end the following:

''(E) TRANSFER OF QUOTA FROM INELIGIBLE FARMS.—Any farm poundage quota held at the end of the 1996 marketing year by a farm described in paragraph (1)(D) shall be allocated to other farms in the same State on such basis as the Secretary may by regulation prescribe.''; and

(vii) in subsection (f), by striking ''1997'' and inserting ''2002'';

(B) in section 358b (7 U.S.C. 1358b)—

(i) in the section heading, by striking ''**1991 THROUGH 1995 CROPS OF**''; and

(ii) in subsection (c), by striking ''1995'' and inserting ''2002'';

(C) in section 358c(d) (7 U.S.C. 1358c(d)), by striking ''1995'' and inserting ''2002''; and

(D) in section 358e (7 U.S.C. 1359a)—

(i) in the section heading, by striking ''**FOR 1991 THROUGH 1997 CROPS OF PEANUTS**''; and

(ii) in subsection (i), by striking ''1997'' and inserting ''2002''.

(2) ELIMINATION OF QUOTA FLOOR.—Section 358–1(a)(1) of the Act (7 U.S.C. 1358–1(a)(1)) is amended by striking the second sentence.

(3) TEMPORARY QUOTA ALLOCATION.—Section 358–1 of the Act (7 U.S.C. 1358–1) is amended—

(A) in subsection (a)(1), by striking ''domestic edible, seed,'' and inserting ''domestic edible use'';

(B) in subsection (b)(2)—

(i) in subparagraph (A), by striking ''subparagraph (B) and subject to''; and

(ii) by striking subparagraph (B) and inserting the following:

''(B) TEMPORARY QUOTA ALLOCATION.—

''(i) ALLOCATION RELATED TO SEED PEANUTS.—Temporary allocation of quota pounds for the marketing year only in which the crop is planted shall be made to producers for each of the 1996 through 2002 marketing years as provided in this subparagraph.

''(ii) QUANTITY.—The temporary quota allocation shall be equal to the pounds of seed peanuts planted on the farm, as may be adjusted under regulations prescribed by the Secretary.

''(iii) ADDITIONAL QUOTA.—The temporary allocation of quota pounds under this paragraph shall be in addition to the farm poundage quota otherwise established under this subsection and shall be credited, for the applicable marketing year only, in total to the producer of the peanuts on the farm in a manner prescribed by the Secretary.

''(iv) EFFECT OF OTHER REQUIREMENTS.—Nothing in this section alters or changes the requirements regarding the use of quota and additional peanuts established by section 358e(b).''; and

(C) in subsection (e)(3), strike ''and seed and use on a farm''.

(4) UNDERMARKETINGS.—Part VI of subtitle B of title III of the Act is amended—

(A) in section 358–1(b) (7 U.S.C. 1358–1(b))—

(i) in paragraph (1)(B), by striking ''including—'' and clauses (i) and (ii) and inserting ''including any increases resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).'';

(ii) in paragraph (3)(B), by striking ''include—'' and clauses (i) and (ii) and inserting ''include any increase resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).''; and

(iii) by striking paragraphs (8) and (9); and

(B) in section 358b(a) (7 U.S.C. 1358b(a))—

(i) in paragraph (1), by striking ''(including any applicable under marketings)'' both places it appears;

(ii) in paragraph (1)(A), by striking ''of undermarketings and'';

(iii) in paragraph (2), by striking ''(including any applicable under marketings)''; and

(iv) in paragraph (3), by striking ''(including any applicable undermarketings)''.

(5) DISASTER TRANSFERS.—Section 358–1(b) of the Act (7 U.S.C. 1358–1(b)), as amended by paragraph (4)(A)(iii), is further amended by adding at the end the following:

''(8) DISASTER TRANSFERS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), additional peanuts produced on a farm from which the quota poundage was not harvested and marketed because of drought, flood, or any other natural disaster, or any other condition beyond the control of the producer, may be transferred to the quota loan pool for pricing purposes on such basis as the Secretary shall by regulation provide.

''(B) LIMITATION.—The poundage of peanuts transferred under subparagraph (A) shall not exceed the difference between—

''(i) the total quantity of peanuts meeting quality requirements for domestic edible use, as determined by the Secretary, marketed from the farm; and

''(ii) the total farm poundage quota, excluding quota pounds transferred to the farm in the fall.

''(C) SUPPORT RATE.—Peanuts transferred under this paragraph shall be supported at not more than 70 percent of the quota support rate for the marketing years in which the transfers occur. The transfers for a farm shall not exceed 25 percent of the total farm quota pounds, excluding pounds transferred in the fall.''.

SEC. 107. SUGAR PROGRAM.

(a) SUGARCANE.—The Secretary shall make loans available to processors of domestically grown sugarcane at a rate equal to 18 cents per pound for raw cane sugar.

(b) SUGAR BEETS.—The Secretary shall make loans available to processors of domestically grown sugar beets at a rate equal to 22.9 cents per pound for refined beet sugar.

(c) TERM OF LOANS.—

(1) IN GENERAL.—Loans under this section during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature at the earlier of—

(A) the end of 9 months; or

(B) the end of the fiscal year.

(2) SUPPLEMENTAL LOANS.—In the case of loans made under this section in the last 3 months of a fiscal year, the processor may repledge the sugar as collateral for a second loan in the subsequent fiscal year, except that the second loan shall—

(A) be made at the loan rate in effect at the time the second loan is made; and

(B) mature in 9 months less the quantity of time that the first loan was in effect.

(d) LOAN TYPE; PROCESSOR ASSURANCES.—

(1) RECOURSE LOANS.—Subject to paragraph (2), the Secretary shall carry out this section through the use of recourse loans.

(2) NONRECOURSE LOANS.—During any fiscal year in which the tariff rate quota for imports of sugar into the United States is established at, or is increased to, a level in excess of 1,500,000 short tons raw value, the Secretary shall carry out this section by making available nonrecourse loans. Any recourse loan previously made available by the Secretary under this section during the fiscal year shall be changed by the Secretary into a nonrecourse loan.

(3) PROCESSOR ASSURANCES.—If the Secretary is required under paragraph (2) to make nonrecourse loans available during a fiscal year or to change recourse loans into nonrecourse loans, the Secretary shall obtain from each processor that receives a loan under this section such assurances as the Secretary considers adequate to ensure that the processor will provide payments to producers that are proportional to the value of the loan received by the processor for sugar beets and sugarcane delivered by producers served by the processor. The Secretary may establish appropriate minimum payments for purposes of this paragraph.

(e) MARKETING ASSESSMENT.—

(1) SUGARCANE.—Effective for marketings of raw cane sugar during the 1996 through 2003 fiscal years, the first processor of sugarcane shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to—

(A) in the case of marketings during fiscal year 1996, 1.1 percent of the loan rate established under subsection (a) per pound of raw cane sugar, processed by the processor from domestically produced sugarcane or sugarcane molasses, that has been marketed (including the transfer or delivery of the sugar to a refinery for further processing or marketing); and

(B) in the case of marketings during each of fiscal years 1997 through 2003, 1.375 percent of the loan rate established under subsection (a) per pound of raw cane sugar, processed by the processor from domestically produced sugarcane or sugarcane molasses, that has been marketed (including the transfer or delivery of the sugar to a refinery for further processing or marketing).

(2) SUGAR BEETS.—Effective for marketings of beet sugar during the 1996 through 2003 fiscal years, the first processor of sugar beets shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to—

(A) in the case of marketings during fiscal year 1996, 1.1794 percent of the loan rate established under subsection (a) per pound of beet sugar, processed by the processor from domestically produced sugar beets or sugar beet molasses, that has been marketed; and

(B) in the case of marketings during each of fiscal years 1997 through 2003, 1.47425 percent of the loan rate established under subsection (a) per pound of beet sugar, processed by the processor from domestically produced sugar beets or sugar beet molasses, that has been marketed.

(3) COLLECTION.—

(A) TIMING.—A marketing assessment required under this subsection shall be collected on a monthly basis and shall be remitted to the Commodity Credit Corporation not later than 30 days after the end of each month. Any cane sugar or beet sugar processed during a fiscal year that has not been marketed by September 30 of the year shall be subject to assessment on that date. The sugar shall not be subject to a second assessment at the time that it is marketed.

(B) MANNER.—Subject to subparagraph (A), marketing assessments shall be collected under this subsection in the manner prescribed by the Secretary and shall be nonrefundable.

(4) PENALTIES.—If any person fails to remit the assessment required by this subsection or fails to comply with such requirements for recordkeeping or otherwise as are required by the Secretary to carry out this subsection, the person shall be liable to the Secretary for a civil penalty up to an amount determined by multiplying—

(A) the quantity of cane sugar or beet sugar involved in the violation; by

(B) the loan rate for the applicable crop of sugarcane or sugar beets.

(5) ENFORCEMENT.—The Secretary may enforce this subsection in a court of the United States.

(f) FORFEITURE PENALTY.—

(1) IN GENERAL.—A penalty shall be assessed on the forfeiture of any sugar pledged as collateral for a nonrecourse loan under this section.

(2) CANE SUGAR.—The penalty for cane sugar shall be 1 cent per pound.

(3) BEET SUGAR.—The penalty for beet sugar shall bear the same relation to the penalty for cane sugar as the marketing assessment for sugar beets bears to the marketing assessment for sugarcane.

(4) EFFECT OF FORFEITURE.—Any payments owed producers by a processor that forfeits of any sugar pledged as collateral for a nonrecourse loan shall be reduced in proportion to the loan forfeiture penalty incurred by the processor.

(g) INFORMATION REPORTING.—

(1) DUTY OF PROCESSORS AND REFINERS TO REPORT.—A sugarcane processor, cane sugar refiner, and sugar beet processor shall furnish the Secretary, on a monthly basis, such information as the Secretary may require to administer sugar programs, including the quantity of purchases of sugarcane, sugar beets, and sugar, and production, importation, distribution, and stock levels of sugar.

(2) PENALTY.—Any person willfully failing or refusing to furnish the information, or furnishing willfully any false information, shall be subject to a civil penalty of not more than $10,000 for each such violation.

(3) MONTHLY REPORTS.—Taking into consideration the information received under paragraph (1), the Secretary shall publish on a monthly basis composite data on production, imports, distribution, and stock levels of sugar.

(h) CROPS.—This section shall be effective only for the 1996 through 2002 crops of sugar beets and sugarcane.

SEC. 108. ADMINISTRATION.

(a) COMMODITY CREDIT CORPORATION.—

(1) USE OF CORPORATION.—The Secretary shall carry out this title through the Commodity Credit Corporation.

(2) SALARIES AND EXPENSES.—No funds of the Corporation shall be used for any salary or expense of any officer or employee of the Department of Agriculture.

(b) DETERMINATIONS BY SECRETARY.—A determination made by the Secretary under this title or the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.) shall be final and conclusive.

(c) REGULATIONS.—The Secretary may issue such regulations as the Secretary determines necessary to carry out this title.

SEC. 109. SUSPENSION AND REPEAL OF PERMANENT AUTHORITIES.

(a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—

(1) IN GENERAL.—The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1996 through 2002 crops:

(A) Parts II through V of subtitle B of title III (7 U.S.C. 1326–1351).

(B) Subsections (a) through (j) of section 358 (7 U.S.C. 1358).

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

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

(E) Part VII of subtitle B of title III (7 U.S.C. 1359aa–1359jj).

(F) In the case of peanuts, part I of subtitle C of title III (7 U.S.C. 1361–1368).

(G) In the case of upland cotton, section 377 (7 U.S.C. 1377).

(H) Subtitle D of title III (7 U.S.C. 1379a–1379j).

(I) Title IV (7 U.S.C. 1401–1407).

(2) REPORTS AND RECORDS.—Effective only for the 1996 through 2002 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended by inserting before ''all brokers and dealers in peanuts'' the following: ''all producers engaged in the production of peanuts,''.

(b) AGRICULTURAL ACT OF 1949.—

(1) SUSPENSIONS.—The following provisions of the Agricultural Act of 1949 shall not be applicable to the 1996 through 2002 crops:

(A) Section 101 (7 U.S.C. 1441).

(B) Section 103(a) (7 U.S.C. 1444(a)).

(C) Section 105 (7 U.S.C. 1444b).

(D) Section 107 (7 U.S.C. 1445a).

(E) Section 110 (7 U.S.C. 1445e).

(F) Section 112 (7 U.S.C. 1445g).

(G) Section 115 (7 U.S.C. 1445k).

(H) Title III (7 U.S.C. 1447–1449).

(I) Title IV (7 U.S.C. 1421–1433d), other than sections 404, 406, 412, 416, and 427 (7 U.S.C. 1424, 1426, 1429, 1431, and 1433f).

(J) Title V (7 U.S.C. 1461–1469).

(K) Title VI (7 U.S.C. 1471–1471j).

(2) REPEALS.—The following provisions of the Agricultural Act of 1949 are repealed:

(A) Section 103B (7 U.S.C. 1444–2).

(B) Section 108B (7 U.S.C. 1445c–3).

(C) Section 113 (7 U.S.C. 1445h).

(D) Section 114(b) (7 U.S.C. 1445j(b)).

(E) Sections 205, 206, and 207 (7 U.S.C. 1446f, 1446g, and 1446h).

(F) Section 406 (7 U.S.C. 1426).

(c) SUSPENSION OF CERTAIN QUOTA PROVISIONS.—The joint resolution entitled ''A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended'', approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1996 through 2002.

SEC. 110. EFFECT OF AMENDMENTS.

(a) EFFECT ON PRIOR CROPS.—Except as otherwise specifically provided and notwithstanding any other provision of law, this title and the amendments made by this title shall not affect the authority of the Secretary to carry out a price support or production adjustment program for any of the 1991 through 1995 crops of an agricultural commodity established under a provision of law in effect immediately before the date of the enactment of this Act.

(b) LIABILITY.—A provision of this title or an amendment made by this title shall not affect the liability of any person under any provision of law as in effect before the date of the enactment of this Act.

TITLE II—AGRICULTURAL TRADE

Subtitle A—Amendments to Agricultural Trade Development and Assistance Act of 1954 and Related Statutes

SEC. 201. FOOD AID TO DEVELOPING COUNTRIES.

(a) IN GENERAL.—Section 3 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691a) is amended to read as follows:

''SEC. 3. FOOD AID TO DEVELOPING COUNTRIES.

''(a) POLICY.—In light of the Uruguay Round Agreement on Agriculture and the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Program on Least-Developed and Net-Food Importing Developing Countries, the United States reaffirms the commitment of the United States to providing food aid to developing countries.

''(b) SENSE OF CONGRESS.—It is the sense of Congress that—

''(1) the President should initiate consultations with other donor nations to consider appropriate levels of food aid commitments to meet the legitimate needs of developing countries; and

''(2) the United States should increase its contribution of bona fide food assistance to developing countries consistent with the Agreement on Agriculture.''.

(b) CONFORMING AMENDMENT.—Section 411 of the Uruguay Round Agreements Act (19 U.S.C. 3611) is amended by striking subsection (e).

SEC. 202. TRADE AND DEVELOPMENT ASSISTANCE.

Section 101 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701) is amended—

(1) by striking ''developing countries'' each place it appears and inserting ''developing countries and private entities''; and

(2) in subsection (b), by inserting ''and entities'' before the period at the end.

SEC. 203. AGREEMENTS REGARDING ELIGIBLE COUNTRIES AND PRIVATE ENTITIES.

Section 102 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1702) is amended to read as follows:

''SEC. 102. AGREEMENTS REGARDING ELIGIBLE COUNTRIES AND PRIVATE ENTITIES.

''(a) PRIORITY.—In selecting agreements to be entered into under this title, the Secretary shall give priority to agreements providing for the export of agricultural commodities to developing countries that—

''(1) have the demonstrated potential to become commercial markets for competitively priced United States agricultural commodities;

''(2) are undertaking measures for economic development purposes to improve food security and agricultural development, alleviate poverty, and promote broad-based equitable and sustainable development; and

''(3) demonstrate the greatest need for food.

''(b) PRIVATE ENTITIES.—An agreement entered into under this title with a private entity shall require such security, or such other provisions as the Secretary determines necessary, to provide reasonable and adequate assurance of repayment of the financing extended to the private entity.

''(c) AGRICULTURAL MARKET DEVELOPMENT PLAN.—

''(1) DEFINITION OF AGRICULTURAL TRADE ORGANIZATION.—In this subsection, the term 'agricultural trade organization' means a United States agricultural trade organization that promotes the export and sale of a United States agricultural commodity and that does not stand to profit directly from the specific sale of the commodity.

''(2) PLAN.—The Secretary shall consider a developing country for which an agricultural market development plan has been approved under this subsection to have the demonstrated potential to become a commercial market for competitively priced United States agricultural commodities for the purpose of granting a priority under subsection (a).

''(3) REQUIREMENTS.—

''(A) IN GENERAL.—To be approved by the Secretary, an agricultural market development plan shall—

''(i) be submitted by a developing country or private entity, in conjunction with an agricultural trade organization;

"(ii) describe a project or program for the development and expansion of a United States agricultural commodity market in a developing country, and the economic development of the country, using funds derived from the sale of agricultural commodities received under an agreement described in section 101;

"(iii) provide for any matching funds that are required by the Secretary for the project or program;

"(iv) provide for a results-oriented means of measuring the success of the project or program; and

"(v) provide for graduation to the use of non-Federal funds to carry out the project or program, consistent with requirements established by the Secretary.

"(B) AGRICULTURAL TRADE ORGANIZATION.—The project or program shall be designed and carried out by the agricultural trade organization.

"(C) ADDITIONAL REQUIREMENTS.—An agricultural market development plan shall contain such additional requirements as are determined necessary by the Secretary.

"(4) ADMINISTRATIVE COSTS.—

"(A) IN GENERAL.—The Secretary shall make funds made available to carry out this title available for the reimbursement of administrative expenses incurred by agricultural trade organizations in developing, implementing, and administering agricultural market development plans, subject to such requirements and in such amounts as the Secretary considers appropriate.

"(B) DURATION.—The funds shall be made available to agricultural trade organizations for the duration of the applicable agricultural market development plan.

"(C) TERMINATION.—The Secretary may terminate assistance made available under this subsection if the agricultural trade organization is not carrying out the approved agricultural market development plan.".

SEC. 204. TERMS AND CONDITIONS OF SALES.

Section 103 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1703) is amended—

(1) in subsection (a)(2)(A)—

(A) by striking "a recipient country to make"; and

(B) by striking "such country" and inserting "the appropriate country";

(2) in subsection (c), by striking "less than 10 nor"; and

(3) in subsection (d)—

(A) by striking "recipient country" and inserting "developing country or private entity"; and

(B) by striking "7" and inserting "5".

SEC. 205. USE OF LOCAL CURRENCY PAYMENT.

Section 104 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1704) is amended—

(1) in subsection (a), by striking "recipient country" and inserting "developing country or private entity"; and

(2) in subsection (c)—

(A) by striking "recipient country" each place it appears and inserting "appropriate developing country"; and

(B) in paragraph (3), by striking "recipient countries" and inserting "appropriate developing countries".

SEC. 206. VALUE-ADDED FOODS.

Section 105 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1705) is repealed.

SEC. 207. ELIGIBLE ORGANIZATIONS.

(a) IN GENERAL.—Section 202 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1722) is amended—

(1) by striking subsection (b) and inserting the following:

"(b) NONEMERGENCY ASSISTANCE.—

"(1) IN GENERAL.—The Administrator may provide agricultural commodities for nonemergency assistance under this title through eligible organizations (as described in subsection (d)) that have entered into an agreement with the Administrator to use the commodities in accordance with this title.

"(2) LIMITATION.—The Administrator may not deny a request for funds submitted under this subsection because the program for which the funds are requested—

"(A) would be carried out by the eligible organization in a foreign country in which the Agency for International Development does not have a mission, office, or other presence; or

"(B) is not part of a development plan for the country prepared by the Agency."; and

(2) in subsection (e)—

(A) in the subsection heading, by striking "PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES" and inserting "ELIGIBLE ORGANIZATIONS";

(B) in paragraph (1)—

(i) by striking "$13,500,000" and inserting "$28,000,000"; and

(ii) by striking "private voluntary organizations and cooperatives to assist such organizations and cooperatives" and inserting "eligible organizations described in subsection (d), to assist the organizations";

(C) by striking paragraph (2) and inserting the following:

"(2) REQUEST FOR FUNDS.—To receive funds made available under paragraph (1), a private voluntary organization or cooperative shall submit a request for the funds that is subject to approval by the Administrator."; and

(D) in paragraph (3), by striking "a private voluntary organization or cooperative, the Administrator may provide assistance to that organization or cooperative" and inserting "an eligible organization, the Administrator may provide assistance to the eligible organization".

(b) CONFORMING AMENDMENTS.—Section 207 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726a) is amended—

(1) in subsection (a), by striking "a private voluntary organization or cooperative" and inserting "an eligible organization"; and

(2) in subsection (b)—

(A) in paragraph (1), by striking "private voluntary organizations and cooperatives" and inserting "eligible organizations"; and

(B) in paragraph (2), by striking "organizations, cooperatives," and inserting "eligible organizations".

SEC. 208. GENERATION AND USE OF FOREIGN CURRENCIES.

Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) is amended—

(1) in subsection (a), by inserting ", or in a country in the same region," after "in the recipient country";

(2) in subsection (b)—

(A) by inserting "or in countries in the same region," after "in recipient countries,"; and

(B) by striking "10 percent" and inserting "15 percent";

(3) in subsection (c), by inserting "or in a country in the same region," after "in the recipient country,"; and

(4) in subsection (d)(2), by inserting "or within a country in the same region" after "within the recipient country".

SEC. 209. GENERAL LEVELS OF ASSISTANCE UNDER PUBLIC LAW 480.

Section 204(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724(a)) is amended—

(1) in paragraph (1), by striking "amount that" and all that follows through the period at the end and inserting "amount that for each of fiscal years 1996 through 2002 is not less than 2,025,000 metric tons.";

(2) in paragraph (2), by striking "amount that" and all that follows through the period at the end and inserting "amount that for each of fiscal years 1996 through 2002 is not less than 1,550,000 metric tons."; and

(3) in paragraph (3), by adding at the end the following: "No waiver shall be made before the beginning of the applicable fiscal year.".

SEC. 210. FOOD AID CONSULTATIVE GROUP.

Section 205 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1725) is amended—

(1) in subsection (a), by striking "private voluntary organizations, cooperatives and indigenous non-governmental organizations" and inserting "eligible organizations described in section 202(d)(1)";

(2) in subsection (b)—

(A) in paragraph (2), by striking "for International Affairs and Commodity Programs" and inserting "of Agriculture for Farm and Foreign Agricultural Services";

(B) in paragraph (4), by striking "and" at the end;

(C) in paragraph (5), by striking the period at the end and inserting "; and"; and

(D) by adding at the end the following:

"(6) representatives from agricultural producer groups in the United States.";

(3) in the second sentence of subsection (d), by inserting "(but at least twice per year)" after "when appropriate"; and

(4) in subsection (f), by striking "1995" and inserting "2002".

SEC. 211. SUPPORT OF NONGOVERNMENTAL ORGANIZATIONS.

(a) IN GENERAL.—Section 306(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727e(b)) is amended—

(1) in the subsection heading, by striking "INDIGENOUS NON-GOVERNMENTAL" and inserting "NONGOVERNMENTAL"; and

(2) by striking "utilization of indigenous" and inserting "utilization of".

(b) CONFORMING AMENDMENT.—Section 402 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1732) is amended by striking paragraph (6) and inserting the following:

"(6) NONGOVERNMENTAL ORGANIZATION.—The term 'nongovernmental organization' means an organization that works at the local level to solve development problems in a foreign country in which the organization is located, except that the term does not include an organization that is primarily an agency or instrumentality of the government of the foreign country.".

SEC. 212. COMMODITY DETERMINATIONS.

Section 401 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1731) is amended—

(1) by striking subsections (a) through (d) and inserting the following:

"(a) AVAILABILITY OF COMMODITIES.—No agricultural commodity shall be available for disposition under this Act if the Secretary determines that the disposition would reduce the domestic supply of the commodity below the supply needed to meet domestic requirements and provide adequate carryover (as determined by the Secretary), unless the Secretary determines that some part of the supply should be used to carry out urgent humanitarian purposes under this Act.";

(2) by redesignating subsections (e) and (f) as subsections (b) and (c), respectively; and

(3) in subsection (c) (as so redesignated), by striking "(e)(1)" and inserting "(b)(1)".

SEC. 213. GENERAL PROVISIONS.

Section 403 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1733) is amended—

(1) in subsection (b)—

(A) in the subsection heading, by striking "CONSULTATIONS" and inserting "IMPACT ON LOCAL FARMERS AND ECONOMY"; and

(B) by striking ''consult with'' and all that follows through ''other donor organizations to'';

(2) in subsection (c)—

(A) by striking ''from countries''; and

(B) by striking ''for use'' and inserting ''or use'';

(3) in subsection (f)—

(A) by inserting ''or private entities, as appropriate,'' after ''from countries''; and

(B) by inserting ''or private entities'' after ''such countries''; and

(4) in subsection (i)(2), by striking subparagraph (C).

SEC. 214. AGREEMENTS.

Section 404 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1734) is amended—

(1) in subsection (a), by inserting ''with foreign countries'' after ''Before entering into agreements'';

(2) in subsection (b)(2)—

(A) by inserting ''with foreign countries'' after ''with respect to agreements entered into''; and

(B) by inserting before the semicolon at the end the following: ''and broad-based economic growth''; and

(3) in subsection (c), by striking paragraph (1) and inserting the following:

''(1) IN GENERAL.—Agreements to provide assistance on a multi-year basis to recipient countries or to eligible organizations—

''(A) may be made available under titles I and III; and

''(B) shall be made available under title II.''.

SEC. 215. USE OF COMMODITY CREDIT CORPORATION.

Section 406 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736) is amended—

(1) in subsection (a), by striking ''shall'' and inserting ''may''; and

(2) in subsection (b)—

(A) by inserting ''titles II and III of'' after ''commodities made available under''; and

(B) by striking paragraph (4) and inserting the following:

''(4) the vessel freight charges from United States ports or designated Canadian transshipment ports, as determined by the Secretary, to designated ports of entry abroad;''.

SEC. 216. ADMINISTRATIVE PROVISIONS.

Section 407 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736a) is amended—

(1) in subsection (a)—

(A) in paragraph(1), by inserting ''or private entity that enters into an agreement under title I'' after ''importing country''; and

(B) in paragraph (2), by adding at the end the following: ''Resulting contracts may contain such terms and conditions as the Secretary determines are necessary and appropriate.'';

(2) in subsection (c)—

(A) in paragraph (1)(A), by inserting ''importer or'' before ''importing country''; and

(B) in paragraph (2)(A), by inserting ''importer or'' before ''importing country'';

(3) in subsection (d)—

(A) by striking paragraph (2) and inserting the following:

''(2) FREIGHT PROCUREMENT.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) or other similar provisions of law relating to the making or performance of Federal Government contracts, ocean transportation under titles II and III may be procured on the basis of such full and open competitive procedures. Resulting contracts may contain such terms and conditions, as the Administrator determines are necessary and appropriate.''; and

(B) by striking paragraph (4);

(4) in subsection (g)(2)—

(A) in subparagraph (B), by striking ''and'' at the end;

(B) in subparagraph (C), by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(D) an assessment of the progress towards achieving food security in each country receiving food assistance from the United States Government, with special emphasis on the nutritional status of the poorest populations in each country.''; and

(5) by striking subsection (h).

SEC. 217. EXPIRATION DATE.

Section 408 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736b) is amended by striking ''1995'' and inserting ''2002''.

SEC. 218. REGULATIONS.

Section 409 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736c) is repealed.

SEC. 219. INDEPENDENT EVALUATION OF PROGRAMS.

Section 410 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736d) is repealed.

SEC. 220. AUTHORIZATION OF APPROPRIATIONS.

Section 412 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736f) is amended—

(1) by striking subsections (b) and (c) and inserting the following:

''(b) TRANSFER OF FUNDS.—Notwithstanding any other provision of law, the President may direct that—

''(1) up to 15 percent of the funds available for any fiscal year for carrying out any title of this Act be used to carry out any other title of this Act; and

''(2) any funds available for title III be used to carry out title II.''; and

(2) by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.

SEC. 221. COORDINATION OF FOREIGN ASSISTANCE PROGRAMS.

Section 413 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736g) is amended by inserting ''title III of'' before ''this Act'' each place it appears.

SEC. 222. MICRONUTRIENT FORTIFICATION PILOT PROGRAM.

Title IV of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1731 et seq.) is amended by adding at the end the following:

''SEC. 415. MICRONUTRIENT FORTIFICATION PILOT PROGRAM.

''(a) IN GENERAL.—Not later than September 30, 1997, the Secretary, in consultation with the Administrator, shall establish a micronutrient fortification pilot program under this Act. The purposes of the program shall be to—

''(1) assist developing countries in correcting micronutrient dietary deficiencies among segments of the populations of the countries; and

''(2) encourage the development of technologies for the fortification of whole grains and other commodities that are readily transferable to developing countries.

''(b) SELECTION OF PARTICIPATING COUNTRIES.—From among the countries eligible for assistance under this Act, the Secretary may select not more than 5 developing countries to participate in the pilot program.

''(c) FORTIFICATION.—Under the pilot program, whole grains and other commodities made available to a developing country selected to participate in the pilot program may be fortified with 1 or more micronutrients (including vitamin A, iron, and iodine) with respect to which a substantial portion of the population in the country are deficient. The commodity may be fortified in the United States or in the developing country.

''(d) TERMINATION OF AUTHORITY.—The authority to carry out the pilot program established under this section shall terminate on September 30, 2002.''.

SEC. 223. USE OF CERTAIN LOCAL CURRENCY.

Title IV of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1731 et seq.) (as amended by section 222) is further amended by adding at the end the following:

''SEC. 416. USE OF CERTAIN LOCAL CURRENCY.

''Local currency payments received by the United States pursuant to agreements entered into under title I (as in effect on November 27, 1990) may be utilized by the Secretary in accordance with section 108 (as in effect on November 27, 1990).''.

SEC. 224. LEVELS OF ASSISTANCE UNDER FARMER-TO-FARMER PROGRAM.

Section 501 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1737) is amended—

(1) in subsection (a)—

(A) by redesignating paragraphs (4) through (6) as paragraphs (5) through (7), respectively; and

(B) by inserting after paragraph (3) the following:

''(4) assist the travel of farmers and other agricultural professionals from developing countries, middle income countries, and emerging democracies to the United States for educational purposes consistent with the objectives of this section;''; and

(2) in subsection (c), by striking ''1991 through 1995'' and inserting ''1996 through 2002''.

SEC. 225. FOOD SECURITY COMMODITY RESERVE.

(a) IN GENERAL.—Title III of the Agricultural Act of 1980 (7 U.S.C. 1736f–1 et seq.) is amended to read as follows:

''TITLE III—FOOD SECURITY COMMODITY RESERVE

''SEC. 301. SHORT TITLE.

''This title may be cited as the 'Food Security Commodity Reserve Act of 1996'.

''SEC. 302. ESTABLISHMENT OF COMMODITY RESERVE.

''(a) IN GENERAL.—To provide for a reserve solely to meet emergency humanitarian food needs in developing countries, the Secretary of Agriculture (referred to in this title as the 'Secretary') shall establish a reserve stock of wheat, rice, corn, or sorghum, or any combination of the commodities, totalling not more than 4,000,000 metric tons for use as described in subsection (c).

''(b) COMMODITIES IN RESERVE.—

''(1) IN GENERAL.—The reserve established under this section shall consist of—

''(A) wheat in the reserve established under the Food Security Wheat Reserve Act of 1980 as of the effective date of the Agricultural Reform and Improvement Act of 1996;

''(B) wheat, rice, corn, and sorghum (referred to in this section as 'eligible commodities') acquired in accordance with paragraph (2) to replenish eligible commodities released from the reserve, including wheat to replenish wheat released from the reserve established under the Food Security Wheat Reserve Act of 1980 but not replenished as of the effective date of the Agricultural Reform and Improvement Act of 1996; and

''(C) such rice, corn, and sorghum as the Secretary may, at such time and in such manner as the Secretary determines appropriate, acquire as a result of exchanging an equivalent value of wheat in the reserve established under this section.

''(2) REPLENISHMENT OF RESERVE.—

''(A) IN GENERAL.—Subject to subsection (i), commodities of equivalent value to eligible commodities in the reserve established under this section may be acquired—

''(i) through purchases—

''(I) from producers; or

''(II) in the market, if the Secretary determines that the purchases will not unduly disrupt the market; or

''(ii) by designation by the Secretary of stocks of eligible commodities of the Commodity Credit Corporation.

''(B) FUNDS.—Any use of funds to acquire eligible commodities through purchases from producers or in the market to replenish the reserve must be authorized in an appropriation Act.

''(c) RELEASE OF ELIGIBLE COMMODITIES.—

''(1) EMERGENCY FOOD ASSISTANCE.—Notwithstanding any other law, eligible commodities designated or acquired for the reserve established under this section may be released by the Secretary to provide, on a donation or sale basis, emergency food assistance to developing countries at such time as the domestic supply of the eligible commodities is so limited that quantities of the eligible commodities cannot be made available for disposition under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) (other than disposition for urgent humanitarian purposes under section 401 of the Act (7 U.S.C. 1731)).

''(2) PROVISION OF URGENT HUMANITARIAN RELIEF.—

''(A) IN GENERAL.—Notwithstanding paragraph (1), eligible commodities may be released from the reserve established under this section for any fiscal year, without regard to the availability of domestic supply, for use under title II of the Agricultural Trade Development Assistance Act of 1954 (7 U.S.C. 1721 et seq.) in providing urgent humanitarian relief in any developing country suffering a major disaster (as determined by the Secretary) in accordance with this paragraph.

''(B) EXCEPTIONAL NEED.—If the eligible commodities needed for relief cannot be made available for relief in a timely manner under the normal means of obtaining eligible commodities for food assistance because of circumstances of unanticipated and exceptional need, up to 500,000 metric tons of eligible commodities may be released under subparagraph (A).

''(C) FUNDS.—If the Secretary certifies that the funds made available for a fiscal year to carry out title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) are not less than the funds made available for the previous fiscal year, up to 1,000,000 metric tons of eligible commodities may be released under subparagraph (A).

''(D) WAIVER OF MINIMUM TONNAGE REQUIREMENTS.—Nothing in this paragraph shall require the exercise of the waiver under section 204(a)(3) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 5624(a)(3)) as a prerequisite for the release of eligible commodities under this paragraph.

''(E) LIMITATION.—The quantity of eligible commodities released under this paragraph may not exceed 1,000,000 metric tons in any fiscal year.

''(3) PROCESSING OF ELIGIBLE COMMODITIES.—Eligible commodities that are released from the reserve established under this section may be processed in the United States and shipped to a developing country when conditions in the recipient country require processing.

''(4) EXCHANGE.—The Secretary may exchange an eligible commodity for another United States commodity of equal value, including powdered milk, pulses, and vegetable oil.

''(d) USE OF ELIGIBLE COMMODITIES.—Eligible commodities that are released from the reserve established under this section for the purpose of subsection (c) shall be made available under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) to meet famine or other urgent or extraordinary relief needs, except that section 401 of the Act (7 U.S.C. 1731), with respect to determinations of availability, shall not be applicable to the release.

''(e) MANAGEMENT OF ELIGIBLE COMMODITIES.—The Secretary shall provide—

''(1) for the management of eligible commodities in the reserve established under this section as to location and quality of eligible commodities needed to meet emergency situations; and

''(2) for the periodic rotation or replacement of stocks of eligible commodities in the reserve to avoid spoilage and deterioration of the commodities.

''(f) TREATMENT OF RESERVE UNDER OTHER LAW.—Eligible commodities in the reserve established under this section shall not be—

''(1) considered a part of the total domestic supply (including carryover) for the purpose of subsection (c) or for the purpose of administering the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.); and

''(2) subject to any quantitative limitation on exports that may be imposed under section 7 of the Export Administration Act of 1979 (50 U.S.C. App. 2406).

''(g) USE OF COMMODITY CREDIT CORPORATION.—

''(1) IN GENERAL.—Subject to the limitations provided in this section, the funds, facilities, and authorities of the Commodity Credit Corporation shall be used by the Secretary in carrying out this section, except that any restriction applicable to the acquisition, storage, or disposition of eligible commodities owned or controlled by the Commodity Credit Corporation shall not apply.

''(2) REIMBURSEMENT.—

''(A) IN GENERAL.—The Commodity Credit Corporation shall be reimbursed for the release of eligible commodities from funds made available to carry out the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.).

''(B) BASIS FOR REIMBURSEMENT.—The reimbursement shall be made on the basis of the lesser of—

''(i) the actual costs incurred by the Commodity Credit Corporation with respect to the eligible commodity; or

''(ii) the export market price of the eligible commodity (as determined by the Secretary) as of the time the eligible commodity is released from the reserve for the purpose.

''(C) SOURCE OF FUNDS.—The reimbursement may be made from funds appropriated for the purpose of reimbursement in subsequent fiscal years.

''(h) FINALITY OF DETERMINATION.—Any determination by the Secretary under this section shall be final.

''(i) TERMINATION OF AUTHORITY.—

''(1) IN GENERAL.—The authority to replenish stocks of eligible commodities to maintain the reserve established under this section shall terminate on September 30, 2002.

''(2) DISPOSAL OF ELIGIBLE COMMODITIES.—Eligible commodities remaining in the reserve after September 30, 2002, shall be disposed of by release for use in providing for emergency humanitarian food needs in developing countries as provided in this section.''.

(b) CONFORMING AMENDMENT.—Section 208(d) of the Agriculture Trade Suspension Adjustment Act of 1980 (7 U.S.C. 4001(d)) is amended by striking paragraph (2) and inserting the following:

''(2) APPLICABILITY OF CERTAIN PROVISIONS.—Subsections (c), (d), (e), (f), and (g)(2) of section 302 of the Food Security Commodity Reserve Act of 1996 shall apply to commodities in any reserve established under paragraph (1), except that the references to 'eligible commodities' in the subsections shall be deemed to be references to 'agricultural commodities'.''.

SEC. 226. PROTEIN BYPRODUCTS DERIVED FROM ALCOHOL FUEL PRODUCTION.

Section 1208 of the Agriculture and Food Act of 1981 (7 U.S.C. 1736n) is repealed.

SEC. 227. FOOD FOR PROGRESS PROGRAM.

The Food for Progress Act of 1985 (7 U.S.C. 1736o) is amended—

(1) in subsection (b)—

(A) in paragraph (1)—

(i) by striking ''(b)(1)'' and inserting ''(b)''; and

(ii) in the first sentence, by inserting ''intergovernmental organizations'' after ''cooperatives''; and

(B) by striking paragraph (2);

(2) in subsection (e)(4), by striking ''203'' and inserting ''406'';

(3) in subsection (f)—

(A) in paragraph (1), by striking ''in the case of the independent states of the former Soviet Union,'';

(B) by striking paragraph (2);

(C) in paragraph (4), by inserting ''in each of fiscal years 1996 through 2002'' after ''may be used''; and

(D) by redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively;

(4) in subsection (g), by striking ''1995'' and inserting ''2002'';

(5) in subsection (j), by striking ''shall'' and inserting ''may'';

(6) in subsection (k), by striking ''1995'' and inserting ''2002'';

(7) in subsection (l)(1)—

(A) by striking ''1991 through 1995'' and inserting ''1996 through 2002''; and

(B) by inserting '', and to provide technical assistance for monetization programs,'' after ''monitoring of food assistance programs''; and

(8) in subsection (m)—

(A) by striking ''with respect to the independent states of the former Soviet Union'';

(B) by striking ''private voluntary organizations and cooperatives'' each place it appears and inserting ''agricultural trade organizations, intergovernmental organizations, private voluntary organizations, and cooperatives''; and

(C) in paragraph (2), by striking ''in the independent states''.

SEC. 228. USE OF FOREIGN CURRENCY PROCEEDS FROM EXPORT SALES FINANCING.

Section 402 of the Mutual Security Act of 1954 (22 U.S.C. 1922) is repealed.

SEC. 229. STIMULATION OF FOREIGN PRODUCTION.

Section 7 of the Act of December 30, 1947 (61 Stat. 947, chapter 526; 50 U.S.C. App. 1917) is repealed.

Subtitle B—Amendments to Agricultural Trade Act of 1978

SEC. 241. AGRICULTURAL EXPORT PROMOTION STRATEGY.

(a) IN GENERAL.—Section 103 of the Agricultural Trade Act of 1978 (7 U.S.C. 5603) is amended to read as follows:

''SEC. 103. AGRICULTURAL EXPORT PROMOTION STRATEGY.

''(a) IN GENERAL.—The Secretary shall develop a strategy for implementing Federal agricultural export promotion programs that takes into account the new market opportunities for agricultural products, including opportunities that result from—

''(1) the North American Free Trade Agreement and the Uruguay Round Agreements;

''(2) any accession to membership in the World Trade Organization;

''(3) the continued economic growth in the Pacific Rim; and

''(4) other developments.

''(b) PURPOSE OF STRATEGY.—The strategy developed under subsection (a) shall encourage the maintenance, development, and expansion of export markets for United States agricultural commodities and related products, including high-value and value-added products.

''(c) GOALS OF STRATEGY.—The strategy developed under subsection (a) shall have the following goals:

''(1) By September 30, 2002, increasing the value of annual United States agricultural exports to $60,000,000,000.

''(2) By September 30, 2002, increasing the United States share of world export trade in agricultural products significantly above the average United States share from 1993 through 1995.

''(3) By September 30, 2002, increasing the United States share of world trade in high-value agricultural products to 20 percent.

''(4) Ensuring that the value of United States exports of agricultural products increases at a faster rate than the rate of increase in the value of overall world export trade in agricultural products.

''(5) Ensuring that the value of United States exports of high-value agricultural products increases at a faster rate than the rate of increase in overall world export trade in high-value agricultural products.

''(6) Ensuring to the extent practicable that—

''(A) substantially all obligations undertaken in the Uruguay Round Agreement on Agriculture that provide significantly increased access for United States agricultural commodities are implemented to the extent required by the Uruguay Round Agreements; or

''(B) applicable United States trade laws are used to secure United States rights under the Uruguay Round Agreement on Agriculture.

''(d) PRIORITY MARKETS.—

''(1) IDENTIFICATION OF MARKETS.—In developing the strategy required under subsection (a), the Secretary shall identify as priority markets—

''(A) those markets in which imports of agricultural products show the greatest potential for increase by September 30, 2002; and

''(B) those markets in which, with the assistance of Federal export promotion programs, exports of United States agricultural products show the greatest potential for increase by September 30, 2002.

''(2) IDENTIFICATION OF SUPPORTING OFFICES.—The President shall identify annually in the budget of the United States Government submitted under section 1105 of title 31, United States Code, each overseas office of the Foreign Agricultural Service that provides assistance to United States exporters in each of the priority markets identified under paragraph (1).

''(e) REPORT.—Not later than December 31, 2001, the Secretary shall prepare and submit a report to Congress assessing progress in meeting the goals established by subsection (c).

''(f) FAILURE TO MEET GOALS.—Notwithstanding any other law, if the Secretary determines that more than 2 of the goals established by subsection (c) are not met by September 30, 2002, the Secretary may not carry out agricultural trade programs under the Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) as of that date.

''(g) NO PRIVATE RIGHT OF ACTION.—This section shall not create any private right of action.''.

(b) CONTINUATION OF FUNDING.—

(1) IN GENERAL.—If the Secretary of Agriculture makes a determination under section 103(f) of the Agricultural Trade Act of 1978 (as amended by subsection (a)), the Secretary shall utilize funds of the Commodity Credit Corporation to promote United States agricultural exports in a manner consistent with the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.) and obligations pursuant to the Uruguay Round Agreements.

(2) FUNDING.—The amount of Commodity Credit Corporation funds used to carry out paragraph (1) during a fiscal year shall not exceed the total outlays for agricultural trade programs under the Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) during fiscal year 2002.

(c) ELIMINATION OF REPORT.—

(1) IN GENERAL.—Section 601 of the Agricultural Trade Act of 1978 (7 U.S.C. 5711) is repealed.

(2) CONFORMING AMENDMENT.—The last sentence of section 603 of the Agricultural Trade Act of 1978 (7 U.S.C. 5713) is amended by striking '', in a consolidated report,'' and all that follows through ''section 601'' and inserting ''or in a consolidated report''.

SEC. 242. EXPORT CREDITS.

(a) EXPORT CREDIT GUARANTEE PROGRAM.—Section 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5622) is amended—

(1) in subsection (a)—

(A) by striking ''GUARANTEES.—The'' and inserting the following: ''GUARANTEES.—

''(1) IN GENERAL.—The''; and

(B) by adding at the end the following:

''(2) SUPPLIER CREDITS.—In carrying out this section, the Commodity Credit Corporation may issue guarantees for the repayment of credit made available for a period of not more than 180 days by a United States exporter to a buyer in a foreign country.'';

(2) in subsection (f)—

(A) by striking ''(f) RESTRICTIONS.—The'' and inserting the following:

''(f) RESTRICTIONS.—

''(1) IN GENERAL.—The''; and

(B) by adding at the end the following:

''(2) CRITERIA FOR DETERMINATION.—In making the determination required under paragraph (1) with respect to credit guarantees under subsection (b) for a country, the Secretary may consider, in addition to financial, macroeconomic, and monetary indicators—

''(A) whether an International Monetary Fund standby agreement, Paris Club rescheduling plan, or other economic restructuring plan is in place with respect to the country;

''(B) the convertibility of the currency of the country;

''(C) whether the country provides adequate legal protection for foreign investments;

''(D) whether the country has viable financial markets;

''(E) whether the country provides adequate legal protection for the private property rights of citizens of the country; and

''(F) any other factors that are relevant to the ability of the country to service the debt of the country.'';

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

''(h) UNITED STATES AGRICULTURAL COMPONENTS.—The Commodity Credit Corporation shall finance or guarantee under this section only United States agricultural commodities.'';

(4) in subsection (i)—

(A) by striking ''INSTITUTIONS.—A financial'' and inserting the following: ''INSTITUTIONS.—

''(1) IN GENERAL.—A financial'';

(B) by striking paragraph (1);

(C) by striking ''(2) is'' and inserting the following:

''(A) is'';

(D) by striking ''(3) is'' and inserting the following:

''(B) is''; and

(E) by adding at the end the following:

''(2) THIRD COUNTRY BANKS.—The Commodity Credit Corporation may guarantee under subsections (a) and (b) the repayment of credit made available to finance an export sale irrespective of whether the obligor is located in the country to which the export sale is destined.''; and

(5) by striking subsection (k) and inserting the following:

''(k) PROCESSED AND HIGH-VALUE PRODUCTS.—

''(1) IN GENERAL.—In issuing export credit guarantees under this section, the Commodity Credit Corporation shall, subject to paragraph (2), ensure that not less than 25 percent for each of fiscal years 1996 and 1997, 30 percent for each of fiscal years 1998 and 1999, and 35 percent for each of fiscal years 2000, 2001, and 2002, of the total amount of credit guarantees issued for a fiscal year is issued to promote the export of processed or high-value agricultural products and that the balance is issued to promote the export of bulk or raw agricultural commodities.

''(2) LIMITATION.—The percentage requirement of paragraph (1) shall apply for a fiscal year to the extent that a reduction in the total amount of credit guarantees issued for the fiscal year is not required to meet the percentage requirement.''.

(b) FUNDING LEVELS.—Section 211(b) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(b)) is amended—

(1) by striking paragraph (2);

(2) by redesignating subparagraph (B) of paragraph (1) as paragraph (2) and indenting the margin of paragraph (2) (as so redesignated) so as to align with the margin of paragraph (1); and

(3) by striking paragraph (1) and inserting the following:

''(1) EXPORT CREDIT GUARANTEES.—The Commodity Credit Corporation shall make available for each of fiscal years 1996 through 2002 not less than $5,500,000,000 in credit guarantees under subsections (a) and (b) of section 202.''.

(c) DEFINITIONS.—Section 102(7) of the Agricultural Trade Act of 1978 (7 U.S.C. 5602(7)) is amended by striking subparagraphs (A) and (B) and inserting the following:

''(A) an agricultural commodity or product entirely produced in the United States; or

''(B) a product of an agricultural commodity—

''(i) 90 percent or more of which by weight, excluding packaging and water, is entirely produced in the United States; and

''(ii) that the Secretary determines to be a high value agricultural product.''.

(d) REGULATIONS.—Not later than 180 days after the effective date of this title, the Secretary of Agriculture shall issue regulations to carry out the amendments made by this section.

SEC. 243. MARKET PROMOTION PROGRAM.

Effective October 1, 1995, section 211(c)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)(1)) is amended—

(1) by striking ''and'' after ''1991 through 1993,''; and

(2) by striking ''through 1997,'' and inserting ''through 1995, and not more than $70,000,000 for each of fiscal years 1996 through 2002,'':

Provided, That funds made available under this Act to carry out the non-generic activities of the market promotion program established under section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) may be used to provide cost-share assistance only to organizations that are non-foreign entities and are recognized as small business concerns under section 3(a) of the Small Business Act (15 U.S.C. 632(a)) or to the associations described in the first section of the Act entitled ''An Act to authorize association of producers of agricultural products'', approved February 22, 1922 (7 U.S.C. 291): *Provided further*, that such funds may not be used to provide cost-share assistance to a foreign eligible trade organization: *Provided further*, That none of the funds made available under this Act may be used to carry out the market promotion program established under section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) if the aggregate amount of funds and value of commodities under the program exceeds $70,000,000.

SEC. 244. EXPORT ENHANCEMENT PROGRAM.

Effective October 1, 1995, section 301(e)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)) is amended to read as follows:

''(1) IN GENERAL.—The Commodity Credit Corporation shall make available to carry out the program established under this section not more than—

''(A) $350,000,000 for fiscal year 1996;

''(B) $350,000,000 for fiscal year 1997;

''(C) $500,000,000 for fiscal year 1998;

''(D) $550,000,000 for fiscal year 1999;

''(E) $579,000,000 for fiscal year 2000;

''(F) $478,000,000 for fiscal year 2001; and

''(G) $478,000,000 for fiscal year 2002.''.

SEC. 245. ARRIVAL CERTIFICATION.

Section 401 of the Agricultural Trade Act of 1978 (7 U.S.C. 5662(a)) is amended by striking subsection (a) and inserting the following:

''(a) ARRIVAL CERTIFICATION.—With respect to a commodity provided, or for which financing or a credit guarantee or other assistance is made available, under a program authorized in section 201, 202, or 301, the Commodity Credit Corporation shall require the exporter of the commodity to maintain records of an official or customary commercial nature or other documents as the Secretary may require, and shall allow representatives of the Commodity Credit Corporation access to the records or documents as needed, to verify the arrival of the commodity in the country that was the intended destination of the commodity.''.

SEC. 246. COMPLIANCE.

Section 402(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5662(a)) is amended—

(1) by striking paragraph (2); and

(2) by redesignating paragraph (3) as paragraph (2).

SEC. 247. REGULATIONS.

Section 404 of the Agricultural Trade Act of 1978 (7 U.S.C. 5664) is repealed.

SEC. 248. TRADE COMPENSATION AND ASSISTANCE PROGRAMS.

Title IV of the Agricultural Trade Act of 1978 (7 U.S.C. 5661 et seq.) is amended by adding at the end the following:

''SEC. 417. TRADE COMPENSATION AND ASSISTANCE PROGRAMS.

''(a) IN GENERAL.—Notwithstanding any other law, if, after the effective date of this section, the President or any other member of the Executive branch causes exports from the United States to any country to be unilaterally suspended for reasons of national security or foreign policy, and if within 180 days after the date on which the suspension is imposed on United States exports no other country agrees to participate in the suspension, the Secretary shall carry out a trade compensation and assistance program in accordance with this section (referred to in this section as a 'program').

''(b) PROVISION OF FUNDS.—Under a program, the Secretary shall make available for each fiscal year funds of the Commodity Credit Corporation, in an amount calculated under subsection (c), to promote agricultural exports or provide agricultural commodities to developing countries, under any authorities available to the Secretary.

''(c) DETERMINATION OF AMOUNT OF FUNDS.—For each fiscal year of a program, the amount of funds made available under subsection (b) shall be equal to 90 percent of the average annual value of United States agricultural exports to the country with respect to which exports are suspended during the most recent 3 years prior to the suspension for which data are available.

''(d) DURATION OF PROGRAM.—

''(1) IN GENERAL.—For each suspension of exports for which a program is implemented under this section, funds shall be made available under subsection (b) for each fiscal year or part of a fiscal year for which the suspension is in effect, but not to exceed 2 fiscal years.

''(2) PARTIAL-YEAR EMBARGOES.—Regardless of whether an embargo is in effect for only part of a fiscal year, the full amount of funds as calculated under subsection (c) shall be made available under a program for the fiscal year. If the Secretary determines that making the required amount of funds available in a partial fiscal year is impracticable, the Secretary may make all or part of the funds required to be made available in the partial fiscal year available in the following fiscal year (in addition to any funds otherwise required under a program to be made available in the following fiscal year).''.

SEC. 249. FOREIGN AGRICULTURAL SERVICE.

Section 503 of the Agricultural Trade Act of 1978 (7 U.S.C. 5693) is amended to read as follows:

''SEC. 503. ESTABLISHMENT OF THE FOREIGN AGRICULTURAL SERVICE.

''The Service shall assist the Secretary in carrying out the agricultural trade policy and international cooperation policy of the United States by—

''(1) acquiring information pertaining to agricultural trade;

''(2) carrying out market promotion and development activities;

''(3) providing agricultural technical assistance and training; and

''(4) carrying out the programs authorized under this Act, the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.), and other Acts.''.

SEC. 250. REPORTS.

The first sentence of section 603 of the Agricultural Trade Act of 1978 (7 U.S.C. 5713) is amended by striking ''The'' and inserting ''Subject to section 217 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6917), the''.

Subtitle C—Miscellaneous

SEC. 251. REPORTING REQUIREMENTS RELATING TO TOBACCO.

Section 214 of the Tobacco Adjustment Act of 1983 (7 U.S.C. 509) is repealed.

SEC. 252. TRIGGERED EXPORT ENHANCEMENT.

(a) READJUSTMENT OF SUPPORT LEVELS.—Section 1302 of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508; 7 U.S.C. 1421 note) is repealed.

(b) TRIGGERED MARKETING LOANS AND EXPORT ENHANCEMENT.—Section 4301 of the Omnibus Trade and Competitiveness Act of 1988 (Public Law 100–418; 7 U.S.C. 1446 note) is repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective beginning with the 1996 crops of wheat, feed grains, upland cotton, and rice.

SEC. 253. DISPOSITION OF COMMODITIES TO PREVENT WASTE.

Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by inserting after the first sentence the following: ''The Secretary may use funds of the Commodity Credit Corporation to cover administrative expenses of the programs.'';

(B) in paragraph (7)(D)(iv), by striking ''one year of acquisition'' and all that follows and inserting the following: ''a reasonable length of time, as determined by the Secretary, except that the Secretary may permit the use of proceeds in a country other than the country of origin—

''(I) as necessary to expedite the transportation of commodities and products furnished under this subsection; or

''(II) if the proceeds are generated in a currency generally accepted in the other country.'';

(C) in paragraph (8), by striking subparagraph (C); and

(D) by striking paragraphs (10), (11), and (12); and

(2) by striking subsection (c).

SEC. 254. DIRECT SALES OF DAIRY PRODUCTS.

Section 106 of the Agriculture and Food Act of 1981 (7 U.S.C. 1446c-1) is repealed.

SEC. 255. EXPORT SALES OF DAIRY PRODUCTS.

Section 1163 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1731 note) is repealed.

SEC. 256. DEBT-FOR-HEALTH-AND-PROTECTION SWAP.

(a) IN GENERAL.—Section 1517 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1706) is repealed.

(b) CONFORMING AMENDMENT.—Subsection (e)(3) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(e)(3)) is amended by striking ''section 106'' and inserting ''section 103''.

SEC. 257. POLICY ON EXPANSION OF INTERNATIONAL MARKETS.

Section 1207 of the Agriculture and Food Act of 1981 (7 U.S.C. 1736m) is repealed.

SEC. 258. POLICY ON MAINTENANCE AND DEVELOPMENT OF EXPORT MARKETS.

Section 1121 of the Food Security Act of 1985 (7 U.S.C. 1736p) is amended—

(1) by striking subsection (a); and

(2) in subsection (b)—

(A) by striking ''(b)''; and

(B) by striking paragraphs (1) through (4) and inserting the following:

''(1) be the premier supplier of agricultural and food products to world markets and expand exports of high value products;

''(2) support the principle of free trade and the promotion of fair trade in agricultural commodities and products;

''(3) cooperate fully in all efforts to negotiate with foreign countries further reductions in tariff and nontariff barriers to trade, including sanitary and phytosanitary measures and trade-distorting subsidies;

''(4) aggressively counter unfair foreign trade practices as a means of encouraging fairer trade;''.

SEC. 259. POLICY ON TRADE LIBERALIZATION.

Section 1122 of the Food Security Act of 1985 (7 U.S.C. 1736q) is repealed.

SEC. 260. AGRICULTURAL TRADE NEGOTIATIONS.

Section 1123 of the Food Security Act of 1985 (7 U.S.C. 1736r) is amended to read as follows:

''SEC. 1123. TRADE NEGOTIATIONS POLICY.

''(a) FINDINGS.—Congress finds that—

''(1) on a level playing field, United States producers are the most competitive suppliers of agricultural products in the world;

''(2) exports of United States agricultural products will account for $53,000,000,000 in 1995, contributing a net $24,000,000,000 to the merchandise trade balance of the United States and supporting approximately 1,000,000 jobs;

''(3) increased agricultural exports are critical to the future of the farm, rural, and overall United States economy, but the opportunities for increased agricultural exports are limited by the unfair subsidies of the competitors of the United States, and a variety of tariff and nontariff barriers to highly competitive United States agricultural products;

''(4) international negotiations can play a key role in breaking down barriers to United States agricultural exports;

''(5) the Uruguay Round Agreement on Agriculture made significant progress in the attainment of increased market access opportunities for United States exports of agricultural products, for the first time—

''(A) restraining foreign trade-distorting domestic support and export subsidy programs; and

''(B) developing common rules for the application of sanitary and phytosanitary restrictions;

that should result in increased exports of United States agricultural products, jobs, and income growth in the United States;

''(6) the Uruguay Round Agreement on Agriculture did not succeed in completely eliminating trade distorting domestic support and export subsidies by—

''(A) allowing the European Union to continue unreasonable levels of spending on export subsidies; and

''(B) failing to discipline monopolistic state trading entities, such as the Canadian Wheat Board, that use nontransparent and discriminatory pricing as a hidden de facto export subsidy;

''(7) during the period 1996 through 2002, there will be several opportunities for the United States to negotiate fairer trade in agricultural products, including further negotiations under the World Trade Organization, and steps toward possible free trade agreements of the Americas and Asian-Pacific Economic Cooperation (APEC); and

''(8) the United States should aggressively use these opportunities to achieve more open and fair opportunities for trade in agricultural products.

''(b) GOALS OF THE UNITED STATES IN AGRICULTURAL TRADE NEGOTIATIONS.—The objectives of the United States with respect to future negotiations on agricultural trade include—

''(1) increasing opportunities for United States exports of agricultural products by eliminating or substantially reducing tariff and nontariff barriers to trade;

''(2) leveling the playing field for United States producers of agricultural products by limiting per unit domestic production supports to levels that are no greater than those available in the United States;

''(3) ending the practice of export dumping by eliminating all trade distorting export subsidies and disciplining state trading entities so that they do not (except in cases of bona fide food aid) sell in foreign markets at below domestic market prices nor their full costs of acquiring and delivering agricultural products to the foreign markets; and

''(4) encouraging government policies that avoid price-depressing surpluses.''.

SEC. 261. POLICY ON UNFAIR TRADE PRACTICES.

Section 1164 of the Food Security Act of 1985 (Public Law 99–198; 99 Stat. 1499) is repealed.

SEC. 262. AGRICULTURAL AID AND TRADE MISSIONS.

(a) IN GENERAL.—The Agricultural Aid and Trade Missions Act (7 U.S.C. 1736bb et seq.) is repealed.

(b) CONFORMING AMENDMENT.—Section 7 of Public Law 100–277 (7 U.S.C. 1736bb note) is repealed.

SEC. 263. ANNUAL REPORTS BY AGRICULTURAL ATTACHES.

Section 108(b)(1)(B) of the Agricultural Act of 1954 (7 U.S.C. 1748(b)(1)(B)) is amended by striking ''including fruits, vegetables, legumes, popcorn, and ducks''.

SEC. 264. WORLD LIVESTOCK MARKET PRICE INFORMATION.

Section 1545 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 1761 note) is repealed.

SEC. 265. ORDERLY LIQUIDATION OF STOCKS.

Sections 201 and 207 of the Agricultural Act of 1956 (7 U.S.C. 1851 and 1857) are repealed.

SEC. 266. SALES OF EXTRA LONG STAPLE COTTON.

Section 202 of the Agricultural Act of 1956 (7 U.S.C. 1852) is repealed.

SEC. 267. REGULATIONS.

Section 707 of the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992 (Public Law 102–511; 7 U.S.C. 5621 note) is amended by striking subsection (d).

SEC. 268. EMERGING MARKETS.

(a) PROMOTION OF AGRICULTURAL EXPORTS TO EMERGING MARKETS.—

(1) EMERGING MARKETS.—Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 5622 note) is amended—

(A) in the section heading, by striking ''**EMERGING DEMOCRACIES**'' and inserting ''**EMERGING MARKETS**'';

(B) by striking ''emerging democracies'' each place it appears in subsections (b), (d), and (e) and inserting ''emerging markets'';

(C) by striking ''emerging democracy'' each place it appears in subsection (c) and inserting ''emerging market''; and

(D) by striking subsection (f) and inserting the following:

''(f) EMERGING MARKET.—In this section and section 1543, the term 'emerging market' means any country that the Secretary determines—

''(1) is taking steps toward a market-oriented economy through the food, agriculture, or rural business sectors of the economy of the country; and

''(2) has the potential to provide a viable and significant market for United States agricultural commodities or products of United States agricultural commodities.''.

(2) FUNDING.—Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 is amended by striking subsection (a) and inserting the following:

''(a) FUNDING.—The Commodity Credit Corporation shall make available for fiscal years 1996 through 2002 not less than $1,000,000,000 of direct credits or export credit guarantees for exports to emerging markets under section 201 or 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5621 and 5622), in addition to the amounts acquired or authorized under section 211 of the Act (7 U.S.C. 5641) for the program.''.

(3) AGRICULTURAL FELLOWSHIP PROGRAM.—Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 is amended—

(A) in subsection (b), by striking the last sentence and inserting the following: ''The Commodity Credit Corporation shall give priority under this subsection to—

''(A) projects that encourage the privatization of the agricultural sector or that benefit private farms or cooperatives in emerging markets; and

''(B) projects for which nongovernmental persons agree to assume a relatively larger share of the costs.''; and

(B) in subsection (d)—

(i) in the matter preceding paragraph (1), by striking ''the Soviet Union'' and inserting ''emerging markets'';

(ii) in paragraph (1)—

(I) in subparagraph (A)(i)—

(aa) by striking ''1995'' and inserting ''2002''; and

(bb) by striking ''those systems, and identify'' and inserting ''the systems, including potential reductions in trade barriers, and identify and carry out'';

(II) in subparagraph (B), by striking ''shall'' and inserting ''may'';

(III) in subparagraph (D), by inserting ''(including the establishment of extension services)'' after ''technical assistance'';

(IV) by striking subparagraph (F);

(V) by redesignating subparagraphs (G), (H), and (I) as subparagraphs (F), (G), and (H), respectively; and

(VI) in subparagraph (H) (as redesignated by subclause (V)), by striking ''$10,000,000'' and inserting ''$20,000,000'';

(iii) in paragraph (2)—

(I) by striking ''the Soviet Union'' each place it appears and inserting ''emerging markets'';

(II) in subparagraph (A), by striking ''a free market food production and distribution system'' and inserting ''free market food production and distribution systems'';

(III) in subparagraph (B)—

(aa) in clause (i), by striking ''Government'' and inserting ''governments'';

(bb) in clause (iii)(II), by striking ''and'' at the end;

(cc) in clause (iii)(III), by striking the period at the end and inserting ''; and''; and

(dd) by adding at the end of clause (iii) the following:

''(IV) to provide for the exchange of administrators and faculty members from agricultural and other institutions to strengthen and revise educational programs in agricultural economics, agribusiness, and agrarian law, to support change towards a free market economy in emerging markets.'';

(IV) by striking subparagraph (D); and

(V) by redesignating subparagraph (E) as subparagraph (D); and

(iv) by striking paragraph (3).

(4) UNITED STATES AGRICULTURAL COMMODITY.—Subsections (b) and (c) of section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 are amended by striking ''section 101(6)'' each place it appears and inserting ''section 102(7)''.

(5) REPORT.—The first sentence of section 1542(e)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 is amended by striking ''Not'' and inserting ''Subject to section 217 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6917), not''.

(b) AGRICULTURAL FELLOWSHIP PROGRAM FOR MIDDLE INCOME COUNTRIES, EMERGING DEMOCRACIES, AND EMERGING MARKETS.—Section 1543 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3293) is amended—

(1) in the section heading, by striking ''**MIDDLE INCOME COUNTRIES AND EMERGING DEMOCRACIES**'' and inserting ''**MIDDLE INCOME COUNTRIES, EMERGING DEMOCRACIES, AND EMERGING MARKETS**'';

(2) in subsection (b), by adding at the end the following:

''(5) EMERGING MARKET.—Any emerging market, as defined in section 1542(f).''; and

(3) in subsection (c)(1), by striking ''food needs'' and inserting ''food and fiber needs''.

(c) CONFORMING AMENDMENTS.—

(1) Section 501 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1737) is amended—

(A) in subsection (a), by striking ''emerging democracies'' and inserting ''emerging markets''; and

(B) in subsection (b), by striking paragraph (1) and inserting the following:

''(1) EMERGING MARKET.—The term 'emerging market' means any country that the Secretary determines—

''(A) is taking steps toward a market-oriented economy through the food, agriculture, or rural business sectors of the economy of the country; and

''(B) has the potential to provide a viable and significant market for United States agricultural commodities or products of United States agricultural commodities.''.

(2) Section 201(d)(1)(C)(ii) of the Agricultural Trade Act of 1978 (7 U.S.C. 5621(d)(1)(C)(ii)) is amended by striking ''emerging democracies'' and inserting ''emerging markets''.

(3) Section 202(d)(3)(B) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(d)(3)(B)) is amended by striking ''emerging democracies'' and inserting ''emerging markets''.

SEC. 269. IMPORT ASSISTANCE FOR CBI BENEFICIARY COUNTRIES AND THE PHILIPPINES.

Section 583 of Public Law 100–202 (101 Stat. 1329–182) is repealed.

SEC. 270. STUDIES, REPORTS, AND OTHER PROVISIONS.

(a) IN GENERAL.—Sections 1551 through 1555, section 1559, and section 1560 of subtitle E of title XV of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3696) are repealed.

(b) LANGUAGE PROFICIENCY.—Section 1556 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 5694 note) is amended by striking subsection (c).

SEC. 271. IMPLEMENTATION OF COMMITMENTS UNDER URUGUAY ROUND AGREEMENTS.

Part III of subtitle A of title IV of the Uruguay Round Agreements Act (Public Law 103–465; 108 Stat. 4964) is amended by adding at the end the following:

''SEC. 427. IMPLEMENTATION OF COMMITMENTS UNDER URUGUAY ROUND AGREEMENTS.

''Not later than September 30 of each fiscal year, the Secretary of Agriculture shall determine whether the obligations undertaken by foreign countries under the Uruguay Round Agreement on Agriculture are being fully implemented. If the Secretary of Agriculture determines that any foreign country, by not implementing the obligations of the country, is significantly constraining an opportunity for United States agricultural exports, the Secretary shall—

''(1) submit to the United States Trade Representative a recommendation as to whether the President should take action under any provision of law; and

''(2) transmit a copy of the recommendation to the Committee on Agriculture, and the Committee on Ways and Means, of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry, and the Committee on Finance, of the Senate.''.

SEC. 272. SENSE OF CONGRESS CONCERNING MULTILATERAL DISCIPLINES ON CREDIT GUARANTEES.

It is the sense of Congress that—

(1) in negotiations to establish multilateral disciplines on agricultural export credits and credit guarantees, the United States should not agree to any arrangement that is incompatible with the provisions of United States law that authorize agricultural export credits and credit guarantees;

(2) in the negotiations (which are held under the auspices of the Organization for Economic Cooperation and Development), the United States should not reach any agreement that fails to impose disciplines on the practices of foreign government trading entities such as the Australian Wheat Board and Canadian Wheat Board; and

(3) the disciplines should include greater openness in the operations of the entities as long as the entities are subsidized by the foreign government or have monopolies for exports of a commodity that are sanctioned by the foreign government.

SEC. 273. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

The Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) is amended by adding at the end the following:

''TITLE VII—FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM

''SEC. 701. DEFINITION OF ELIGIBLE TRADE ORGANIZATION.

''In this title, the term 'eligible trade organization' means a United States trade organization that—

''(1) promotes the export of 1 or more United States agricultural commodities or products; and

''(2) does not have a business interest in or receive remuneration from specific sales of agricultural commodities or products.

''SEC. 702. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

''(a) IN GENERAL.—The Secretary shall establish and, in cooperation with eligible trade organizations, carry out a foreign market development cooperator program to maintain and develop foreign markets for United States agricultural commodities and products.

''(b) ADMINISTRATION.—Funds made available to carry out this title shall be used only to provide—

''(1) cost-share assistance to an eligible trade organization under a contract or agreement with the organization; and

''(2) assistance for other costs that are necessary or appropriate to carry out the foreign market development cooperator program, including contingent liabilities that are not otherwise funded.

''SEC. 703. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this title such sums as may be necessary for each of fiscal years 1996 through 2002.''.

SEC. 274. PRICE SUPPORT FOR RICE.

Section 101 of the Agricultural Act of 1949 is amended by adding a subsection (e) that reads as follows:

''(e) RICE.—The Secretary shall make available to producers of each crop of rice on a farm price support at a level that is not less than 50%, or more than 90% of the parity price for rice as the Secretary determines will not result in increasing stocks of rice to the Commodity Credit Corporation.''.

TITLE III—CONSERVATION

Subtitle A—Definitions

SEC. 301. DEFINITIONS.

Section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)) is amended—

(1) by redesignating paragraphs (3) through (16) as paragraphs (4) through (17), respectively; and

(2) by inserting after paragraph (2) the following:

''(3) CONSERVATION SYSTEM.—The term 'conservation system' means the conservation measures and practices that are approved for application by a producer to a highly erodible field and that provide for cost effective and practical erosion reduction on the field based on local resource conditions and standards contained in the Natural Resources Conservation Service field office technical guide.''.

Subtitle B—Environmental Conservation Acreage Reserve Program

SEC. 311. ENVIRONMENTAL CONSERVATION ACREAGE RESERVE PROGRAM.

Section 1230 of the Food Security Act of 1985 (16 U.S.C. 3830) is amended to read as follows:

''SEC. 1230. ENVIRONMENTAL CONSERVATION ACREAGE RESERVE PROGRAM.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—During the 1996 through 2002 calendar years, the Secretary shall establish an environmental conservation acreage reserve program (referred to in this section as 'ECARP') to be implemented through contracts and the acquisition of easements to assist owners and operators of farms and ranches to conserve and enhance soil, water, and related natural resources, including grazing land, wetland, and wildlife habitat.

''(2) MEANS.—The Secretary shall carry out the ECARP by—

''(A) providing for the long-term protection of environmentally sensitive land; and

''(B) providing technical and financial assistance to farmers and ranchers to—

''(i) improve the management and operation of the farms and ranches; and

''(ii) reconcile productivity and profitability with protection and enhancement of the environment.

''(3) PROGRAMS.—The ECARP shall consist of—

''(A) the conservation reserve program established under subchapter B;

''(B) the wetlands reserve program established under subchapter C;

''(C) the environmental quality incentives program established under chapter 4; and

''(D) a farmland protection program under which the Secretary shall use funds of the Commodity Credit Corporation for the purchase of conservation easements or other interests in not less than 170,000, nor more than 340,000, acres of land with prime, unique, or other productive soil that is subject to a pending offer from a State or local government for the purpose of protecting topsoil by limiting nonagricultural uses of the land, except that any highly erodible cropland shall be subject to the requirements of a conservation plan, including, if required by the Secretary, the conversion of the land to less intensive uses. In no case shall total expenditures of funding from the Commodity Credit Corporation exceed a total of $35,000,000 over the first 3 and subsequent fiscal years.

''(b) ADMINISTRATION.—

''(1) IN GENERAL.—In carrying out the ECARP, the Secretary shall enter into contracts with owners and operators and acquire interests in land through easements from owners, as provided in this chapter and chapter 4.

''(2) PRIOR ENROLLMENTS.—Acreage enrolled in the conservation reserve or wetlands reserve program prior to the effective date of this paragraph shall be considered to be placed into the ECARP.

''(c) CONSERVATION PRIORITY AREAS.—

''(1) DESIGNATION.—

''(A) IN GENERAL.—The Secretary shall designate watersheds or regions of special environmental sensitivity, including the Chesapeake Bay Region (consisting of Pennsylvania, Maryland, and Virginia), the Great Lakes Region, the Rainwater Basin Region, the Lake Champlain Basin, the Prairie Pothole Region, and the Long Island Sound Region, as conservation priority areas that are eligible for enhanced assistance through the programs established under this chapter and chapter 4.

''(B) APPLICATION.—A designation shall be made under this paragraph if agricultural practices on land within the watershed or region pose a significant threat to soil, water, and related natural resources, as determined by the Secretary, and an application is made by—

''(i) a State agency in consultation with the State technical committee established under section 1261; or

''(ii) State agencies from several States that agree to form an interstate conservation priority area.

''(C) ASSISTANCE.—The Secretary shall designate a watershed or region of special environmental sensitivity as a conservation priority area to assist, to the maximum extent practicable, agricultural producers within the watershed or region to comply with nonpoint source pollution requirements under the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) and other Federal and State environmental laws.

''(2) APPLICABILITY.—The Secretary shall designate a watershed or region of special environmental sensitivity as a conservation priority area in a manner that conforms, to the maximum extent practicable, to the functions and purposes of the conservation reserve, wetlands reserve, and environmental quality incentives programs, as applicable, if participation in the program or programs is likely to result in the resolution or amelioration of significant soil, water, and related natural resource problems related to agricultural production activities within the watershed or region.

''(3) TERMINATION.—A conservation priority area designation shall terminate on the date that is 5 years after the date of the designation, except that the Secretary may—

''(A) redesignate the area as a conservation priority area; or

''(B) withdraw the designation of a watershed or region if the Secretary determines the area is no longer affected by significant soil,water, and related natural resource impacts related to agricultural production activities.''.

SEC. 312. CONSERVATION RESERVE PROGRAM.

(a) IN GENERAL.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended—

(1) by striking ''1995'' each place it appears and inserting ''2002''; and

(2) in subsection (d), by striking ''38,000,000'' and inserting ''36,520,000''.

(b) DUTIES OF OWNERS AND OPERATORS.—Section 1232(c) of the Food Security Act of 1985 (16 U.S.C. 3832(c)) is amended by striking ''1995'' and inserting ''2002''.

(c) RELATIONSHIP TO OTHER LAW.—The authority granted to the Secretary of Agriculture as a result of the amendments made by this section shall supersede any restriction on the operation of the conservation reserve program established under any other provision of law.

SEC. 313. WETLANDS RESERVE PROGRAM.

(a) PURPOSES.—Section 1237(a) of the Food Security Act of 1985 (16 U.S.C. 3837(a)) is amended by striking ''to assist owners of eligible lands in restoring and protecting wetlands'' and inserting ''to protect wetlands for purposes of enhancing water quality and providing wildlife benefits while recognizing landowner rights''.

(b) ENROLLMENT.—Section 1237 of the Food Security Act of 1985 (16 U.S.C. 3837) is amended by striking subsection (b) and inserting the following:

''(b) MINIMUM ENROLLMENT.—The Secretary shall enroll into the wetlands reserve program—

''(1) during the 1996 through 2002 calendar years, a total of not more than 975,000 acres; and

''(2) beginning with offers accepted by the Secretary during calendar year 1997, to the maximum extent practicable, ⅓ of the acres in permanent easements, ⅓ of the acres in 30-year easements, and ⅓ of the acres in restoration cost-share agreements.''.

(c) ELIGIBILITY.—Section 1237(c) of the Food Security Act of 1985 (16 U.S.C. 3837(c)) is amended—

(1) by striking ''2000'' and inserting ''2002''; and

(2) by inserting ''the land maximizes wildlife benefits and wetland values and functions and'' after ''determines that''.

(d) OTHER ELIGIBLE LANDS.—Section 1237(d) (16 U.S.C. 3837(d)) is amended by inserting after ''subsection (c)'' the following '', land that maximizes wildlife benefits and that is''.

(e) EASEMENTS.—Section 1237A of the Food Security Act of 1985 (16 U.S.C. 3837a) is amended—

(1) in the section heading, by inserting before the period at the end the following: ''**AND AGREEMENTS**'';

(2) by striking subsection (c) and inserting the following:

''(c) RESTORATION PLANS.—The development of a restoration plan, including any compatible use, under this section shall be made through the local Natural Resources Conservation Service representative, in consultation with the State technical committee.'';

(3) in subsection (f), by striking the third sentence and inserting the following: ''Compensation may be provided in not less than 5, nor more than 30, annual payments of equal or unequal size, as agreed to by the owner and the Secretary.''; and

(4) by adding at the end the following:

''(h) COST SHARE AGREEMENTS.—The Secretary may enroll land into the wetland reserve through agreements that require the landowner to restore wetlands on the land, if the agreement does not provide the Secretary with an easement.''.

(f) COST SHARE AND TECHNICAL ASSISTANCE.—Section 1237C of the Food Security Act of 1985 (16 U.S.C. 3837c) is amended by striking subsection (b) and inserting the following:

''(b) COST SHARE AND TECHNICAL ASSISTANCE.—In the case of an easement entered into during the 1996 through 2002 calendar years, in making cost share payments under subsection (a)(1), the Secretary shall—

''(1) in the case of a permanent easement, pay the owner an amount that is not less than 75 percent, but not more than 100 percent, of the eligible costs;

''(2) in the case of a 30-year easement or a cost-share agreement, pay the owner an amount that is not less than 50 percent, but not more than 75 percent, of the eligible costs; and

''(3) provide owners technical assistance to assist landowners in complying with the terms of easements and agreements.''.

SEC. 314. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

Subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended by adding at the end the following:

''CHAPTER 4—ENVIRONMENTAL QUALITY INCENTIVES PROGRAM

''SEC. 1238. FINDINGS AND PURPOSES.

''(a) FINDINGS.—Congress finds that—

''(1) farmers and ranchers cumulatively manage more than ½ of the private lands in the continental United States;

''(2) because of the predominance of agriculture, the soil, water, and related natural resources of the United States cannot be protected without cooperative relationships between the Federal Government and farmers and ranchers;

''(3) farmers and ranchers have made tremendous progress in protecting the environment and the agricultural resource base of the United States over the past decade because of not only Federal Government programs but also their spirit of stewardship and the adoption of effective technologies;

''(4) it is in the interest of the entire United States that farmers and ranchers continue to strive to preserve soil resources and make more efforts to protect water quality and wildlife habitat, and address other broad environmental concerns;

''(5) environmental strategies that stress the prudent management of resources, as opposed to idling land, will permit the maximum economic opportunities for farmers and ranchers in the future;

''(6) unnecessary bureaucratic and paperwork barriers associated with existing agricultural conservation assistance programs decrease the potential effectiveness of the programs; and

''(7) the recent trend of Federal spending on agricultural conservation programs suggests that assistance to farmers and ranchers in future years will, absent changes in policy, dwindle to perilously low levels.

''(b) PURPOSES.—The purposes of the environmental quality incentives program established by this chapter are to—

''(1) combine into a single program the functions of—

''(A) the agricultural conservation program authorized by sections 7 and 8 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g and 590h) (as in effect before the amendments made by section 355(a)(1) of the Agricultural Reform and Improvement Act of 1996);

''(B) the Great Plains conservation program established under section 16(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590p(b)) (as in effect before the amendment made by section 355(b)(1) of the Agricultural Reform and Improvement Act of 1996); and

''(C) the water quality incentives program established under chapter 2 (as in effect before the amendment made by section 355(k) of the Agricultural Reform and Improvement Act of 1996); and

''(C) the Colorado River Basin salinity control program established under section 202(c) of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592(c)) (as in effect before the amendment made by section 355(c)(1) of the Agricultural Reform and Improvement Act of 1996); and

''(2) carry out the single program in a manner that maximizes environmental benefits per dollar expended, and that provides—

''(A) flexible technical and financial assistance to farmers and ranchers that face the most serious threats to soil, water, and related natural resources, including grazing lands, wetlands, and wildlife habitat;

''(B) assistance to farmers and ranchers in complying with this title and Federal and State environmental laws, and to encourage environmental enhancement;

''(C) assistance to farmers and ranchers in making beneficial, cost-effective changes to cropping systems, grazing management, manure, nutrient, pest, or irrigation management, land uses, or other measures needed to conserve and improve soil, water, and related natural resources; and

''(D) for the consolidation and simplification of the conservation planning process to reduce administrative burdens on the owners and operators of farms and ranches.

''SEC. 1238A. DEFINITIONS.

''In this chapter:

''(1) LAND MANAGEMENT PRACTICE.—The term 'land management practice' means nutrient or manure management, integrated pest management, irrigation management, tillage or residue management, grazing management, or another land management practice the Secretary determines is needed to protect soil, water, or related resources in the most cost effective manner.

''(2) LARGE CONFINED LIVESTOCK OPERATION.—The term 'large confined livestock operation' means a farm or ranch that—

''(A) is a confined animal feeding operation; and

''(B) has more than—

''(i) 700 mature dairy cattle;

''(ii) 1,000 beef cattle;

''(iii) 100,000 laying hens or broilers;

''(iv) 55,000 turkeys;

''(v) 2,500 swine; or

''(vi) 10,000 sheep or lambs.

''(3) LIVESTOCK.—The term 'livestock' means mature dairy cows, beef cattle, laying hens, broilers, turkeys, swine, sheep, or lambs.

''(4) OPERATOR.—The term 'operator' means a person who is engaged in crop or livestock production (as defined by the Secretary).

''(5) STRUCTURAL PRACTICE.—The term 'structural practice' means the establishment of an animal waste management facility, terrace, grassed waterway, contour grass strip, filterstrip, permanent wildlife habitat, or another structural practice that the Secretary determines is needed to protect soil, water, or related resources in the most cost effective manner.

''SEC. 1238B. ESTABLISHMENT AND ADMINISTRATION OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

''(a) ESTABLISHMENT.—

''(1) IN GENERAL.—During the 1996 through 2002 fiscal years, the Secretary shall provide technical assistance, cost-sharing payments, and incentive payments, education to operators, who enter into contracts with the Secretary, through an environmental quality incentives program in accordance with this chapter.

''(2) ELIGIBLE PRACTICES.—

''(A) STRUCTURAL PRACTICES.—An operator who implements a structural practice shall be eligible for technical assistance or cost-sharing payments, education or both.

''(B) LAND MANAGEMENT PRACTICES.—An operator who performs a land management practice shall be eligible for technical assistance or incentive payments, education or both.

''(b) APPLICATION AND TERM.—A contract between an operator and the Secretary under this chapter may—

''(1) apply to 1 or more structural practices or 1 or more land management practices, or both; and

''(2) have a term of not less than 5, nor more than 10, years, as determined appropriate by the Secretary, depending on the practice or practices that are the basis of the contract.

''(c) STRUCTURAL PRACTICES.—

''(1) COMPETITIVE OFFER.—The Secretary shall administer a competitive offer system for operators proposing to receive cost-sharing payments in exchange for the implementation of 1 or more structural practices by the operator. The competitive offer system shall consist of—

''(A) the submission of a competitive offer by the operator in such manner as the Secretary may prescribe; and

''(B) evaluation of the offer in light of the priorities established in section 1238C and the projected cost of the proposal, as determined by the Secretary.

''(2) CONCURRENCE OF OWNER.—If the operator making an offer to implement a structural practice is a tenant of the land involved in agricultural production, for the offer to be acceptable, the operator shall obtain the concurrence of the owner of the land with respect to the offer.

''(d) LAND MANAGEMENT PRACTICES.—The Secretary shall establish an application and evaluation process for awarding technical assistance or incentive payments, or both, to an operator in exchange for the performance of 1 or more land management practices by the operator.

''(e) COST-SHARING AND INCENTIVE PAYMENTS.—

''(1) COST-SHARING PAYMENTS.—

''(A) IN GENERAL.—The Federal share of cost-sharing payments to an operator proposing to implement 1 or more structural practices shall not be more than 75 percent of the projected cost of the practice, as determined by the Secretary, taking into consideration any payment received by the operator from a State or local government.

''(B) LIMITATION.—An operator of a large confined livestock operation shall not be eligible for cost-sharing payments to construct an animal waste management facility.

''(C) OTHER PAYMENTS.—An operator shall not be eligible for cost-sharing payments for structural practices on eligible land under this chapter if the operator receives cost-sharing payments or other benefits for the same land under chapter 1 or 3.

''(2) INCENTIVE PAYMENTS.—The Secretary shall make incentive payments in an amount and at a rate determined by the Secretary to be necessary to encourage an operator to perform 1 or more land management practices.

''(f) TECHNICAL ASSISTANCE.—

''(1) FUNDING.—The Secretary shall allocate funding under this chapter for the provision of technical assistance according to the purpose and projected cost for which the technical assistance is provided in a fiscal year. The allocated amount may vary according to the type of expertise required, quantity of time involved, and other factors as determined appropriate by the Secretary. Funding shall not exceed the projected cost to the Secretary of the technical assistance provided in a fiscal year.

''(2) OTHER AUTHORITIES.—The receipt of technical assistance under this chapter shall not affect the eligibility of the operator to receive technical assistance under other authorities of law available to the Secretary.

''(g) MODIFICATION OR TERMINATION OF CONTRACTS.—

''(1) VOLUNTARY MODIFICATION OR TERMINATION.—The Secretary may modify or terminate a contract entered into with an operator under this chapter if—

''(A) the operator agrees to the modification or termination; and

''(B) the Secretary determines that the modification or termination is in the public interest.

''(2) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract under this chapter if the Secretary determines that the operator violated the contract.

''(h) NON-FEDERAL ASSISTANCE.—

''(1) IN GENERAL.—The Secretary may request the services of a State water quality agency, State fish and wildlife agency, State forestry agency, or any other governmental or private resource considered appropriate to assist in providing the technical assistance necessary for the development and implementation of a structural practice or land management practice.

''(2) LIMITATION ON LIABILITY.—No person shall be permitted to bring or pursue any claim or action against any official or entity based on or resulting from any technical assistance provided to an operator under this chapter to assist in complying with a Federal or State environmental law.

''SEC. 1238C. EVALUATION OF OFFERS AND PAYMENTS.

''(a) REGIONAL PRIORITIES.—The Secretary shall provide technical assistance, cost-sharing payments, and incentive payments to operators in a region, watershed, or conservation priority area under this chapter based on the significance of the soil, water, and related natural resource problems in the region, watershed, or area, and the structural practices or land management practices that best address the problems, as determined by the Secretary.

''(b) MAXIMIZATION OF ENVIRONMENTAL BENEFITS.—

''(1) IN GENERAL.—In providing technical assistance, cost-sharing payments, and incentive payments to operators in regions, watersheds, or conservation priority areas under this chapter, the Secretary shall accord a higher priority to assistance and payments that maximize environmental benefits per dollar expended.

''(2) NATIONAL AND REGIONAL PRIORITY.—The prioritization shall be done nationally as well as within the conservation priority area, region, or watershed in which an agricultural operation is located.

''(3) CRITERIA.—To carry out this subsection, the Secretary shall establish criteria for implementing structural practices and land management practices that best achieve conservation goals for a region, watershed, or conservation priority area, as determined by the Secretary.

''(c) STATE OR LOCAL CONTRIBUTIONS.—The Secretary shall accord a higher priority to operators whose agricultural operations are located within watersheds, regions, or conservation priority areas in which State or local governments have provided, or will provide, financial or technical assistance to the operators for the same conservation or environmental purposes.

''(d) PRIORITY LANDS.—The Secretary shall accord a higher priority to structural practices or land management practices on lands on which agricultural production has been determined to contribute to, or create, the potential for failure to meet applicable water quality standards or other environmental objectives of a Federal or State law.

''SEC. 1238D. DUTIES OF OPERATORS.

''To receive technical assistance, cost-sharing payments, or incentives payments under this chapter, an operator shall agree—

''(1) to implement an environmental quality incentives program plan that describes conservation and environmental goals to be achieved through a structural practice or land management practice, or both, that is approved by the Secretary;

''(2) not to conduct any practices on the farm or ranch that would tend to defeat the purposes of this chapter;

''(3) on the violation of a term or condition of the contract at any time the operator has control of the land, to refund any cost-sharing or incentive payment received with interest, and forfeit any future payments under this chapter, as determined by the Secretary;

''(4) on the transfer of the right and interest of the operator in land subject to the contract, unless the transferee of the right and interest agrees with the Secretary to assume all obligations of the contract, to refund all cost-sharing payments and incentive payments received under this chapter, as determined by the Secretary;

''(5) to supply information as required by the Secretary to determine compliance with the environmental quality incentives program plan and requirements of the program; and

''(6) to comply with such additional provisions as the Secretary determines are necessary to carry out the environmental quality incentives program plan.

''SEC. 1238E. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

''An environmental quality incentives program plan shall include (as determined by the Secretary)—

''(1) a description of the prevailing farm or ranch enterprises, cropping patterns, grazing management, cultural practices, or other information that may be relevant to conserving and enhancing soil, water, and related natural resources;

''(2) a description of relevant farm or ranch resources, including soil characteristics, rangeland types and condition, proximity to water bodies, wildlife habitat, or other relevant characteristics of the farm or ranch related to the conservation and environmental objectives set forth in the plan;

''(3) a description of specific conservation and environmental objectives to be achieved;

''(4) to the extent practicable, specific, quantitative goals for achieving the conservation and environmental objectives;

''(5) a description of 1 or more structural practices or 1 or more land management practices, or both, to be implemented to achieve the conservation and environmental objectives;

''(6) a description of the timing and sequence for implementing the structural practices or land management practices, or both, that will assist the operator in complying with Federal and State environmental laws; and

''(7) information that will enable evaluation of the effectiveness of the plan in achieving the conservation and environmental objectives, and that will enable evaluation of the degree to which the plan has been implemented.

''(8) Not withstanding any provision of law, the Secretary shall ensure that the process of writing, developing, and assisting in the implementation of plans required in the programs established under this title be open to individuals in agribusiness including but not limited to agricultural producers, representatives from agricultural cooperatives, agricultural input retail dealers, and certified crop advisers. This process shall be included in but not limited to programs and plans established under this title and any other Department program using incentive, technical assistance, cost-share or pilot project programs that require plans.

''SEC. 1238F. DUTIES OF THE SECRETARY.

''To the extent appropriate, the Secretary shall assist an operator in achieving the conservation and environmental goals of an environmental quality incentives program plan by—

''(1) providing an eligibility assessment of the farming or ranching operation of the operator as a basis for developing the plan;

''(2) providing technical assistance in developing and implementing the plan;

''(3) providing technical assistance, cost-sharing payments, or incentive payments for developing and implementing 1 or more structural practices or 1 or more land management practices, as appropriate;

''(4) providing the operator with information, education, and training to aid in implementation of the plan; and

''(5) encouraging the operator to obtain technical assistance, cost-sharing payments, or grants from other Federal, State, local, or private sources.

''SEC. 1238G. ELIGIBLE LANDS.

''Agricultural land on which a structural practice or land management practice, or both, shall be eligible for technical assistance, cost-sharing payments, or incentive payments under this chapter include—

''(1) agricultural land (including cropland, rangeland, pasture, and other land on which crops or livestock are produced) that the Secretary determines poses a serious threat to soil, water, or related resources by reason of the soil types, terrain, climatic, soil, topographic, flood, or saline characteristics, or other factors or natural hazards;

''(2) an area that is considered to be critical agricultural land on which either crop or livestock production is carried out, as identified in a plan submitted by the State under section 319 of the Federal Water Pollution Control Act (33 U.S.C. 1329) as having priority problems that result from an agricultural nonpoint source of pollution;

''(3) an area recommended by a State lead agency for protection of soil, water, and related resources, as designated by a Governor of a State; and

''(4) land that is not located within a designated or approved area, but that if permitted to continue to be operated under existing management practices, would defeat the purpose of the environmental quality incentives program, as determined by the Secretary.

''SEC. 1238H. LIMITATIONS ON PAYMENTS.

''(a) PAYMENTS.—The total amount of cost-sharing and incentive payments paid to a person under this chapter may not exceed—

''(1) $10,000 for any fiscal year; or

''(2) $50,000 for any multiyear contract.

''(b) REGULATIONS.—The Secretary shall issue regulations that are consistent with section 1001 for the purpose of—

''(1) defining the term 'person' as used in subsection (a); and

''(2) prescribing such rules as the Secretary determines necessary to ensure a fair and reasonable application of the limitations contained in subsection (a).''.

Subtitle C—Conservation Funding

SEC. 321. CONSERVATION FUNDING.

(a) IN GENERAL.—Subtitle E of title XII of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.) is amended to read as follows:

''Subtitle E—Funding

''SEC. 1241. FUNDING.

''(a) MANDATORY EXPENSES.—For each of fiscal years 1996 through 2002, the Secretary shall use the funds of the Commodity Credit Corporation to carry out the programs authorized by—

''(1) subchapter B of chapter 1 of subtitle D (including contracts extended by the Secretary pursuant to section 1437 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 16 U.S.C. 3831 note));

''(2) subchapter C of chapter 1 of subtitle D; and

''(3) chapter 4 of subtitle D.

''(b) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—

''(1) IN GENERAL.—For each of fiscal years 1996 through 2002, $200,000,000 of the funds of the Commodity Credit Corporation shall be available for providing technical assistance, cost-sharing payments, and incentive payments under the environmental quality incentives program under chapter 4 of subtitle D.

''(2) LIVESTOCK PRODUCTION.—For each of fiscal years 1996 through 2002, 50 percent of the funding available for technical assistance, cost-sharing payments, and incentive payments under the environmental quality incentives program shall be targeted at practices relating to livestock production.

''(c) ADVANCE APPROPRIATIONS TO CCC.—The Secretary may use the funds of the Commodity Credit Corporation to carry out chapter 3 of subtitle D, except that the Secretary may not use the funds of the Corporation unless the Corporation has received funds to cover the expenditures from appropriations made available to carry out chapter 3 of subtitle D.

''SEC. 1242. ADMINISTRATION.

''(a) PLANS.—The Secretary shall, to the extent practicable, avoid duplication in—

''(1) the conservation plans required for—

''(A) highly erodible land conservation under subtitle B;

''(B) the conservation reserve program established under subchapter B of chapter 1 of subtitle D; and

''(C) the wetlands reserve program established under subchapter C of chapter 1 of subtitle D; and

''(2) the environmental quality incentives program established under chapter 4 of subtitle D.

''(b) ACREAGE LIMITATION.—

''(1) IN GENERAL.—The Secretary shall not enroll more than 25 percent of the cropland in any county in the programs administered under the conservation reserve and wetlands reserve programs established under subchapters B and C, respectively, of chapter 1 of subtitle D. Not more than 10 percent of the cropland in a county may be subject to an easement acquired under the subchapters.

''(2) EXCEPTION.—The Secretary may exceed the limitations in paragraph (1) if the Secretary determines that—

''(A) the action would not adversely affect the local economy of a county; and

''(B) operators in the county are having difficulties complying with conservation plans implemented under section 1212.

''(3) SHELTERBELTS AND WINDBREAKS.—The limitations established under this subsection shall not apply to cropland that is subject to an easement under chapter 1 or 3 of subtitle D that is used for the establishment of shelterbelts and windbreaks.

''(c) TENANT PROTECTION.—Except for a person who is a tenant on land that is subject to a conservation reserve contract that has been extended by the Secretary, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the programs established under subtitles B through D.

''(d) REGULATIONS.—Not later than 90 days after the effective date of this subsection, the Secretary shall issue regulations to implement the conservation reserve and wetlands reserve programs established under chapter 1 of subtitle D.''.

Subtitle D—National Natural Resources Conservation Foundation

SEC. 331. SHORT TITLE.

This subtitle may be cited as the ''National Natural Resources Conservation Foundation Act''.

SEC. 332. DEFINITIONS.

In this subtitle (unless the context otherwise requires):

(1) BOARD.—The term ''Board'' means the Board of Trustees established under section 334.

(2) DEPARTMENT.—The term ''Department'' means the United States Department of Agriculture.

(3) FOUNDATION.—The term ''Foundation'' means the National Natural Resources Conservation Foundation established by section 333(a).

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

SEC. 333. NATIONAL NATURAL RESOURCES CONSERVATION FOUNDATION.

(a) ESTABLISHMENT.—A National Natural Resources Conservation Foundation is established as a charitable and nonprofit corporation for charitable, scientific, and educational purposes specified in subsection (b). The Foundation is not an agency or instrumentality of the United States.

(b) PURPOSES.—The purposes of the Foundation are to—

(1) promote innovative solutions to the problems associated with the conservation of natural resources on private lands, particularly with respect to agriculture and soil and water conservation;

(2) promote voluntary partnerships between government and private interests in the conservation of natural resources;

(3) conduct research and undertake educational activities, conduct and support demonstration projects, and make grants to State and local agencies and nonprofit organizations;

(4) provide such other leadership and support as may be necessary to address conservation challenges, such as the prevention of excessive soil erosion, enhancement of soil

and water quality, and the protection of wetlands, wildlife habitat, and strategically important farmland subject to urban conversion and fragmentation;

(5) encourage, accept, and administer private gifts of money and real and personal property for the benefit of, or in connection with, the conservation and related activities and services of the Department, particularly the Natural Resources Conservation Service;

(6) undertake, conduct, and encourage educational, technical, and other assistance, and other activities, that support the conservation and related programs administered by the Department (other than activities carried out on National Forest System lands), particularly the Natural Resources Conservation Service, except that the Foundation may not enforce or administer a regulation of the Department; and

(7) raise private funds to promote the purposes of the Foundation.

(c) LIMITATIONS AND CONFLICTS OF INTERESTS.—

(1) POLITICAL ACTIVITIES.—The Foundation shall not participate or intervene in a political campaign on behalf of any candidate for public office.

(2) CONFLICTS OF INTEREST.—No director, officer, or employee of the Foundation shall participate, directly or indirectly, in the consideration or determination of any question before the Foundation affecting—

(A) the financial interests of the director, officer, or employee; or

(B) the interests of any corporation, partnership, entity, organization, or other person in which the director, officer, or employee—

(i) is an officer, director, or trustee; or

(ii) has any direct or indirect financial interest.

(3) LEGISLATION OR GOVERNMENT ACTION OR POLICY.—No funds of the Foundation may be used in any manner for the purpose of influencing legislation or government action or policy.

(4) LITIGATION.—No funds of the Foundation may be used to bring or join an action against the United States or any State.

SEC. 334. COMPOSITION AND OPERATION.

(a) COMPOSITION.—The Foundation shall be administered by a Board of Trustees that shall consist of 9 voting members, each of whom shall be a United States citizen and not a Federal officer. The Board shall be composed of—

(1) individuals with expertise in agricultural conservation policy matters;

(2) a representative of private sector organizations with a demonstrable interest in natural resources conservation;

(3) a representative of statewide conservation organizations;

(4) a representative of soil and water conservation districts;

(5) a representative of organizations outside the Federal Government that are dedicated to natural resources conservation education; and

(6) a farmer or rancher.

(b) NONGOVERNMENTAL EMPLOYEES.—Service as a member of the Board shall not constitute employment by, or the holding of, an office of the United States for the purposes of any Federal law.

(c) MEMBERSHIP.—

(1) INITIAL MEMBERS.—The Secretary shall appoint 9 persons who meet the criteria established under subsection (a) as the initial members of the Board and designate 1 of the members as the initial chairperson for a 2-year term.

(2) TERMS OF OFFICE.—

(A) IN GENERAL.—A member of the Board shall serve for a term of 3 years, except that the members appointed to the initial Board shall serve, proportionately, for terms of 1, 2, and 3 years, as determined by the Secretary.

(B) LIMITATION ON TERMS.—No individual may serve more than 2 consecutive 3-year terms as a member.

(3) SUBSEQUENT MEMBERS.—The initial members of the Board shall adopt procedures in the constitution of the Foundation for the nomination and selection of subsequent members of the Board. The procedures shall require that each member, at a minimum, meets the criteria established under subsection (a) and shall provide for the selection of an individual, who is not a Federal officer or a member of the Board.

(d) CHAIRPERSON.—After the appointment of an initial chairperson under subsection (c)(1), each succeeding chairperson of the Board shall be elected by the members of the Board for a 2-year term.

(e) VACANCIES.—A vacancy on the Board shall be filled by the Board not later than 60 days after the occurrence of the vacancy.

(f) COMPENSATION.—A member of the Board shall receive no compensation from the Foundation for the service of the member on the Board.

(g) TRAVEL EXPENSES.—While away from the home or regular place of business of a member of the Board in the performance of services for the Board, the member shall be allowed travel expenses paid by the Foundation, including per diem in lieu of subsistence, at the same rate as a person employed intermittently in the Government service would be allowed under section 5703 of title 5, United States Code.

SEC. 335. OFFICERS AND EMPLOYEES.

(a) IN GENERAL.—The Board may—

(1) appoint, hire, and discharge the officers and employees of the Foundation, other than the appointment of the initial Executive Director of the Foundation;

(2) adopt a constitution and bylaws for the Foundation that are consistent with the purposes of the Foundation and this subtitle; and

(3) undertake any other activities that may be necessary to carry out this subtitle.

(b) OFFICERS AND EMPLOYEES.—

(1) APPOINTMENT AND HIRING.—An officer or employee of the Foundation—

(A) shall not, by virtue of the appointment or employment of the officer or employee, be considered a Federal employee for any purpose, including the provisions of title 5, United States Code, governing appointments in the competitive service, except that such an individual may participate in the Federal employee retirement system as if the individual were a Federal employee; and

(B) may not be paid by the Foundation a salary in excess of $125,000 per year.

(2) EXECUTIVE DIRECTOR.—

(A) INITIAL DIRECTOR.—The Secretary shall appoint an individual to serve as the initial Executive Director of the Foundation who shall serve, at the direction of the Board, as the chief operating officer of the Foundation.

(B) SUBSEQUENT DIRECTORS.—The Board shall appoint each subsequent Executive Director of the Foundation who shall serve, at the direction of the Board, as the chief operating officer of the Foundation.

(C) QUALIFICATIONS.—The Executive Director shall be knowledgeable and experienced in matters relating to natural resources conservation.

SEC. 336. CORPORATE POWERS AND OBLIGATIONS OF THE FOUNDATION.

(a) IN GENERAL.—The Foundation—

(1) may conduct business throughout the United States and the territories and possessions of the United States; and

(2) shall at all times maintain a designated agent who is authorized to accept service of process for the Foundation, so that the serving of notice to, or service of process on, the agent, or mailed to the business address of the agent, shall be considered as service on or notice to the Foundation.

(b) SEAL.—The Foundation shall have an official seal selected by the Board that shall be judicially noticed.

(c) POWERS.—To carry out the purposes of the Foundation under section 333(b), the Foundation shall have, in addition to the powers otherwise provided under this subtitle, the usual powers of a corporation, including the power—

(1) to accept, receive, solicit, hold, administer, and use any gift, devise, or bequest, either absolutely or in trust, of real or personal property or any income from, or other interest in, the gift, devise, or bequest;

(2) to acquire by purchase or exchange any real or personal property or interest in property, except that funds provided under section 310 may not be used to purchase an interest in real property;

(3) unless otherwise required by instrument of transfer, to sell, donate, lease, invest, reinvest, retain, or otherwise dispose of any property or income from property;

(4) to borrow money from private sources and issue bonds, debentures, or other debt instruments, subject to section 339, except that the aggregate amount of the borrowing and debt instruments outstanding at any time may not exceed $1,000,000;

(5) to sue and be sued, and complain and defend itself, in any court of competent jurisdiction, except that a member of the Board shall not be personally liable for an action in the performance of services for the Board, except for gross negligence;

(6) to enter into a contract or other agreement with an agency of State or local government, educational institution, or other private organization or person and to make such payments as may be necessary to carry out the functions of the Foundation; and

(7) to do any and all acts that are necessary to carry out the purposes of the Foundation.

(d) INTEREST IN PROPERTY.—

(1) IN GENERAL.—The Foundation may acquire, hold, and dispose of lands, waters, or other interests in real property by donation, gift, devise, purchase, or exchange.

(2) INTERESTS IN REAL PROPERTY.—For purposes of this subtitle, an interest in real property shall be treated, among other things, as including an easement or other right for the preservation, conservation, protection, or enhancement of agricultural, natural, scenic, historic, scientific, educational, inspirational, or recreational resources.

(3) GIFTS.—A gift, devise, or bequest may be accepted by the Foundation even though the gift, devise, or bequest is encumbered, restricted, or subject to a beneficial interest of a private person if any current or future interest in the gift, devise, or bequest is for the benefit of the Foundation.

SEC. 337. ADMINISTRATIVE SERVICES AND SUPPORT.

For each of fiscal years 1996 through 1998, the Secretary may provide, without reimbursement, personnel, facilities, and other administrative services of the Department to the Foundation.

SEC. 338. AUDITS AND PETITION OF ATTORNEY GENERAL FOR EQUITABLE RELIEF.

(a) AUDITS.—

(1) IN GENERAL.—The accounts of the Foundation shall be audited in accordance with Public Law 88–504 (36 U.S.C. 1101 et seq.), including an audit of lobbying and litigation activities carried out by the Foundation.

(2) CONFORMING AMENDMENT.—The first section of Public Law 88–504 (36 U.S.C. 1101) is amended by adding at the end the following:

''(77) The National Natural Resources Conservation Foundation.''.

(b) RELIEF WITH RESPECT TO CERTAIN FOUNDATION ACTS OR FAILURE TO ACT.—The Attorney General may petition in the United States District Court for the District of Columbia for such equitable relief as may be necessary or appropriate, if the Foundation—

(1) engages in, or threatens to engage in, any act, practice, or policy that is inconsistent with this subtitle; or

(2) refuses, fails, neglects, or threatens to refuse, fail, or neglect, to discharge the obligations of the Foundation under this subtitle.

SEC. 339. RELEASE FROM LIABILITY.

(a) IN GENERAL.—The United States shall not be liable for any debt, default, act, or omission of the Foundation. The full faith and credit of the United States shall not extend to the Foundation.

(b) STATEMENT.—An obligation issued by the Foundation, and a document offering an obligation, shall include a prominent statement that the obligation is not directly or indirectly guaranteed, in whole or in part, by the United States (or an agency or instrumentality of the United States).

SEC. 340. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Department to be made available to the Foundation $1,000,000 for each of fiscal years 1997 through 1999 to initially establish and carry out activities of the Foundation.

Subtitle E—Miscellaneous

SEC. 351. FLOOD RISK REDUCTION.

(a) IN GENERAL.—During fiscal years 1996 through 2002, the Secretary of Agriculture (referred to in this section as the ''Secretary'') may enter into a contract with contract acreage under title I on a farm with land that is frequently flooded.

(b) DUTIES OF PRODUCERS.—Under the terms of the contract, with respect to acres that are subject to the contract, the producer must agree to—

(1) the termination of any contract acreage;

(2) forgo loans for contract commodities, oilseeds, and extra long staple cotton;

(3) not apply for crop insurance issued or reinsured by the Secretary;

(4) comply with applicable wetlands and high erodible land conservation compliance requirements established under title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.);

(5) not apply for any conservation program payments from the Secretary;

(6) not apply for disaster program benefits provided by the Secretary; and

(7) refund the payments, with interest, issued under the flood risk reduction contract to the Secretary, if the producer violates the terms of the contract or if the producer transfers the property to another person who violates the contract.

(c) DUTIES OF SECRETARY.—In return for a flood risk reduction contract entered into by a producer under this section, the Secretary shall agree to pay the producer for the 1996 through 2002 crops not more than 95 percent of the projected contract payments under title I, and not more than 95 percent of the projected payments and subsidies from the Federal Crop Insurance Corporation.

(d) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

SEC. 352. FORESTRY.

(a) FORESTRY INCENTIVES PROGRAM.—Section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103) is amended by striking subsection (k).

(b) OFFICE OF INTERNATIONAL FORESTRY.—Section 2405 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6704) is amended by adding at the end the following:

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized each fiscal year such sums as are necessary to carry out this section.''.

SEC. 353. STATE TECHNICAL COMMITTEES.

Section 1261(c) of the Food Security Act of 1985 (16 U.S.C. 3861(c)) is amended—

(1) in paragraph (7), by striking ''and'' at the end;

(2) in paragraph (8), by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

''(9) agricultural producers;

''(10) other nonprofit organizations with demonstrable expertise;

''(11) persons knowledgeable about the economic and environmental impact of conservation techniques and programs; and

''(12) agribusiness''.

SEC. 354. CONSERVATION OF PRIVATE GRAZING LAND.

(a) FINDINGS.—Congress finds that—

(1) privately owned grazing land constitutes nearly ½ of the non-Federal land of the United States and is basic to the environmental, social, and economic stability of rural communities;

(2) privately owned grazing land contains a complex set of interactions among soil, water, air, plants, and animals;

(3) grazing land constitutes the single largest watershed cover type in the United States and contributes significantly to the quality and quantity of water available for all of the many uses of the land;

(4) private grazing land constitutes the most extensive wildlife habitat in the United States;

(5) private grazing land can provide opportunities for improved nutrient management from land application of animal manures and other by-product nutrient resources;

(6) owners and managers of private grazing land need to continue to recognize conservation problems when the problems arise and receive sound technical assistance to improve or conserve grazing land resources to meet ecological and economic demands;

(7) new science and technology must continually be made available in a practical manner so owners and managers of private grazing land may make informed decisions concerning vital grazing land resources;

(8) agencies of the Department of Agriculture with private grazing land responsibilities are the agencies that have the expertise and experience to provide technical assistance, education, and research to owners and managers of private grazing land for the long-term productivity and ecological health of grazing land;

(9) although competing demands on private grazing land resources are greater than ever before, assistance to private owners and managers of private grazing land is currently limited and does not meet the demand and basic need for adequately sustaining or enhancing the private grazing lands resources; and

(10) privately owned grazing land can be enhanced to provide many benefits to all Americans through voluntary cooperation among owners and managers of the land, local conservation districts, and the agencies of the Department of Agriculture responsible for providing assistance to owners and managers of land and to conservation districts.

(b) PURPOSE.—It is the purpose of this section to authorize the Secretary of Agriculture to provide a coordinated technical, educational, and related assistance program to conserve and enhance private grazing land resources and provide related benefits to all citizens of the United States by—

(1) establishing a coordinated and cooperative Federal, State, and local grazing conservation program for management of private grazing land;

(2) strengthening technical, educational, and related assistance programs that provide assistance to owners and managers of private grazing land;

(3) conserving and improving wildlife habitat on private grazing land;

(4) conserving and improving fish habitat and aquatic systems through grazing land conservation treatment;

(5) protecting and improving water quality;

(6) improving the dependability and consistency of water supplies;

(7) identifying and managing weed, noxious weed, and brush encroachment problems on private grazing land; and

(8) integrating conservation planning and management decisions by owners and managers of private grazing land, on a voluntary basis.

(c) DEFINITIONS.—In this section:

(1) PRIVATE GRAZING LAND.—The term ''private grazing land'' means privately owned, State-owned, tribally-owned, and any other non-federally owned rangeland, pastureland, grazed forest land, and hay land.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture, acting through the Natural Resources Conservation Service.

(d) PRIVATE GRAZING LAND CONSERVATION ASSISTANCE.—

(1) ASSISTANCE TO GRAZING LANDOWNERS AND OTHERS.—Subject to the availability of appropriations, the Secretary shall establish a voluntary program to provide technical, educational, and related assistance to owners and managers of private grazing land and public agencies, through local conservation districts, to enable the landowners, managers, and public agencies to voluntarily carry out activities that are consistent with this section, including—

(A) maintaining and improving private grazing land and the multiple values and uses that depend on private grazing land;

(B) implementing grazing land management technologies;

(C) managing resources on private grazing land, including—

(i) planning, managing, and treating private grazing land resources;

(ii) ensuring the long-term sustainability of private grazing land resources;

(iii) harvesting, processing, and marketing private grazing land resources; and

(iv) identifying and managing weed, noxious weed, and brush encroachment problems;

(D) protecting and improving the quality and quantity of water yields from private grazing land;

(E) maintaining and improving wildlife and fish habitat on private grazing land;

(F) enhancing recreational opportunities on private grazing land;

(G) maintaining and improving the aesthetic character of private grazing lands; and

(H) identifying the opportunities and encouraging the diversification of private grazing land enterprises.

(2) PROGRAM ELEMENTS.—

(A) FUNDING.—The program under paragraph (1) shall be funded through a specific line-item in the annual appropriations for the Natural Resources Conservation Service.

(B) TECHNICAL ASSISTANCE AND EDUCATION.—Personnel of the Department of Agriculture trained in pasture and range management shall be made available under the program to deliver and coordinate technical assistance and education to owners and managers of private grazing land, at the request of the owners and managers.

(e) GRAZING TECHNICAL ASSISTANCE SELF-HELP.—

(1) FINDINGS.—Congress finds that—

(A) there is a severe lack of technical assistance for grazing producers;

(B) the Federal budget precludes any significant expansion, and may force a reduction of, current levels of technical support; and

(C) farmers and ranchers have a history of cooperatively working together to address common needs in the promotion of their products and in the drainage of wet areas through drainage districts.

(2) ESTABLISHMENT OF GRAZING DEMONSTRATION.—The Secretary may establish 2 grazing management demonstration districts at the recommendation of the Grazing Lands Conservation Initiative Steering Committee.

(3) PROCEDURE.—

(A) PROPOSAL.—Within a reasonable time after the submission of a request of an organization of farmers or ranchers engaged in grazing, the Secretary shall propose that a grazing management district be established.

(B) FUNDING.—The terms and conditions of the funding and operation of the grazing management district shall be proposed by the producers.

(C) APPROVAL.—The Secretary shall approve the proposal if the Secretary determines that the proposal—

(i) is reasonable;

(ii) will promote sound grazing practices; and

(iii) contains provisions similar to the provisions contained in the promotion orders in effect on the effective date of this section.

(D) AREA INCLUDED.—The area proposed to be included in a grazing management district shall be determined by the Secretary on the basis of a petition by farmers or ranchers.

(E) AUTHORIZATION.—The Secretary may use authority under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to operate, on a demonstration basis, a grazing management district.

(F) ACTIVITIES.—The activities of a grazing management district shall be scientifically sound activities, as determined by the Secretary in consultation with a technical advisory committee composed of ranchers, farmers, and technical experts.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

(1) $20,000,000 for fiscal year 1996;

(2) $40,000,000 for fiscal year 1997; and

(3) $60,000,000 for fiscal year 1998 and each subsequent fiscal year.

SEC. 355. CONFORMING AMENDMENTS.

(a) AGRICULTURAL CONSERVATION PROGRAM.—

(1) ELIMINATION.—

(A) Section 8 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h) is amended—

(i) in subsection (b)—

(I) by striking paragraphs (1) through (4) and inserting the following:

''(1) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—The Secretary shall provide technical assistance, cost share payments, and incentive payments to operators through the environmental quality incentives program in accordance with chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.).''; and

(II) by striking paragraphs (6) through (8); and

(ii) by striking subsections (d), (e), and (f).

(B) The first sentence of section 11 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590k) is amended by striking ''performance: *Provided further*,'' and all that follows through ''or other law'' and inserting ''performance''.

(C) Section 14 of the Act (16 U.S.C. 590n) is amended—

(i) in the first sentence, by striking ''or 8''; and

(ii) by striking the second sentence.

(D) Section 15 of the Act (16 U.S.C. 590o) is amended—

(i) in the first undesignated paragraph—

(I) in the first sentence, by striking ''sections 7 and 8'' and inserting ''section 7''; and

(II) by striking the third sentence; and

(ii) by striking the second undesignated paragraph.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of the last proviso of the matter under the heading ''CONSERVATION RESERVE PROGRAM'' under the heading ''SOIL BANK PROGRAMS'' of title I of the Department of Agriculture and Farm Credit Administration Appropriation Act, 1959 (72 Stat. 195; 7 U.S.C. 1831a) is amended by striking ''Agricultural Conservation Program'' and inserting ''environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.)''.

(B) Section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103) is amended by striking ''as added by the Agriculture and Consumer Protection Act of 1973'' each place it appears in subsections (d) and (i) and inserting ''as in effect before the amendment made by section 355(a)(1) of the Agricultural Reform and Improvement Act of 1996''.

(C) Section 226(b)(4) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6932(b)(4)) is amended by striking ''and the agricultural conservation program under the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g et seq.)''.

(D) Section 246(b)(8) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)(8)) is amended by striking ''and the agricultural conservation program under the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g et seq.)''.

(E) Section 1271(c)(3)(C) of the Food, Agriculture, Conservation, and Trade Act of 1990 (16 U.S.C. 2106a(c)(3)(C)) is amended by striking ''Agricultural Conservation Program established under section 16(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h, 590l, or 590p)'' and inserting ''environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.)''.

(F) Section 126(a)(5) of the Internal Revenue Code of 1986 is amended to read as follows:

''(5) The environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.).''.

(G) Section 304(a) of the Lake Champlain Special Designation Act of 1990 (Public Law 101–596; 33 U.S.C. 1270 note) is amended—

(i) in the subsection heading, by striking ''SPECIAL PROJECT AREA UNDER THE AGRICULTURAL CONSERVATION PROGRAM'' and inserting ''A PRIORITY AREA UNDER THE ENVIRONMENTAL QUALITY INCENTIVES PROGRAM''; and

(ii) in paragraph (1), by striking ''special project area under the Agricultural Conservation Program established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b))'' and inserting ''priority area under the environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.)''.

(H) Section 6 of the Department of Agriculture Organic Act of 1956 (70 Stat. 1033) is amended by striking subsection (b).

(b) GREAT PLAINS CONSERVATION PROGRAM.—

(1) ELIMINATION.—Section 16 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590p) is repealed.

(2) CONFORMING AMENDMENTS.—

(A) The Agricultural Adjustment Act of 1938 is amended by striking ''Great Plains program'' each place it appears in sections 344(f)(8) and 377 (7 U.S.C. 1344(f)(8) and 1377) and inserting ''environmental quality incentives program established under chapter 2 of subtitle D of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.)''.

(B) Section 246(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)) is amended by striking paragraph (2).

(C) Section 126(a) of the Internal Revenue Code of 1986 is amended—

(i) by striking paragraph (6); and

(ii) by redesignating paragraphs (7) through (10) as paragraphs (6) through (9), respectively.

(c) COLORADO RIVER BASIN SALINITY CONTROL PROGRAM.—

(1) ELIMINATION.—Section 202 of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592) is amended by striking subsection (c).

(2) CONFORMING AMENDMENT.—Section 246(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)) is amended by striking paragraph (6).

(d) RURAL ENVIRONMENTAL CONSERVATION PROGRAM.—

(1) ELIMINATION.—Title X of the Agricultural Act of 1970 (16 U.S.C. 1501 et seq.) is repealed.

(2) CONFORMING AMENDMENTS.—Section 246(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) through (8) as paragraphs (1) through (7), respectively.

(e) OTHER CONSERVATION PROVISIONS.—Subtitle F of title XII of the Food Security Act of 1985 (16 U.S.C. 2005a and 2101 note) is repealed.

(f) COMMODITY CREDIT CORPORATION CHARTER ACT.—Section 5(g) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c(g)) is amended to read as follows:

''(g) Carry out conservation functions and programs.''.

(g) RESOURCE CONSERVATION.—

(1) ELIMINATION.—Subtitles A, B, D, E, F, G, and J of title XV of the Agriculture and Food Act of 1981 (95 Stat. 1328; 16 U.S.C. 3401 et seq.) are repealed.

(2) CONFORMING AMENDMENT.—Section 739 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1982 (7 U.S.C. 2272a), is repealed.

(h) ENVIRONMENTAL EASEMENT PROGRAM.—Section 1239(a) of the Food Security Act of 1985 (16 U.S.C. 3839(a)) is amended by striking ''1991 through 1995'' and inserting ''1996 through 2002''.

(i) RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.—Section 1538 of the Agriculture and Food Act of 1981 (16 U.S.C. 3461) is amended by striking ''1991 through 1995'' and inserting ''1996 through 2002''.

(j) TECHNICAL AMENDMENT.—The first sentence of the matter under the heading ''Commodity Credit Corporation'' of Public Law 99–263 (100 Stat. 59; 16 U.S.C. 3841 note) is amended by striking '': Provided further,'' and all that follows through ''Acts''.

(k) AGRICULTURAL WATER QUALITY INCENTIVES PROGRAM.—Chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.) is repealed.

SEC. 356. WATER BANK PROGRAM.

Section 1230 of the Food Security Act of 1985 (16 U.S.C. 3830) is amended by adding at the end the following:

"(d) WATER BANK PROGRAM.—For purposes of this Act, acreage enrolled, prior to the date of enactment of this subsection, in the water bank program authorized by the Water Bank Act (16 U.S.C. 1301 et seq.) shall be considered to have been enrolled in the conservation reserve program on the date the acreage was enrolled in the water bank program. Payments shall continue at the existing water bank rates.".

SEC. 357. FLOOD WATER RETENTION PILOT PROJECTS.

Section 16 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590p) is amended by adding at the end the following:

"(l) FLOOD WATER RETENTION PILOT PROJECTS.—

"(1) IN GENERAL.—In cooperation with States, the Secretary shall carry out at least 1 but not more than 2 pilot projects to create and restore natural water retention areas to control storm water and snow melt runoff within closed drainage systems.

"(2) PRACTICES.—To carry out paragraph (1), the Secretary shall provide cost-sharing and technical assistance for the establishment of nonstructural landscape management practices, including agricultural tillage practices and restoration, enhancement, and creation of wetland characteristics.

"(3) FUNDING.—

"(A) LIMITATION.—The funding used by the Secretary to carry out this subsection shall not exceed $10,000,000 per project.

"(B) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this subsection.

"(4) ADDITIONAL PILOT PROJECTS.—

"(A) EVALUATION.—Not later than 2 years after a pilot project is implemented, the Secretary shall evaluate the extent to which the project has reduced or may reduce Federal outlays for emergency spending and unplanned infrastructure maintenance by an amount that exceeds the Federal cost of the project.

"(B) ADDITIONAL PROJECTS.—If the Secretary determines that pilot projects carried out under this subsection have reduced or may reduce Federal outlays as described in subparagraph (A), the Secretary may carry out, in accordance with this subsection, pilot projects in addition to the projects authorized under paragraph (1).".

SEC. 358. WETLAND CONSERVATION EXEMPTION.

Section 1222(b)(1) of the Food Security Act of 1985 (16 U.S.C. 3822(b)(1)) is amended—

(1) in subparagraph (C), by striking "or" at the end; and

(2) by adding at the end the following:

"(E) converted wetland, if—

"(i) the extent of the conversion is limited to the reversion to conditions that will be at least equivalent to the wetland functions and values that existed prior to implementation of a voluntary wetland restoration, enhancement, or creation action;

"(ii) technical determinations of the prior site conditions and the restoration, enhancement, or creation action have been adequately documented in a plan approved by the Natural Resources Conservation Service prior to implementation; and

"(iii) the conversion action proposed by the private landowner is approved by the Natural Resources Conservation Service prior to implementation; or".

SEC. 359. FLOODPLAIN EASEMENTS.

Section 403 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203) is amended by inserting ", including the purchase of floodplain easements," after "emergency measures".

SEC. 360. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM REAUTHORIZATION.

Section 1538 of the Agriculture and Food Act of 1981 (16 U.S.C. 3461) is amended by striking "1991 through 1995" and inserting "1996 through 2001".

SEC. 361. CONSERVATION RESERVE NEW ACREAGE.

Section 1231(a) of the Food Security Act of 1985 (16 U.S.C. 3831(a)) is amended by adding at the end the following: "The Secretary may enter into 1 or more new contracts to enroll acreage in a quantity equal to the quantity of acreage covered by any contract that terminates after the date of enactment of the Agricultural Market Transition Act.".

SEC. 362. REPEAL OF REPORT REQUIREMENT.

Section 1342 of title 44, United States Code, is repealed.

SEC. 363. WATERSHED PROTECTION AND FLOOD PREVENTION ACT AMENDMENTS.

(a) DECLARATION OF POLICY.—The first section of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1001) is amended to read as follows:

"SECTION 1. DECLARATION OF POLICY.

"Erosion, flooding, sedimentation, and loss of natural habitats in the watersheds and waterways of the United States cause loss of life, damage to property, and a reduction in the quality of environment and life of citizens. It is therefore the sense of Congress that the Federal Government should join with States and their political subdivisions, public agencies, conservation districts, flood prevention or control districts, local citizens organizations, and Indian tribes for the purpose of conserving, protecting, restoring, and improving the land and water resources of the United States and the quality of the environment and life for watershed residents across the United States.".

(b) DEFINITIONS.—

(1) WORKS OF IMPROVEMENT.—Section 2 of the Act (16 U.S.C. 1002) is amended, with respect to the term "works of improvement"—

(A) in paragraph (1), by inserting ", nonstructural," after "structural";

(B) in paragraph (2), by striking "or" at the end;

(C) by redesignating paragraph (3) as paragraph (11);

(D) by inserting after paragraph (2) the following new paragraphs:

"(3) a land treatment or other nonstructural practice, including the acquisition of easements or real property rights, to meet multiple watershed needs,

"(4) the restoration and monitoring of the chemical, biological, and physical structure, diversity, and functions of waterways and their associated ecological systems,

"(5) the restoration or establishment of wetland and riparian environments as part of a multi-objective management system that provides floodwater or storm water storage, detention, and attenuation, nutrient filtering, fish and wildlife habitat, and enhanced biological diversity,

"(6) the restoration of steam channel forms, functions, and diversity using the principles of biotechnical slope stabilization to reestablish a meandering, bankfull flow channels, riparian vegetation, and floodplains,

"(7) the establishment and acquisition of multi-objective riparian and adjacent flood prone lands, including greenways, for sediment storage and floodwater storage,

"(8) the protection, restoration, enhancement and monitoring of surface and groundwater quality, including measures to improve the quality of water emanating from agricultural lands and facilities,

"(9) the provision of water supply and municipal and industrial water supply for rural communities having a population of less than 55,000, according to the most recent decennial census of the United States,

"(10) outreach to and organization of local citizen organizations to participate in project design and implementation, and the training of project volunteers and participants in restoration and monitoring techniques, or"; and

(E) in paragraph (11) (as so redesignated)—

(i) by inserting in the first sentence after "proper utilization of land" the following: ", water, and related resources"; and

(ii) by striking the sentence that mandates that 20 percent of total project benefits be directly related to agriculture.

(2) LOCAL ORGANIZATION.—Such section is further amended, with respect to the term "local organization", by adding at the end the following new sentence: "The term includes any nonprofit organization (defined as having tax exempt status under section 501(c)(3) of the Internal Revenue Code of 1986) that has authority to carry out and maintain works of improvement or is developing and implementing a work of improvement in partnership with another local organization that has such authority.".

(3) WATERWAY.—Such section is further amended by adding at the end the following new definition:

"WATERWAY.—The term 'waterway' means, on public or private land, any natural, degraded, seasonal, or created wetland on public or private land, including rivers, streams, riparian areas, marshes, ponds, bogs, mudflats, lakes, and estuaries. The term includes any natural or manmade watercourse which is culverted, channelized, or vegetatively cleared, including canals, irrigation ditches, drainage wages, and navigation, industrial, flood control and water supply channels.".

(c) ASSISTANCE TO LOCAL ORGANIZATIONS.—Section 3 of the Act (16 U.S.C. 1003) is amended—

(1) in paragraph (1), by inserting after "(1)" the following "to provide technical assistance to help local organizations";

(2) in paragraph (2)—

(A) by inserting after "(2)" the following: "to provide technical assistance to help local organizations"; and

(B) by striking "engineering" and inserting "technical and scientific"; and

(3) by striking paragraph (3) and inserting the following new paragraph:

"(3) to make allocations of costs to the project or project components to determine whether the total of all environmental, social, and monetary benefits exceed costs;".

(d) COST SHARE ASSISTANCE.—

(1) AMOUNT OF ASSISTANCE.—Section 3A of the Act (16 U.S.C. 1003a) is amended by striking subsection (b) and inserting the following:

"(b) NONSTRUCTURAL PRACTICES.—Notwithstanding any other provision of this Act, Federal cost share assistance to local organizations for the planning and implementation of nonstructural works of improvement may be provided using funds appropriated for the purposes of this Act for an amount not exceeding 75 percent of the total installation costs.

"(c) STRUCTURAL PRACTICES.—Notwithstanding any other provision of this Act, Federal cost share assistance to local organizations for the planning and implementation of structural works of improvement may be provided using funds appropriated for the purposes of this Act for 50 percent of the total cost, including the cost of mitigating damage to fish and wildlife habitat and the value of any land or interests in land acquired for the work of improvement.

"(d) SPECIAL RULE FOR LIMITED RESOURCE COMMUNITIES.—Notwithstanding any other provision of this Act, the Secretary may provide cost share assistance to a limited resource community for any works of improvement, using funds appropriated for the purposes of this Act, for an amount not to exceed 90 percent of the total cost.

''(e) TREATMENT OF OTHER FEDERAL FUNDS.—Not more than 50 percent of the non-Federal cost share may be satisfied using funds from other Federal agencies.''.

(2) CONDITIONS ON ASSISTANCE.—Section 4(1) of the Act (16 U.S.C. 1004(1)) is amended by striking '', without cost to the Federal Government from funds appropriated for the purposes of this Act,''.

(e) BENEFIT COST ANALYSIS.—Section 5(1) of the Act (16 U.S.C. 1005(1)) is amended by striking ''the benefits'' and inserting ''the total benefits, including environmental, social, and monetary benefits,''.

(f) PROJECT PRIORITIZATION.—The Watershed Protection and Flood Prevention Act is amended by inserting after section 5 (16 U.S.C. 1005) the following new section:

''SEC. 5A. FUNDING PRIORITIES.

''In making funding decisions under this Act, the Secretary shall give priority to projects with one or more of the following attributes:

''(1) Projects providing significant improvements in ecological values and functions in the project area.

''(2) Projects that enhance the long-term health of local economies or generate job or job training opportunities for local residents, including Youth Conservation and Service Corps participants and displaced resource harvesters.

''(3) Projects that provide protection to human health, safety, and property.

''(4) Projects that directly benefit economically disadvantaged communities and enhance participation by local residents of such communities.

''(5) Projects that restore or enhance fish and wildlife species of commercial, recreational, subsistence or scientific concern.

''(6) Projects or components of projects that can be planned, designed, and implemented within two years.''.

(g) TRANSFER OF FUNDS.—The Watershed Protection and Flood Prevention Act (16 U.S.C. 1001–1010) is amended by adding at the end the following new section:

''SEC. 14. TRANSFERS OF FUNDS.

''The Secretary may accept transfers of funds from other Federal departments and agencies in order to carry out projects under this Act.''.

SEC. 364. ABANDONMENT OF CONVERTED WETLANDS.

Section 1222 of the Food Security Act of 1985 (16 U.S.C. 3822) is amended by adding at the end the following:

''(k) ABANDONMENT OF CONVERTED WETLANDS.—The Secretary shall not determine that a prior converted or cropped wetland is abandoned, and therefore that the wetland is subject to this subtitle, on the basis that a producer has not planted an agricultural crop on the prior converted or cropped wetland after the date of enactment of this subsection, so long as any use of the wetland thereafter is limited to agricultural purposes.''.

TITLE IV—NUTRITION ASSISTANCE

SEC. 401. FOOD STAMP PROGRAM.

(a) DISQUALIFICATION OF A STORE OR CONCERN.—Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended—

(1) by striking the section heading;

(2) by striking ''SEC. 12. (a) Any'' and inserting the following:

''SEC. 12. CIVIL MONEY PENALTIES AND DISQUALIFICATION OF RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

''(a) DISQUALIFICATION.—

''(1) IN GENERAL.—An'';

(3) by adding at the end of subsection (a) the following:

''(2) EMPLOYING CERTAIN PERSONS.—A retail food store or wholesale food concern shall be disqualified from participation in the food stamp program if the store or concern knowingly employs a person who has been found by the Secretary, or a Federal, State, or local court, to have, within the preceding 3-year period—

''(A) engaged in the trading of a firearm, ammunition, an explosive, or a controlled substance (as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802)) for a coupon; or

''(B) committed any act that constitutes a violation of this Act or a State law relating to using, presenting, transferring, acquiring, receiving, or possessing a coupon, authorization card, or access device.''; and

(4) in subsection (b)(3)(B), by striking ''neither the ownership nor management of the store or food concern was aware'' and inserting ''the ownership of the store or food concern was not aware''.

(b) EMPLOYMENT AND TRAINING.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended by striking ''1995'' each place it appears and inserting ''2002''.

(c) AUTHORIZATION OF PILOT PROJECTS.—The last sentence of section 17(b)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(A)) is amended by striking ''1995'' and inserting ''2002''.

(d) OUTREACH DEMONSTRATION PROJECTS.—The first sentence of section 17(j)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2026(j)(1)(A)) is amended by striking ''1995'' and inserting ''2002''.

(e) AUTHORIZATION FOR APPROPRIATIONS.—The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended by striking ''1995'' and inserting ''2002''.

(f) REAUTHORIZATION OF PUERTO RICO NUTRITION ASSISTANCE PROGRAM.—The first sentence of section 19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)(A)) is amended by striking ''$974,000,000'' and all that follows through ''fiscal year 1995'' and inserting ''$1,143,000,000 for fiscal year 1996, $1,174,000,000 for fiscal year 1997, $1,204,000,000 for fiscal year 1998, $1,236,000,000 for fiscal year 1999, $1,268,000,000 for fiscal year 2000, $1,301,000,000 for fiscal year 2001, and $1,335,000,000 for fiscal year 2002''.

(g) AMERICAN SAMOA.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended by adding at the end the following:

''SEC. 24. TERRITORY OF AMERICAN SAMOA.

''From amounts made available to carry out this Act, the Secretary may pay to the Territory of American Samoa not more than $5,300,000 for each of fiscal years 1996 through 2002 to finance 100 percent of the expenditures for the fiscal year for a nutrition assistance program extended under section 601(c) of Public Law 96–597 (48 U.S.C. 1469d(c)).''.

SEC. 402. COMMODITY DISTRIBUTION PROGRAM; COMMODITY SUPPLEMENTAL FOOD PROGRAM.

(a) REAUTHORIZATION.—The first sentence of section 4(a) of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(b) FUNDING.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended—

(1) in subsection (a)(2), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (d)(2), by striking ''1995'' and inserting ''2002''.

(c) CARRIED-OVER FUNDS.—20 percent of any commodity supplemental food program funds carried over under section 5 of the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) shall be available for administrative expenses of the program.

SEC. 403. EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) REAUTHORIZATION.—The first sentence of section 204(a)(1) of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(b) PROGRAM TERMINATION.—Section 212 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended by striking ''1995'' and inserting ''2002''.

(c) REQUIRED PURCHASES OF COMMODITIES.—Section 214 of the Emergency Food Assistance Act of 1983 (Public Law 98–8; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (e), by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 404. SOUP KITCHENS PROGRAM.

Section 110 of the Hunger Prevention Act of 1988 (Public Law 100–435; 7 U.S.C. 612c note) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002''; and

(2) in subsection (c)(2)—

(A) in the paragraph heading, by striking ''1995'' and inserting ''2002''; and

(B) by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 405. NATIONAL COMMODITY PROCESSING.

The first sentence of section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended by striking ''1995'' and inserting ''2002''.

TITLE V—MISCELLANEOUS

Subtitle A—General Miscellaneous Provisions

SEC. 501. FUND FOR DAIRY PRODUCERS TO PAY FOR NUTRIENT MANAGEMENT.

Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) in paragraph (A), by adding at the end the following: ''The minimum price for milk of the highest classification in any order (other than an order amended under paragraph (M)) may not be higher than the minimum price required under this paragraph.''; and

(2) by adding at the end the following:

''(M) SAFE HARBOR.—

''(i) IN GENERAL.—Providing that each order may be amended such that not more than $.10 per hundredweight of milk of the highest use classification may be added to the minimum applicable price to be set aside in a fund called the 'Safe Harbor Fund Account' (referred to in this paragraph as the 'Account').

''(ii) ADMINISTRATION.—

''(I) MARKET ADMINISTRATOR.—The Account shall be administered by the Market Administrator.

''(II) USE OF FUNDS.—A determination regarding the use of the funds in the Account shall be made by the Safe Harbor Committee established under clause (iii).

''(iii) SAFE HARBOR COMMITTEE.—The Secretary shall establish a Safe Harbor Committee consisting of 7 milk producers appointed by the Secretary who supply milk to handlers regulated under a Federal milk marketing order.

''(iv) USE OF FUNDS.—

''(I) APPLICATIONS.—To be eligible to use amounts in the fund, a milk producer who supplies milk to handlers regulated under a Federal milk marketing order shall submit an application to the Safe Harbor Committee.

''(II) APPROVAL.—The Safe Harbor Committee may approve only applications that fund conservation practices approved by the Secretary that control the off-migration of nutrients from the farm.

''(III) STATE WATER QUALITY PRIORITIES.—In approving applications, the Safe Harbor Committee shall take into account, to the extent practicable, the applicable State water quality priorities.''.

SEC. 502. CROP INSURANCE.

(a) CATASTROPHIC RISK PROTECTION.—Section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)) is amended—

(1) in paragraph (4), by adding at the end the following:

''(C) DELIVERY OF COVERAGE.—

''(i) IN GENERAL.—In full consultation with approved insurance providers, the Secretary may continue to offer catastrophic risk protection in a State (or a portion of a State) through local offices of the Department if the Secretary determines that there is an insufficient number of approved insurance providers operating in the State or portion to adequately provide catastrophic risk protection coverage to producers.

''(ii) COVERAGE BY APPROVED INSURANCE PROVIDERS.—To the extent that catastrophic risk protection coverage by approved insurance providers is sufficiently available in a State as determined by the Secretary, only approved insurance providers may provide the coverage in the State.

''(iii) CURRENT POLICIES.—Subject to clause (ii), all catastrophic risk protection policies written by local offices of the Department shall be transferred (including all fees collected for the crop year in which the approved insurance provider will assume the policies) to the approved insurance provider for performance of all sales, service, and loss adjustment functions.''; and

(2) in paragraph (7), by striking subparagraph (A) and inserting the following:

''(A) IN GENERAL.—Effective for the spring-planted 1996 and subsequent crops, to be eligible for any payment or loan under the Agricultural Market Transition Act or the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301 et seq.), the conservation reserve program, or any benefit described in section 371 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008f), a person shall—

''(i) obtain at least the catastrophic level of insurance for each crop of economic significance in which the person has an interest; or

''(ii) provide a written waiver to the Secretary that waives any eligibility for emergency crop loss assistance in connection with the crop.''.

(b) COVERAGE OF SEED CROPS.—Section 519(a)(2)(B) of the Act (7 U.S.C. 1519(a)(2)(B)) is amended by inserting ''seed crops,'' after ''turfgrass sod,''.

(c) CROP INSURANCE PILOT PROJECT.—

(1) COVERAGE.—The Secretary of Agriculture shall develop and administer a pilot project for crop insurance coverage that indemnifies crop losses due to a natural disaster such as insect infestation or disease.

(2) ACTUARIAL SOUNDNESS.—A pilot project under this paragraph shall be actuarially sound, as determined by the Secretary and administered at no net cost to the United States Treasury.

(3) DURATION.—A pilot project under this paragraph shall be of two years' duration.

(d) CROP INSURANCE FOR SPECIALTY CROPS.—Section 508(a)(6) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)(6)) is amended by adding at the end the following:

''(D) ADDITION OF SPECIALTY CROPS.—Not later than 2 years after the date of enactment of this subparagraph—

''(i) the Corporation shall issue regulations to expand crop insurance coverage under this title to include aquaculture; and

''(ii) The Corporation shall conduct a study and limited pilot program on the feasibility of insuring nursery crops.''.

(e) MARKETING WINDOWS.—Section 508(j) of the Federal Crop Insurance Act (7 U.S.C. 1508(j)) is amended by adding at the end the following:

''(4) MARKETING WINDOWS.—The Corporation shall consider marketing windows in determining whether it is feasible to require planting during a crop year.''.

SEC. 503. REVENUE INSURANCE.

Section 508(h) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)) is amended by adding at the end the following:

''(9) REVENUE INSURANCE PILOT PROGRAM.—

''(A) IN GENERAL.—Not later than December 31, 1996, the Secretary shall carry out a pilot program in a limited number of counties, as determined by the Secretary, for crop years 1997, 1998, 1999, and 2000, under which a producer of corn, wheat, or soybeans may elect to receive insurance against loss of revenue, as determined by the Secretary.

''(B) ADMINISTRATION.—Revenue insurance under this paragraph shall—

''(i) be offered through reinsurance arrangements with private insurance companies;

''(ii) offer at least a minimum level of coverage that is an alternative to catastrophic crop insurance;

''(iii) be actuarily sound; and

''(iv) require the payment of premiums and administrative fees by an insured producer.''.

SEC. 504. COLLECTION AND USE OF AGRICULTURAL QUARANTINE AND INSPECTION FEES.

Subsection (a) of section 2509 of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 136a) is amended to read as follows:

''(a) QUARANTINE AND INSPECTION FEES.—

''(1) FEES AUTHORIZED.—The Secretary of Agriculture may prescribe and collect fees sufficient—

''(A) to cover the cost of providing agricultural quarantine and inspection services in connection with the arrival at a port in the customs territory of the United States, or the preclearance or preinspection at a site outside the customs territory of the United States, of an international passenger, commercial vessel, commercial aircraft, commercial truck, or railroad car;

''(B) to cover the cost of administering this subsection; and

''(C) through fiscal year 2002, to maintain a reasonable balance in the Agricultural Quarantine Inspection User Fee Account established under paragraph (5).

''(2) LIMITATION.—In setting the fees under paragraph (1), the Secretary shall ensure that the amount of the fees are commensurate with the costs of agricultural quarantine and inspection services with respect to the class of persons or entities paying the fees. The costs of the services with respect to passengers as a class includes the costs of related inspections of the aircraft or other vehicle.

''(3) STATUS OF FEES.—Fees collected under this subsection by any person on behalf of the Secretary are held in trust for the United States and shall be remitted to the Secretary in such manner and at such times as the Secretary may prescribe.

''(4) LATE PAYMENT PENALTIES.—If a person subject to a fee under this subsection fails to pay the fee when due, the Secretary shall assess a late payment penalty, and the overdue fees shall accrue interest, as required by section 3717 of title 31, United States Code.

''(5) AGRICULTURAL QUARANTINE INSPECTION USER FEE ACCOUNT.—

''(A) ESTABLISHMENT.—There is established in the Treasury of the United States a no-year fund, to be known as the 'Agricultural Quarantine Inspection User Fee Account', which shall contain all of the fees collected under this subsection and late payment penalties and interest charges collected under paragraph (4) through fiscal year 2002.

''(B) USE OF ACCOUNT.—For each of the fiscal years 1996 through 2002, funds in the Agricultural Quarantine Inspection User Fee Account shall be available, in such amounts as are provided in advance in appropriations Acts, to cover the costs associated with the provision of agricultural quarantine and inspection services and the administration of this subsection. Amounts made available under this subparagraph shall be available until expended.

''(C) EXCESS FEES.—Fees and other amounts collected under this subsection in any of the fiscal years 1996 through 2002 in excess of $100,000,000 shall be available for the purposes specified in subparagraph (B) until expended, without further appropriation.

''(6) USE OF AMOUNTS COLLECTED AFTER FISCAL YEAR 2002.—After September 30, 2002, the unobligated balance in the Agricultural Quarantine Inspection User Fee Account and fees and other amounts collected under this subsection shall be credited to the Department of Agriculture accounts that incur the costs associated with the provision of agricultural quarantine and inspection services and the administration of this subsection. The fees and other amounts shall remain available to the Secretary until expended without fiscal year limitation.

''(7) STAFF YEARS.—The number of full-time equivalent positions in the Department of Agriculture attributable to the provision of agricultural quarantine and inspection services and the administration of this subsection shall not be counted toward the limitation on the total number of full-time equivalent positions in all agencies specified in section 5(b) of the Federal Workforce Restructuring Act of 1994 (Public Law 103–226; 5 U.S.C. 3101 note) or other limitation on the total number of full-time equivalent positions.''.

SEC. 505. COMMODITY CREDIT CORPORATION INTEREST RATE.

Notwithstanding any other provision of law, the monthly Commodity Credit Corporation interest rate applicable to loans provided for agricultural commodities by the Corporation shall be 100 basis points greater than the rate determined under the applicable interest rate formula in effect on October 1, 1995.

SEC. 506. EVERGLADES AGRICULTURAL AREA.

(a) IN GENERAL.—On July 1, 1996, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall provide $200,000,000 to the Secretary of the Interior to carry out this section.

(b) ENTITLEMENT.—The Secretary of the Interior—

(1) shall accept the funds made available under subsection (a);

(2) shall be entitled to receive the funds; and

(3) shall use the funds to conduct restoration activities in the Everglades ecosystem, which may include acquiring private acreage in the Everglades Agricultural Area including approximately 52,000 acres that is commonly known as the ''Talisman tract''.

(c) TRANSFERRING FUNDS.—The Secretary of the Interior may transfer funds to the Army Corps of Engineers, the State of Florida, or the South Florida Water Management District to carry out subsection (b)(3).

(d) DEADLINE.—Not later than December 31, 1999, the Secretary of the Interior shall utilize the funds for restoration activities referred to in subsection (b)(3).

SEC. 507. FUND FOR RURAL AMERICA.

(a) IN GENERAL.—The Secretary shall create an account called the Fund for Rural America for the purposes of providing funds for activities described in subsection (c).

(b) COMMODITY CREDIT CORPORATION.—In each of the 1996 through 1998 fiscal years, the Secretary shall transfer into the Fund for Rural America (hereafter referred to as the ''Account'')—

(1) $50,000,000 for the 1996 fiscal year;

(2) $100,000,000 for the 1997 fiscal year; and

(3) $150,000,000 for the 1998 fiscal year.

(c) PURPOSES.—Except as provided in subsection (d), the Secretary shall provide not more than one-third of the funds from the Account for activities described in paragraph (2).

(1) RURAL DEVELOPMENT ACTIVITIES.—The Secretary may use the funds in the Account for the following rural development activities authorized in:

(A) The Housing Act of 1949 for—

(i) direct loans to low income borrowers pursuant to section 502;

(ii) loans for financial assistance for housing for domestic farm laborers pursuant to section 514;

(iii) financial assistance for housing of domestic farm labor pursuant to section 516;

(iv) grants and contracts for mutual and self help housing pursuant to section 523(b)(1)(A); and

(v) grants for Rural Housing Preservation pursuant to section 533;

(B) The Food Security Act of 1985 for loans to intermediary borrowers under the Rural Development Loan Fund;

(C) Consolidated Farm and Rural Development Act for—

(i) grants for Rural Business Enterprises pursuant to section 310B (c) and (j);

(ii) direct loans, loan guarantees and grants for water and waste water projects pursuant to section 306; and

(iii) down payments assistance to farmers, section 310E;

(D) grants for outreach to socially disadvantaged farmers and ranchers pursuant to section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279); and

(E) grants pursuant to section 204(6) of the Agricultural Marketing Act of 1946.

(2) RESEARCH.—

(A) IN GENERAL.—The Secretary may use the funds in the Account for research grants to increase the competitiveness and farm profitability, protect and enhance natural resources, increase economic opportunities in farming and rural communities and expand locally owned value added processing and marketing operations.

(B) ELIGIBLE GRANTEE.—The Secretary may make a grant under this paragraph to—

(i) a college or university;

(ii) a State agricultural experiment station;

(iii) a State Cooperative Extension Service;

(iv) a research institution or organization;

(v) a private organization or person; or

(iv) a Federal agency.

(C) USE OF GRANT.—

(i) IN GENERAL.—A grant made under this paragraph may be used by a grantee for 1 or more of the following uses—

(I) research, ranging from discovery to principles of application;

(II) extension and related private-sector activities; and

(III) education.

(ii) LIMITATION.—No grant shall be made for any project, determined by the Secretary, to be eligible for funding under research and commodity promotion programs administered by the Department.

(D) ADMINISTRATION.—

(i) PRIORITY.—In administering this paragraph, the Secretary shall—

(I) establish priorities for allocating grants, based on needs and oppportunities of the food and agriculture system in the United States related to the goals of the paragraph;

(II) seek and accept proposals for grants;

(III) determine the relevance and merit of proposals through a system of peer and stakeholder review; and

(IV) award grants on the basis of merit, quality, and relevance to advancing the national research and extension purposes.

(ii) COMPETITIVE AWARDING.—A grant under this paragraph shall be awarded on a competitive basis.

(iii) TERMS.—A grant under this paragraph shall have a term that does not exceed 5 years.

(iv) MATCHING FUNDS.—As a condition of receipts under this paragraph, the Secretary shall require the funding of the grant with equal matching funds from a non-Federal source if the grant is—

(I) for applied research that is commodity-specific; and

(II) not of national scope.

(v) ADMINISTRATIVE COSTS.—

(I) IN GENERAL.—The Secretary may use not more than 4 percent of the funds made available under this paragraph for administrative costs incurred by the Secretary in carrying out this paragraph.

(II) LIMITATION.—Funds made available under this paragraph shall not be used—

(aa) for the construction of a new building or the acquisition, expansion, remodeling, or alteration of an existing building (including site grading and improvement and architect fees); or

(bb) in excess of ten percent of the annual allocation for commodity-specific projects not of the national scope.

(d) LIMITATIONS.—No funds from the Fund for Rural America may be used for an activity specified in subsection (c) if the current level of appropriations for the activity is less than 90 percent of the 1996 fiscal year appropriations for the activity adjusted for inflation.

Subtitle B—Options Pilot Programs and Risk Management Education

SEC. 511. SHORT TITLE.

This subtitle may be cited as the ''Options Pilot Programs Act of 1996''.

SEC. 512. PURPOSE.

The purpose of this subtitle is to authorize the Secretary of Agriculture (referred to in this subtitle as the ''Secretary'') to—

(1) conduct research through pilot programs for 1 or more program commodities to ascertain whether futures and options contracts can provide producers with reasonable protection from the financial risks of fluctuations in price, yield, and income inherent in the production and marketing of agricultural commodities; and

(2) provide education in the management of the financial risks inherent in the production and marketing of agricultural commodities.

SEC. 513. PILOT PROGRAMS.

(a) IN GENERAL.—The Secretary is authorized to conduct pilot programs for 1 or more supported commodities through December 31, 2002.

(b) DISTRIBUTION OF PILOT PROGRAMS.—The Secretary may operate a pilot program described in subsection (a) (referred to in this subtitle as a ''pilot program'') in up to 100 counties for each program commodity with not more than 6 of those counties in any 1 State. A pilot program shall not be implemented in any county for more than 3 of the 1996 through 2002 calendar years.

(c) ELIGIBLE PARTICIPANTS.—

(1) IN GENERAL.—In carrying out a pilot program, the Secretary may contract with a producer who—

(A) is eligible to participate in a price support program for a supported commodity;

(B) desires to participate in a pilot program; and

(C) is located in an area selected for a pilot program.

(2) CONTRACTS.—Each contract under paragraph (1) shall set forth the terms and conditions for participation in a pilot program.

(d) ELIGIBLE MARKETS.—Trades for futures and options contracts under a pilot program shall be carried out on commodity futures and options markets designated as contract markets under the Commodity Exchange Act (7 U.S.C. 1 et seq.)

SEC. 514. TERMS AND CONDITIONS.

(a) IN GENERAL.—To be eligible to participate in any pilot program for any commodity conducted under this subtitle, a producer shall meet the eligibility requirements established under this subtitle (including regulations issued under this subtitle).

(b) RECORDKEEPING.—Producers shall compile, maintain, and submit (or authorize the compilation, maintenance, and submission) of such documentation as the regulations governing any pilot program require.

SEC. 515. NOTICE.

(a) ALTERNATIVE PROGRAMS.—Pilot programs shall be alternatives to other related programs of the Department of Agriculture.

(b) NOTICE TO PRODUCERS.—The Secretary shall provide notice to each producer participating in a pilot program that—

(1) the participation of the producer in a pilot program is voluntary; and

(2) neither the United States, the Commodity Credit Corporation, the Federal Crop Insurance Corporation, the Department of Agriculture, nor any other Federal agency is authorized to guarantee that participants in the pilot program will be better or worse off financially as a result of participation in a pilot program than the producer would have been if the producer had not participated in a pilot program.

SEC. 516. COMMODITY CREDIT CORPORATION.

(a) IN GENERAL.—Pilot programs established under this subtitle shall be funded by and carried out through the Commodity Credit Corporation.

(b) LIMITATION.—In conducting the programs, the Secretary shall, to the maximum extent practicable, operate the pilot programs in a budget neutral manner.

SEC. 517. RISK MANAGEMENT EDUCATION.

The Secretary shall provide such education in management of the financial risks inherent in the production and marketing of agricultural commodities as the Secretary considers appropriate.

Subtitle C—Commercial Transportation of Equine for Slaughter

SEC. 521. FINDINGS.

Congress finds that, to ensure that equine sold for slaughter are provided humane treatment and care, it is essential to regulate the transportation, care, handling, and treatment of equine by any person engaged in the commercial transportation of equine for slaughter.

SEC. 522. DEFINITIONS.

In this subtitle:

(1) COMMERCE.—The term ''commerce'' means trade, traffic, transportation, or other commerce by a person—

(A) between any State, territory, or possession of the United States, or the District of Columbia, and any place outside thereof;

(B) between points within the same State, territory, or possession of the United States, or the District of Columbia, but through any place outside thereof; or

(C) within any territory or possession of the United States or the District of Columbia.

(2) DEPARTMENT.—The term ''Department'' means the United States Department of Agriculture.

(3) EQUINE.—The term ''equine'' means any member of the Equidae family.

(4) EQUINE FOR SLAUGHTER.—The term ''equine for slaughter'' means any equine that is transported, or intended to be transported, by vehicle to a slaughter facility or intermediate handler from a sale, auction, or intermediate handler by a person engaged in the business of transporting equine for slaughter.

(5) FOAL.—The term ''foal'' means an equine that is not more than 6 months of age.

(6) INTERMEDIATE HANDLER.—The term ''intermediate handler'' means any person regularly engaged in the business of receiving custody of equine for slaughter in connection with the transport of the equine to a slaughter facility, including a stockyard, feedlot, or assembly point.

(7) PERSON.—The term ''person'' means any individual, partnership, firm, company, corporation, or association that regularly transports equine for slaughter in commerce, except that the term shall not include an individual or other entity that does not transport equine for slaughter on a regular basis as part of a commercial enterprise.

(8) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(9) VEHICLE.—The term ''vehicle'' means any machine, truck, tractor, trailer, or semitrailer, or any combination thereof, propelled or drawn by mechanical power and used on a highway in the commercial transportation of equine for slaughter.

(10) STALLION.—The term ''stallion'' means any uncastrated male equine that is 1 year of age or older.

SEC. 523. STANDARDS FOR HUMANE COMMERCIAL TRANSPORTATION OF EQUINE FOR SLAUGHTER.

(a) IN GENERAL.—Subject to the availability of appropriations, not later than 1 year after the date of enactment of this subtitle, the Secretary shall issue, by regulation, standards for the humane commercial transportation by vehicle of equine for slaughter.

(b) PROHIBITION.—No person engaged in the regular business of transporting equine by vehicle for slaughter as part of a commercial enterprise shall transport in commerce, to a slaughter facility or intermediate handler, an equine for slaughter except in accordance with the standards and this subtitle.

(c) MINIMUM REQUIREMENTS.—The standards shall include minimum requirements for the humane handling, care, treatment, and equipment necessary to ensure the safe and humane transportation of equine for slaughter. The standards shall require, at a minimum, that—

(1) no equine for slaughter shall be transported for more than 24 hours without being unloaded from the vehicle and allowed to rest for at least 8 consecutive hours and given access to adequate quantities of wholesome food and potable water;

(2) a vehicle shall provide adequate headroom for an equine for slaughter with a minimum of at least 6 feet, 6 inches of headroom from the roof and beams or other structural members overhead to floor underfoot, except that a vehicle transporting 6 equine or less shall provide a minimum of at least 6 feet of headroom from the roof and beams or other structural members overhead to floor underfoot if none of the equine are over 16 hands;

(3) the interior of a vehicle shall—

(A) be free of protrusions, sharp edges, and harmful objects;

(B) have ramps and floors that are adequately covered with a nonskid nonmetallic surface; and

(C) be maintained in a sanitary condition;

(4) a vehicle shall—

(A) provide adequate ventilation and shelter from extremes of weather and temperature for all equine;

(B) be of appropriate size, height, and interior design for the number of equine being carried to prevent overcrowding; and

(C) be equipped with doors and ramps of sufficient size and location to provide for safe loading and unloading, including unloading during emergencies;

(5)(A) equine shall be positioned in the vehicle by size; and

(B) stallions shall be segregated from other equine;

(6)(A) all equine for slaughter must be fit to travel as determined by an accredited veterinarian, who shall prepare a certificate of inspection, prior to loading for transport, that—

(i) states that the equine were inspected and satisfied the requirements of subparagraph (B);

(ii) includes a clear description of each equine; and

(iii) is valid for 7 days;

(B) no equine shall be transported to slaughter if the equine is found to be—

(i) suffering from a broken or dislocated limb;

(ii) unable to bear weight on all 4 limbs;

(iii) blind in both eyes; or

(iv) obviously suffering from severe illness, injury, lameness, or physical debilitation that would make the equine unable to withstand the stress of transportation;

(C) no foal may be transported for slaughter;

(D) no mare in foal that exhibits signs of impending parturition may be transported for slaughter; and

(E) no equine for slaughter shall be accepted by a slaughter facility unless the equine is—

(i) inspected on arrival by an employee of the slaughter facility or an employee of the Department; and

(ii) accompanied by a certificate of inspection issued by an accredited veterinarian, not more than 7 days before the delivery, stating that the veterinarian inspected the equine on a specified date.

SEC. 524. RECORDS.

(a) IN GENERAL.—A person engaged in the business of transporting equine for slaughter shall establish and maintain such records, make such reports, and provide such information as the Secretary may, by regulation, require for the purposes of carrying out, or determining compliance with, this subtitle.

(b) MINIMUM REQUIREMENTS.—The records shall include, at a minimum—

(1) the veterinary certificate of inspection;

(2) the names and addresses of current owners and consignors, if applicable, of the equine at the time of sale or consignment to slaughter; and

(3) the bill of sale or other documentation of sale for each equine.

(c) AVAILABILITY.—The records shall—

(1) accompany the equine during transport to slaughter;

(2) be retained by any person engaged in the business of transporting equine for slaughter for a reasonable period of time, as determined by the Secretary, except that the veterinary certificate of inspection shall be surrendered at the slaughter facility to an employee or designee of the Department and kept by the Department for a reasonable period of time, as determined by the Secretary; and

(3) on request of an officer or employee of the Department, be made available at all reasonable times for inspection and copying by the officer or employee.

SEC. 525. AGENTS.

(a) IN GENERAL.—For purposes of this subtitle, the act, omission, or failure of an individual acting for or employed by a person engaged in the business of transporting equine for slaughter, within the scope of the employment or office of the individual, shall be considered the act, omission, or failure of the person engaging in the commercial transportation of equine for slaughter as well as of the individual.

(b) ASSISTANCE.—If an equine suffers a substantial injury or illness while being transported for slaughter on a vehicle, the driver of the vehicle shall seek prompt assistance from a licensed veterinarian.

SEC. 526. COOPERATIVE AGREEMENTS.

The Secretary is authorized to cooperate with States, political subdivisions of States, State agencies (including State departments of agriculture and State law enforcement agencies), and foreign governments to carry out and enforce this subtitle (including regulations issued under this subtitle).

SEC. 527. INVESTIGATIONS AND INSPECTIONS.

(a) IN GENERAL.—The Secretary is authorized to conduct such investigations or inspections as the Secretary considers necessary to enforce this subtitle (including any regulation issued under this subtitle).

(b) ACCESS.—For the purposes of conducting an investigation or inspection under subsection (a), the Secretary shall, at all reasonable times, have access to—

(1) the place of business of any person engaged in the business of transporting equine for slaughter;

(2) the facilities and vehicles used to transport the equine; and

(3) records required to be maintained under section 834.

(c) ASSISTANCE TO OR DESTRUCTION OF EQUINE.—The Secretary shall issue such regulations as the Secretary considers necessary to permit employees or agents of the Department to—

(1) provide assistance to any equine that is covered by this subtitle (including any regulation issued under this subtitle); or

(2) destroy, in a humane manner, any such equine found to be suffering.

SEC. 528. INTERFERENCE WITH ENFORCEMENT.

(a) IN GENERAL.—Subject to subsection (b), a person who forcibly assaults, resists, opposes, impedes, intimidates, or interferes with any person while engaged in or on account of the performance of an official duty of the person under this subtitle shall be fined not more than $5,000 or imprisoned not more than 3 years, or both.

(b) WEAPONS.—If the person uses a deadly or dangerous weapon in connection with an action described in subsection (a), the person shall be fined not more than $10,000 or imprisoned not more than 10 years, or both.

SEC. 529. JURISDICTION OF COURTS.

Except as provided in section 840(a)(5), a district court of the United States in any appropriate judicial district under section 1391 of title 28, United States Code, shall have jurisdiction to specifically enforce this subtitle, to prevent and restrain a violation of this subtitle, and to otherwise enforce this subtitle.

SEC. 530. CIVIL AND CRIMINAL PENALTIES.

(a) CIVIL PENALTIES.—

(1) IN GENERAL.—A person who violates this subtitle (including a regulation or standard

issued under this subtitle) shall be assessed a civil penalty by the Secretary of not more than $2,000 for each violation.

(2) SEPARATE OFFENSES.—Each equine transported in violation of this subtitle shall constitute a separate offense. Each violation and each day during which a violation continues shall constitute a separate offense.

(3) HEARINGS.—No penalty shall be assessed under this subsection unless the person who is alleged to have violated this subtitle is given notice and opportunity for a hearing with respect to an alleged violation.

(4) FINAL ORDER.—An order of the Secretary assessing a penalty under this subsection shall be final and conclusive unless the aggrieved person files an appeal from the order pursuant to paragraph (5).

(5) APPEALS.—Not later than 30 days after entry of a final order of the Secretary issued pursuant to this subsection, a person aggrieved by the order may seek review of the order in the appropriate United States Court of Appeals. The Court shall have exclusive jurisdiction to enjoin, set aside, suspend (in whole or in part), or to determine the validity of the order.

(6) NONPAYMENT OF PENALTY.—On a failure to pay the penalty assessed by a final order under this section, the Secretary shall request the Attorney General to institute a civil action in a district court of the United States or other United States court for any district in which the person is found, resides, or transacts business, to collect the penalty. The court shall have jurisdiction to hear and decide the action.

(b) CRIMINAL PENALTIES.—

(1) FIRST OFFENSE.—Subject to paragraph (2), a person who knowingly violates this subtitle (or a regulation or standard issued under this subtitle) shall, on conviction of the violation, be subject to imprisonment for not more than 1 year or a fine of not more than $2,000, or both.

(2) SUBSEQUENT OFFENSES.—On conviction of a second or subsequent offense described in paragraph (1), a person shall be subject to imprisonment for not more than 3 years or to a fine of not more than $5,000, or both.

SEC. 531. PAYMENTS FOR TEMPORARY OR MEDICAL ASSISTANCE FOR EQUINE DUE TO VIOLATIONS.

From sums received as penalties, fines, or forfeitures of property for any violation of this subtitle (including a regulation issued under this subtitle), the Secretary shall pay the reasonable and necessary costs incurred by any person in providing temporary care or medical assistance for any equine that needs the care or assistance due to a violation of this subtitle.

SEC. 532. RELATIONSHIP TO STATE LAW.

Nothing in this subtitle prevents a State from enacting or enforcing any law (including a regulation) that is not inconsistent with this subtitle or that is more restrictive than this subtitle.

SEC. 533. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated for each fiscal year such sums as are necessary to carry out this subtitle.

(b) LIMITATION.—No provision of this subtitle shall be effective, or be enforced against any person, during a fiscal year unless funds to carry out this subtitle have been appropriated for the fiscal year.

Subtitle D—Miscellaneous

SEC. 541. LIVESTOCK DEALER TRUST.

Title III of the Packers and Stockyards Act, 1921 (7 U.S.C. 201 et seq.), is amended by adding at the end the following:

''SEC. 318. LIVESTOCK DEALER TRUST.

''(a) FINDINGS.—Congress finds that—

''(1) a burden on and obstruction to commerce in livestock is caused by financing arrangements under which dealers and market agencies purchasing livestock on commission encumber, give lenders security interests in, or have liens placed on livestock purchased by the dealers and market agencies in cash sales, or on receivables from or proceeds of such sales, when payment is not made for the livestock; and

''(2) the carrying out of such arrangements is contrary to the public interest.

''(b) PURPOSE.—The purpose of this section is to remedy the burden on and obstruction to commerce in livestock described in paragraph (1) and protect the public interest.

''(c) DEFINITIONS.—In this section:

''(1) CASH SALE.—The term 'cash sale' means a sale in which the seller does not expressly extend credit to the buyer.

''(2) TRUST.—The term 'trust' means 1 or more assets of a buyer that (subsequent to a cash sale of livestock) constitutes the corpus of a trust held for the benefit of a seller and consists of—

''(A) account receivables and proceeds earned from the cash sale of livestock by a dealer;

''(B) account receivables and proceeds of a marketing agency earned on commission from the cash sale of livestock;

''(C) the inventory of the dealer or marketing agency; or

''(D) livestock involved in the cash sale, if the seller has not received payment in full for the livestock and a bona fide third-party purchaser has not purchased the livestock from the dealer or marketing agency.

''(d) HOLDING IN TRUST.—

''(1) IN GENERAL.—The account receivables and proceeds generated in a cash sale made by a dealer or a market agency on commission and the inventory of the dealer or market agency shall be held by the dealer or market agency in trust for the benefit of the seller of the livestock until the seller receives payment in full for the livestock.

''(2) EXEMPTION.—Paragraph (1) does not apply in the case of a cash sale made by a dealer or market agency if the total amount of cash sales made by the dealer or market agency during the preceding 12 months does not exceed $250,000.

''(3) DISHONOR OF INSTRUMENT OF PAYMENT.—A payment in a sale described in paragraph (1) shall not be considered to be made if the instrument by which payment is made is dishonored.

''(4) LOSS OF BENEFIT OF TRUST.—If an instrument by which payment is made in a sale described in paragraph (1) is dishonored, the seller shall lose the benefit of the trust under paragraph (1) on the earlier of—

''(A) the date that is 15 business days after date on which the seller receives notice of the dishonor; or

''(B) the date that is 30 days after the final date for making payment under section 409, unless the seller gives written notice to the dealer or market agency of the seller's intention to preserve the trust and submits a copy of the notice to the Secretary.

''(5) RIGHTS OF THIRD-PARTY PURCHASER.—The trust established under paragraph (1) shall have no effect on the rights of a bona fide third-party purchaser of the livestock, without regard to whether the livestock are delivered to the bona fide purchaser.

''(e) JURISDICTION.—The district courts of the United States shall have jurisdiction in a civil action—

''(1) by the beneficiary of a trust described in subsection (c)(1), to enforce payment of the amount held in trust; and

''(2) by the Secretary, to prevent and restrain dissipation of a trust described in subsection (c)(1).''.

SEC. 542. PLANTING OF ENERGY CROPS.

(a) FEED GRAINS.—The first sentence of section 105B(c)(1)(F)(i) of the Agricultural Act of 1949 (7 U.S.C. 1444f(c)(1)(F)(i)) is amended by inserting ''herbaceous perennial grass, short rotation woody coppice species of trees, other energy crops designated by the Secretary with high energy content,'' after ''mung beans,''.

(b) WHEAT.—The first sentence of section 107B(c)(1)(F)(i) of the Agricultural Act of 1949 (7 U.S.C. 1445b–3a(c)(1)(F)(i)) is amended by inserting ''herbaceous perennial grass, short rotation woody coppice species of trees, other energy crops designated by the Secretary with high energy content,'' after ''mung beans,''.

SEC. 543. REIMBURSABLE AGREEMENTS.

Section 737 of Public Law 102–142 (7 U.S.C. 2277) is amended—

(1) by striking ''SEC. 737. Funds'' and inserting the following:

''SEC. 737. SERVICES FOR APHIS PERFORMED OUTSIDE THE UNITED STATES.

''(a) IN GENERAL.—Funds''; and

(2) by adding at the end the following:

''(b) REIMBURSABLE AGREEMENTS.—

''(1) IN GENERAL.—The Secretary of Agriculture may enter into reimbursable fee agreements with persons for preclearance at locations outside the United States of plants, plant products, animals, and articles for movement to the United States.

''(2) OVERTIME, NIGHT, AND HOLIDAY WORK.—Notwithstanding any other law, the Secretary of Agriculture may pay an employee of the Department of Agriculture preforming services relating to imports into and exports from the United States for overtime, night, and holiday work performed by the employee at a rate of pay established by the Secretary.

''(3) REIMBURSEMENT.—

''(A) IN GENERAL.—The Secretary of Agriculture may require persons for whom preclearance services are performed to reimburse the Secretary for any amounts paid by the Secretary for performance of the services.

''(B) CREDITING OF FUNDS.—All funds collected under subparagraph (A) shall be credited to the account that incurs the costs and shall remain available until expended without fiscal year limitation.

''(C) LATE PAYMENT PENALTY.—

''(i) IN GENERAL.—On failure of a person to reimburse the Secretary of Agriculture for the costs of performance of preclearance services—

''(I) the Secretary may assess a late payment penalty; and

''(II) the overdue funds shall accrue interest in accordance with section 3717 of title 31, United States Code.

''(ii) CREDITING OF FUNDS.—Any late payment penalty and any accrued interest collected under this subparagraph shall be credited to the account that incurs the costs and shall remain available until expended without fiscal year limitation.''.

SEC. 544. SWINE HEALTH PROTECTION.

(a) TERMINATION OF STATE PRIMARY ENFORCEMENT RESPONSIBILITY.—Section 10 of the Swine Health Protection Act (7 U.S.C. 3809) is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following:

''(c) REQUEST OF STATE OFFICIAL.—

''(1) IN GENERAL.—On request of the Governor or other appropriate official of a State, the Secretary may terminate, effective as soon as the Secretary determines is practicable, the primary enforcement responsibility of a State under subsection (a). In terminating the primary enforcement responsibility under this subsection, the Secretary shall work with the appropriate State official to determine the level of support to be provided to the Secretary by the State under this Act.

"(2) REASSUMPTION.—Nothing in this subsection shall prevent a State from reassuming primary enforcement responsibility if the Secretary determines that the State meets the requirements of subsection (a).".

(b) ADVISORY COMMITTEE.—The Swine Health Protection Act is amended—

(1) by striking section 11 (7 U.S.C. 3810); and

(2) by redesignating sections 12, 13, and 14 (7 U.S.C. 3811, 3812, and 3813) as sections 11, 12, and 13, respectively.

SEC. 545. COOPERATIVE WORK FOR PROTECTION, MANAGEMENT, AND IMPROVEMENT OF NATIONAL FOREST SYSTEM.

The penultimate paragraph of the matter under the heading "FOREST SERVICE." of the first section of the Act of June 30, 1914 (38 Stat. 430, chapter 131; 16 U.S.C. 498), is amended—

(1) by inserting ", management," after "the protection";

(2) by striking "national forests," and inserting "National Forest System,";

(3) by inserting "management," after "protection," both places it appears; and

(4) by adding at the end the following new sentences: "Payment for work undertaken pursuant to this paragraph may be made from any appropriation of the Forest Service that is available for similar work if a written agreement so provides and reimbursement will be provided by a cooperator in the same fiscal year as the expenditure by the Forest Service. A reimbursement received from a cooperator that covers the proportionate share of the cooperator of the cost of the work shall be deposited to the credit of the appropriation of the Forest Service from which the payment was initially made or, if the appropriation is no longer available to the credit of an appropriation of the Forest Service that is available for similar work. The Secretary of Agriculture shall establish written rules that establish criteria to be used to determine whether the acceptance of contributions of money under this paragraph would adversely affect the ability of an officer or employee of the United States Department of Agriculture to carry out a duty or program of the officer or employee in a fair and objective manner or would compromise, or appear to compromise, the integrity of the program, officer, or employee. The Secretary of Agriculture shall establish written rules that protect the interests of the Forest Service in cooperative work agreements.".

SEC. 546. AMENDMENT OF THE VIRUS-SERUM TOXIN ACT OF 1913.

The Act of March 4, 1913 (37 Stat. 828, chapter 145), is amended in the eighth paragraph under the heading "BUREAU OF ANIMAL INDUSTRY", commonly known as the "Virus-Serum Toxin Act of 1913", by striking the 10th sentence (21 U.S.C. 158) and inserting "A person, firm, or corporation that knowingly violates any of the provisions of this paragraph or regulations issued under this paragraph, or knowingly forges, counterfeits, or, without authorization by the Secretary of Agriculture, uses, alters, defaces, or destroys any certificate, permit, license, or other document provided for in this paragraph, may, for each violation, after written notice and opportunity for a hearing on the record, be assessed a civil penalty by the Secretary of Agriculture of not more than $5,000, or shall, on conviction, be assessed a criminal penalty of not more than $10,000, imprisoned not more than 1 year, or both. In the course of an investigation of a suspected violation of this paragraph, the Secretary of Agriculture may issue subpoenas requiring the attendance and testimony of witnesses and the production of evidence that relates to the matter under investigation. In determining the amount of a civil penalty, the Secretary of Agriculture shall take into account the nature, circumstances, extent, and gravity of the violation, the ability of the violator to pay the penalty, the effect that the assessment would have on the ability of the violator to continue to do business, any history of such violations by the violator, the degree of culpability of the violator, and such other matters as justice may require. An order assessing a civil penalty shall be treated as a final order reviewable under chapter 158 of title 28, United State's Code. The Secretary of Agriculture may compromise, modify, or remit a civil penalty with or without conditions. The amount of a civil penalty that is paid (including any amount agreed on in compromise) may be deducted from any sums owing by the United States to the violator. The total amount of civil penalties assessed against a violator shall not exceed $300,000 for all such violations adjudicated in a single proceeding. The validity of an order assessing a civil penalty shall not be subject to review in an action to collect the civil penalty. The unpaid amount of a civil penalty not paid in full when due shall accrue interest at the rate of interest applicable to civil judgments of the courts of the United States.".

SEC. 547. OVERSEAS TORT CLAIMS.

Title VII of Public Law 102–142 (105 Stat. 911) is amended by inserting after section 737 (7 U.S.C. 2277) the following:

"SEC. 737A. OVERSEAS TORT CLAIMS.

"The Secretary of Agriculture may pay a tort claim in the manner authorized in section 2672 of title 28, United States Code, if the claim arises outside the United States in connection with activities of individuals who are performing services for the Secretary. A claim may not be allowed under this section unless the claim is presented in writing to the Secretary within 2 years after the date on which the claim accrues.".

SEC. 548. GRADUATE SCHOOL OF THE UNITED STATES DEPARTMENT OF AGRICULTURE.

(a) PURPOSE.—The purpose of this section is to authorize the continued operation of the Graduate School as a nonappropriated fund instrumentality of the Department of Agriculture.

(b) DEFINITIONS.—In this section:

(1) BOARD.—The term "Board" means the General Administration Board of the Graduate School.

(2) DEPARTMENT.—The term "Department" means the Department of Agriculture.

(3) DIRECTOR.—The term "Director" means the Director of the Graduate School.

(4) GRADUATE SCHOOL.—The term "Graduate School" means the Graduate School of the United States Department of Agriculture.

(5) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(c) FUNCTIONS AND AUTHORITY.—

(1) IN GENERAL.—The Graduate School shall continue as a nonappropriated fund instrumentality of the Department under the general supervision of the Secretary.

(2) ACTIVITIES.—The Graduate School shall develop and administer education, training, and professional development activities, including the provision of educational activities for Federal agencies, Federal employees, nonprofit organizations, other entities, and members of the general public.

(3) FEES.—

(A) IN GENERAL.—The Graduate School may charge and retain fair and reasonable fees for the activities that it provides based on the cost of the activities to the Graduate School.

(B) NOT FEDERAL FUNDS.—Fees under subparagraph (A) shall not be considered to be Federal funds and shall not required to be deposited in the Treasury of the United States.

(4) NAME.—The Graduate School shall operate under the name "United States Department of Agriculture Graduate School" or such other name as the Graduate School may adopt.

(d) GENERAL ADMINISTRATION BOARD.—

(1) APPOINTMENT.—The Secretary shall appoint a General Administration Board to serve as a governing board subject to regulation by the Secretary.

(2) SUPERVISION.—The Graduate School shall be subject to the supervision and direction of the Board.

(3) DUTIES.—The Board shall—

(A) formulate broad policies in accordance with which the Graduate School shall be administered;

(B) take all steps necessary to see that the highest possible educational standards are maintained;

(C) exercise general supervision over the administration of the Graduate School; and

(D) establish such bylaws, rules, and procedures as may be necessary for the fulfillment of the duties described in subparagraph (A), (B), and (C).

(4) DIRECTOR AND OTHER OFFICERS.—The Board shall select the Director and such other officers as the Board may consider necessary, who shall serve on such terms and perform such duties as the Board may prescribe.

(5) BORROWING.—The Board may authorize the Director to borrow money on the credit of the Graduate School.

(e) DIRECTOR OF THE GRADUATE SCHOOL.—

(1) DUTIES.—The Director shall be responsible, subject to the supervision and direction of the Board, for carrying out the functions of the Graduate School.

(2) INVESTMENT OF FUNDS.—The Board may authorize the Director to invest funds held in excess of the current operating requirements of the Graduate School for purposes of maintaining a reasonable reserve.

(f) LIABILITY.—The Director and the members of the Board shall not be held personally liable for any loss or damage that may accrue to the funds of the Graduate School as the result of any act or exercise of discretion performed in carrying out the duties described in this section.

(g) EMPLOYEES.—Employees of the Graduate School are employees of a nonappropriated fund instrumentality and shall not be considered to be Federal employees.

(h) NOT A FEDERAL AGENCY.—The Graduate School shall not be considered to be a Federal Agency for purposes of—

(1) chapter 171 of title 28, United States Code;

(2) section 552 or 552a of title 28, United States Code; or

(3) the Federal Advisory Committee Act (5 U.S.C. App.).

(i) ACCEPTANCE OF DONATIONS.—The Graduate School shall not accept a donation from a person that is actively engaged in a procurement activity with the Graduate School or has an interest that may be substantially affected by the performance or nonperformance of an official duty of a member of the Board or an employee of the Graduate School.

(j) ADMINISTRATIVE PROVISIONS.—In order to carry out the functions of the Graduate School, the Graduate School may—

(1) accept, use, hold, dispose, and administer gifts, bequests, or devises of money, securities, and other real or personal property made for the benefit of, or in connection with, the Graduate School;

(2) notwithstanding any other law—

(A) acquire real property in the District of Columbia and in other places by lease, purchase, or otherwise;

(B) maintain, enlarge, or remodel any such property; and

(C) have sole control of any such property;

(3) enter into contracts without regard to the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471) or any other law that prescribes procedures for the procurement of property or services by an executive agency;

(4) dispose of real and personal property without regard to the requirements of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471); and

(5) use the facilities and resources of the Department, on the condition that any costs incurred by the Department that are attributable solely to Graduate School operations and all costs incurred by the Graduate School arising out of such operations shall be borne by the fees paid by or on behalf of students or by other means and not with Federal funds.

SEC. 549. STUDENT INTERN SUBSISTENCE PROGRAM.

(a) DEFINITION.—In this section, the term ''student intern'' means a person who—

(1) is employed by the Department of Agriculture to assist scientific, professional, administrative, or technical employees of the Department; and

(2) is a student in good standing at an accredited college or university pursuing a course of study related to the field in which the person is employed by the Department.

(b) PAYMENT OF CERTAIN EXPENSES BY THE SECRETARY.—The Secretary of Agriculture may, out of user fee funds or funds appropriated to any agency, pay for lodging expenses, subsistence expenses, and transportation expenses of a student intern (including expenses of transportation to and from the student intern's residence at or near the college or university attended by the student intern and the official duty station at which the student intern is employed).

SEC. 550. CONVEYANCE OF LAND TO WHITE OAK CEMETERY.

(a) IN GENERAL.—

(1) RELEASE OF INTEREST.—After execution of the agreement described in subsection (b), the Secretary of Agriculture shall release the condition stated in the deed on the land described in subsection (c) that the land be used for public purposes, and that if the land is not so used, that the land revert the United States, on the condition that the land be used exclusively for cemetery purposes, and that if the land is not so used, that the land revert the United States.

(2) BANKHEAD-JONES ACT.—Section 32(c) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011(c)) shall not apply to the release under paragraph (1).

(b) AGREEMENT.—The Secretary of Agriculture shall make the release under in subsection (a) on execution by the Board of Trustees of the University of Arkansas, in consideration of the release, of an agreement, satisfactory to the Secretary of Agriculture, that—

(1) the Board of Trustees will not sell, lease, exchange, or otherwise dispose of the land described in subsection (c) except to the White Oak Cemetery Association of Washington County, Arkansas, or a successor organization, for exclusive use for an expansion of the cemetery maintained by the Association; and

(2) the proceeds of such a disposition of the land will be deposited and held in an account open to inspection by the Secretary of Agriculture, and used, if withdrawn from the account, for public purposes.

(c) LAND DESCRIPTION.—The land described in this subsection is the land conveyed to the Board of Trustees of the University of Arkansas, with certain other land, by deed dated November 18, 1953, comprising approximately 2.2 acres located within property of the University of Arkansas in Washington, County, Arkansas, commonly known as the ''Savor property'' and described as follows:

The part of Section 20, Township 17 north, range 31 west, beginning at the north corner of the White Oak Cemetery and the University of Arkansas Agricultural Experiment Station farm at Washington County road #874, running west approximately 330 feet, thence south approximately 135 feet, thence southeast approximately 384 feet, thence north approximately 330 feet to the point of beginning.

SEC. 551. ADVISORY BOARD ON AGRICULTURAL AIR QUALITY.

(a) FINDINGS.—Congress finds that—

(1) various studies have identified agriculture as a major atmospheric polluter;

(2) Federal research activities are underway to determine the extent of the pollution problem and the extent of the role of agriculture in the problem; and

(3) any Federal policy decisions that may result, and any Federal regulations that may be imposed on the agricultural sector, should be based on sound scientific findings;

(b) PURPOSE.—The purpose of this section is to establish an advisory board to assist and provide the Secretary of Agriculture with information, analyses, and policy recommendations for determining matters of fact and technical merit and addressing scientific questions dealing with particulate matter less than 10 microns that become lodged in human lungs (known as ''PM10'') and other airborne particulate matter or gases that affect agricultural production yields and the economy.

(c) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary of Agriculture may establish a board to be known as the ''Advisory Board on Agricultural Air Quality'' (referred to in this section as the ''Board'') to advise the Secretary, through the Chief of the Natural Resources Conservation Service, with respect to carrying out this act and obligations agriculture incurred under the Clean Air Act (42 U.S.C. 7401 et seq.) and the Act entitled 'An Act to amend the Clean Air Act to provide for attainment and maintenance of health protective national ambient air quality standards, and for other purposes', approved November 15, 1990 (commonly known as the 'Clean Air Act Amendments of 1990') (42 U.S.C. 7401 et seq.).

(2) OVERSIGHT COORDINATION.—The Secretary of Agriculture shall provide oversight and coordination with respect to other Federal departments and agencies to ensure intergovernmental cooperation in research activities and to avoid duplication of Federal efforts.

(d) COMPOSITION.—

(1) IN GENERAL.—The Board shall be composed of at least 17 members appointed by the Secretary in consultation with the Administrator of the Environmental Protection Agency.

(2) REGIONAL REPRESENTATION.—The membership of the Board shall be 2 persons from each of the 6 regions of the Natural Resources Conservation Service, of whom 1 from each region shall be an agricultural producer.

(3) ATMOSPHERIC SCIENTIST.—At least 1 member of the Board shall be an atmospheric scientist.

(e) CHAIRPERSON.—The Chief of the Natural Resources Conservation Service shall—

(1) serve as chairman of the Board; and

(2) provide technical support to the Board.

(f) TERM.—Each member of the Board shall be appointed for a 3-year term, except that the Secretary of Agriculture shall appoint 4 of the initial members for a term of 1 year and 4 for a term of 2 years.

(g) MEETINGS.—The Board shall meet not less than twice annually.

(h) COMPENSATION.—Members of the Board shall serve without compensation, but while away from their homes or regular place of business in performance of services for the Board, members of the Board shall be allowed travel expenses, including a per diem allowance in lieu of subsistence, in the same manner as persons employed in Government service are allowed travel expenses under section 5703 of title 5, United States Code.

(i) FUNDING.—The Board shall be funded using appropriations for conservation operations.

SEC. 552. WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

The Consolidated Farm and Rural Development Act is amended by inserting after section 306C (7 U.S.C. 1926c) the following:

''SEC. 306D. WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

''(a) IN GENERAL.—The Secretary may make grants to the State of Alaska for the benefit of rural or Native villages in Alaska to provide for the development and construction of water and wastewater systems to improve the health and sanitation conditions in those villages.

''(b) MATCHING FUNDS.—To be eligible to receive a grant under subsection (a), the State of Alaska shall provide equal matching funds from non-Federal sources.

''(c) CONSULTATION WITH THE STATE OF ALASKA.—The Secretary shall consult with the State of Alaska on a method of prioritizing the allocation of grants under subsection (a) according to the needs of, and relative health and sanitation conditions in, each village.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 1996 through 2002.''.

SEC. 553. ELIGIBILITY FOR GRANTS TO BROADCASTING SYSTEMS.

Section 310B(j) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(j)) is amended by striking ''SYSTEMS.—The'' and inserting the following: ''SYSTEMS.—

''(1) DEFINITION OF STATEWIDE.—In this subsection, the term 'statewide' means having a coverage area of not less than 90 percent of the population of a State and 80 percent of the rural land area of the State (as determined by the Secretary).

''(2) GRANTS.—The''.

SEC. 554. WILDLIFE HABITAT INCENTIVES PROGRAM.

(a) IN GENERAL.—The Secretary of Agriculture, in consultation with the State Technical Committee, shall establish a program in the Natural Resources Conservation Service to be known as the Wildlife Habitat Incentive Program.

(b) COST-SHARE PAYMENTS.—The Program shall make cost-share payments to landowners to develop upland wildlife, wetland wildlife, threatened and endangered species, fisheries, and other types of wildlife habitat approved by the Secretary.

(c) FUNDING.—To carry out this section, $10,000,000 shall be made available for each of fiscal years 1996 through 2002 from funds made available to carry out subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.).

SEC. 555. INDIAN RESERVATIONS.

(a) INDIAN RESERVATION EXTENSION AGENT PROGRAM.—

(1) REAUTHORIZATION.—The program established under section 1677 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5930) is reauthorized through fiscal year 2002.

(2) REDUCED REGULATORY BURDEN.—On a determination by the Secretary of Agriculture

that a program carried out under section 1677 of the Act (7 U.S.C. 5930) has been satisfactorily administered for not less than 2 years, the Secretary shall implement a reduced re-application process for the continued operation of the program in order to reduce regulatory burdens on participating university and tribal entities.

(b) MEMORANDUM OF AGREEMENT.—

(1) IN GENERAL.—Not later than January 6, 1997, the Secretary shall develop and implement a formal Memorandum of Agreement with the 29 tribally controlled colleges eligible under Federal law to receive funds from the Secretary of Agriculture as partial land grant institutions.

(2) EQUITABLE PARTICIPATION.—The Memorandum shall establish programs to ensure that tribally-controlled colleges and Native American communities equitably participate in Department of Agriculture employment programs, services, and resources.

SEC. 556. ICD REIMBURSEMENT FOR OVERHEAD EXPENSES.

Section 1542(d)(1)(D) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624;7 U.S.C. 5622 note) is amended by adding at the end the following: ''Notwithstanding any other provision of law, the assistance shall include assistance for administrative and overhead expenses, to the extent that the expenses were incurred pursuant to reimbursable agreements entered into prior to September 30, 1993, the expenses do not exceed $2,000,000 per year, and the expenses were not incurred for information technology systems.''.

SEC. 557. CLARIFICATION OF EFFECT OF RESOURCE PLANNING ON ALLOCATION OR USE OF WATER.

(a) NATIONAL FOREST SYSTEM RESOURCE PLANNING.—Section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1604) is amended by adding at the end the following new subsection:

''(n) LIMITATION ON AUTHORITY.—Nothing in this section shall be construed to supersede, abrogate or otherwise impair any right or authority of a State to allocate quantities of water (including boundary waters). Nothing in this section shall be implemented, enforced, or construed to allow any officer or agency of the United States to utilize directly or indirectly the authorities established under this section to impose any requirement not imposed by the State which would supersede, abrogate, or otherwise impair rights to the use of water resources allocated under State law, interstate water compact, or Supreme Court decree, or held by the United States for use by a State, its political subdivisions, or its citizens. No water rights arise in the United States or any other person under the provisions of this Act.''.

(b) AUTHORIZATION TO GRANT RIGHTS-OF-WAY.—Section 501 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1761) is amended as it applies to the Secretary of Agriculture—

(1) in subsection (c)(1)—

(A) by striking subparagraph (B);

(B) in subparagraph (D), by striking ''originally constructed'';

(C) in subparagraph (G), by striking ''1996'' and inserting ''1998''; and

(D) by redesignating subparagraphs (C) through (G) as subparagraphs (B) through (F), respectively;

(2) in subsection (c)(3)(A), by striking the second and third sentences; and

(3) by adding at the end the following new subsection:

''(e) EFFECT ON VALID EXISTING RIGHTS.—Notwithstanding any provision of this section, the Secretary of Agriculture may not require, as a condition of, or in connection with, the renewal of a right-of-way under this section, a restriction or limitation on the operation, use, repair, or replacement of an existing water supply facility which is located on or above National Forest lands or the exercise and use of existing water rights, if such condition would reduce the quantity of water which would otherwise be made available for use by the owner of such facility or water rights, or cause an increase in the cost of the water supply provided from such facility.''.

TITLE VI—CREDIT

Subtitle A—Agricultural Credit

CHAPTER 1—FARM OWNERSHIP LOANS

SEC. 601. LIMITATION ON DIRECT FARM OWNERSHIP LOANS.

Section 302 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922) is amended by striking subsection (b) and inserting the following:

''(b) DIRECT LOANS.—

''(1) IN GENERAL.—Subject to paragraph (3), the Secretary may only make a direct loan under this subtitle to a farmer or rancher who has operated a farm or ranch for not less than 3 years and—

''(A) is a qualified beginning farmer or rancher;

''(B) has not received a previous direct farm ownership loan made under this subtitle; or

''(C) has not received a direct farm ownership loan under this subtitle more than 10 years before the date the new loan would be made.

''(2) YOUTH LOANS.—The operation of an enterprise by a youth under section 311(b) shall not be considered the operation of a farm or ranch for purposes of paragraph (1).

''(3) TRANSITION RULE.—

''(A) IN GENERAL.—Subject to subparagraphs (B) and (C), paragraph (1) shall not apply to a farmer or rancher who has a direct loan outstanding under this subtitle on the date of enactment of this paragraph.

''(B) LESS THAN 5 YEARS.—If, as of the date of enactment of this paragraph, a farmer or rancher has had a direct loan outstanding under this subtitle for less than 5 years, the Secretary shall not make another loan to the farmer or rancher under this subtitle after the date that is 10 years after the date of enactment of this paragraph.

''(C) 5 YEARS OR MORE.—If, as of the date of enactment of this paragraph, a farmer or rancher has had a direct loan outstanding under this subtitle for 5 years or more, the Secretary shall not make another loan to the farmer or rancher under this subtitle after the date that is 5 years after the date of enactment of this paragraph.''.

SEC. 602. PURPOSES OF LOANS.

Section 303 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923) is amended to read as follows:

''SEC. 303. PURPOSES OF LOANS.

''(a) ALLOWED PURPOSES.—

''(1) DIRECT LOANS.—A farmer or rancher may use a direct loan made under this subtitle only for—

''(A) acquiring or enlarging a farm or ranch;

''(B) making capital improvements to a farm or ranch;

''(C) paying loan closing costs related to acquiring, enlarging, or improving a farm or ranch; or

''(D) paying for activities to promote soil and water conservation and protection under section 304 on the farm or ranch.

''(2) GUARANTEED LOANS.—A farmer or rancher may use a loan guaranteed under this subtitle only for—

''(A) acquiring or enlarging a farm or ranch;

''(B) making capital improvements to a farm or ranch;

''(C) paying loan closing costs related to acquiring, enlarging, or improving a farm or ranch;

''(D) paying for activities to promote soil and water conservation and protection under section 304 on the farm or ranch; or

''(E) refinancing indebtedness.

''(b) PREFERENCES.—In making or guaranteeing a loan for farm or ranch purchase, the Secretary shall give a preference to a person who—

''(1) has a dependent family;

''(2) to the extent practicable, is able to make an initial down payment; or

''(3) is an owner of livestock or farm or ranch equipment that is necessary to successfully carry out farming or ranching operations.

''(c) HAZARD INSURANCE REQUIREMENT.—

''(1) IN GENERAL.—The Secretary may not make a loan to a farmer or rancher under this subtitle unless the farmer or rancher has, or agrees to obtain, hazard insurance on any real property to be acquired or improved with the loan.

''(2) DETERMINATION.—Not later than 180 days after the date of enactment of this subsection, the Secretary shall determine the appropriate level of insurance to be required under paragraph (1).

''(3) TRANSITIONAL PROVISION.—Paragraph (1) shall not apply until the Secretary makes the determination required under paragraph (2).''.

SEC. 603. SOIL AND WATER CONSERVATION AND PROTECTION.

Section 304 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924) is amended—

(1) by striking subsections (b) and (c);

(2) by striking ''SEC. 304. (a)(1) Loans'' and inserting the following:

''SEC. 304. SOIL AND WATER CONSERVATION AND PROTECTION.

''(a) IN GENERAL.—Loans'';

(3) by striking ''(2) In making or insuring'' and inserting the following:

''(b) PRIORITY.—In making or guaranteeing'';

(4) by striking ''(3) The Secretary'' and inserting the following:

''(c) LOAN MAXIMUM.—The Secretary'';

(5) by redesignating subparagraphs (A) through (F) of subsection (a) (as amended by paragraph (2)) as paragraphs (1) through (6), respectively; and

(6) by redesignating subparagraphs (A) and (B) of subsection (c) (as amended by paragraph (4)) as paragraphs (1) and (2), respectively.

SEC. 604. INTEREST RATE REQUIREMENTS.

Section 307(a)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)) is amended—

(1) in subparagraph (B), by inserting ''subparagraph (D) and in'' after ''Except as provided in''; and

(2) by adding at the end the following:

''(D) JOINT FINANCING ARRANGEMENT.—If a direct farm ownership loan is made under this subtitle as part of a joint financing arrangement and the amount of the direct farm ownership loan does not exceed 50 percent of the total principal amount financed under the arrangement, the interest rate on the direct farm ownership loan shall be 4 percent annually.''.

SEC. 605. INSURANCE OF LOANS.

Section 308 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1928) is amended to read as follows:

''SEC. 308. FULL FAITH AND CREDIT.

''(a) IN GENERAL.—A contract of insurance or guarantee executed by the Secretary under this title shall be an obligation supported by the full faith and credit of the United States.

''(b) CONTESTABILITY.—A contract of insurance or guarantee executed by the Secretary under this title shall be incontestable except for fraud or misrepresentation that the lender or any holder—

''(1) has actual knowledge of at the time the contract or guarantee is executed; or

''(2) participates in or condones.''.

SEC. 606. LOANS GUARANTEED.

Section 309(h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)) is amended by adding at the end the following:

''(4) MAXIMUM GUARANTEE OF 90 PERCENT.—Except as provided in paragraph (5), a loan guarantee under this title shall be for not more than 90 percent of the principal and interest due on the loan.

''(5) REFINANCED LOANS GUARANTEED AT 95 PERCENT.—The Secretary shall guarantee 95 percent of—

''(A) in the case of a loan that solely refinances a direct loan made under this title, the principal and interest due on the loan on the date of the refinancing; or

''(B) in the case of a loan that is used for multiple purposes, the portion of the loan that refinances the principal and interest due on a direct loan made under this title that is outstanding on the date the loan is guaranteed.

''(6) BEGINNING FARMER LOANS GUARANTEED UP TO 95 PERCENT.—The Secretary may guarantee up to 95 percent of—

''(A) a farm ownership loan for acquiring a farm or ranch to a borrower who is participating in the down payment loan program under section 310E; or

''(B) an operating loan to a borrower who is participating in the down payment loan program under section 310E that is made during the period that the borrower has a direct loan for acquiring a farm or ranch.''.

CHAPTER 2—OPERATING LOANS

SEC. 611. LIMITATION ON DIRECT OPERATING LOANS.

(a) IN GENERAL.—Section 311 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941) is amended by striking subsection (c) and inserting the following:

''(c) DIRECT LOANS.—

''(1) IN GENERAL.—Subject to paragraph (3), the Secretary may only make a direct loan under this subtitle to a farmer or rancher who—

''(A) is a qualified beginning farmer or rancher who has not operated a farm or ranch, or who has operated a farm or ranch for not more than 5 years;

''(B) has not had a previous direct operating loan under this subtitle; or

''(C) has not had a previous direct operating loan under this subtitle for more than 7 years.

''(2) YOUTH LOANS.—In this subsection, the term 'direct operating loan' shall not include a loan made to a youth under subsection (b).

''(3) TRANSITION RULE.—If, as of the date of enactment of this paragraph, a farmer or rancher has received a direct operating loan under this subtitle during each of 4 or more previous years, the borrower shall be eligible to receive a direct operating loan under this subtitle during 3 additional years after the date of enactment of this paragraph.''.

(b) YOUTH ENTERPRISES NOT FARMING OR RANCHING.—Section 311(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(b)) is amended by adding at the end the following:

''(4) YOUTH ENTERPRISES NOT FARMING OR RANCHING.—The operation of an enterprise by a youth under this subsection shall not be considered the operation of a farm or ranch under this title.''.

SEC. 612. PURPOSES OF OPERATING LOANS.

Section 312 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942) is amended to read as follows:

''SEC. 312. PURPOSES OF LOANS.

''(a) IN GENERAL.—A direct loan may be made under this subtitle only for—

''(1) paying the costs incident to reorganizing a farming or ranching system for more profitable operation;

''(2) purchasing livestock, poultry, or farm or ranch equipment;

''(3) purchasing feed, seed, fertilizer, insecticide, or farm or ranch supplies, or to meet other essential farm or ranch operating expenses, including cash rent;

''(4) financing land or water development, use, or conservation;

''(5) paying loan closing costs;

''(6) assisting a farmer or rancher in effecting an addition to, or alteration of, the equipment, facilities, or methods of operation of a farm or ranch to comply with a standard promulgated under section 6 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 655) or a standard adopted by a State under a plan approved under section 18 of the Act (29 U.S.C. 667), if the Secretary determines that without assistance under this paragraph the farmer or rancher is likely to suffer substantial economic injury due to compliance with the standard;

''(7) training a limited-resource borrower receiving a loan under section 310D in maintaining records of farming and ranching operations;

''(8) training a borrower under section 359;

''(9) refinancing the indebtedness of a borrower if the borrower—

''(A) has refinanced a loan under this subtitle not more than 4 times previously; and

''(B)(i) is a direct loan borrower under this title at the time of the refinancing and has suffered a qualifying loss because of a natural disaster declared by the Secretary under this title or a major disaster or emergency designated by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.); or

''(ii) is refinancing a debt obtained from a creditor other than the Secretary; or

''(10) providing other farm, ranch, or home needs, including family subsistence.

''(b) GUARANTEED LOANS.—A loan may be guaranteed under this subtitle only for—

''(1) paying the costs incident to reorganizing a farming or ranching system for more profitable operation;

''(2) purchasing livestock, poultry, or farm or ranch equipment;

''(3) purchasing feed, seed, fertilizer, insecticide, or farm or ranch supplies, or to meet other essential farm or ranch operating expenses, including cash rent;

''(4) financing land or water development, use, or conservation;

''(5) refinancing indebtedness;

''(6) paying loan closing costs;

''(7) assisting a farmer or rancher in effecting an addition to, or alteration of, the equipment, facilities, or methods of operation of a farm or ranch to comply with a standard promulgated under section 6 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 655) or a standard adopted by a State under a plan approved under section 18 of the Act (29 U.S.C. 667), if the Secretary determines that without assistance under this paragraph the farmer or rancher is likely to suffer substantial economic injury due to compliance with the standard;

''(8) training a borrower under section 359; or

''(9) providing other farm, ranch, or home needs, including family subsistence.

''(c) HAZARD INSURANCE REQUIREMENT.—

''(1) IN GENERAL.—The Secretary may not make a loan to a farmer or rancher under this subtitle unless the farmer or rancher has, or agrees to obtain, hazard insurance on any property to be acquired with the loan.

''(2) DETERMINATION.—Not later than 180 days after the date of enactment of this paragraph, the Secretary shall determine the appropriate level of insurance to be required under paragraph (1).

''(3) TRANSITIONAL PROVISION.—Paragraph (1) shall not apply until the Secretary makes the determination required under paragraph (2).

''(d) PRIVATE RESERVE.—

''(1) IN GENERAL.—Notwithstanding any other provision of this title, the Secretary may reserve the lesser of 10 percent or $5,000 of the amount of a direct loan made under this subtitle, to be placed in a nonsupervised bank account that may be used at the discretion of the borrower for any necessary family living need or purpose that is consistent with any farming or ranching plan agreed to by the Secretary and the borrower prior to the date of the loan.

''(2) ADJUSTMENT OF RESERVE.—If a borrower exhausts the amount of funds reserved under paragraph (1), the Secretary may—

''(A) review and adjust the farm or ranch plan referred to in paragraph (1) with the borrower and reschedule the loan;

''(B) extend additional credit;

''(C) use income proceeds to pay necessary farm, ranch, home, or other expenses; or

''(D) provide additional available loan servicing.''.

SEC. 613. PARTICIPATION IN LOANS.

Section 315 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1945) is repealed.

SEC. 614. LINE-OF-CREDIT LOANS.

Section 316 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1946) is amended by adding at the end the following:

''(c) LINE-OF-CREDIT LOANS.—

''(1) IN GENERAL.—A loan made or guaranteed by the Secretary under this subtitle may be in the form of a line-of-credit loan.

''(2) TERM.—A line-of-credit loan under paragraph (1) shall terminate not later than 5 years after the date that the loan is made or guaranteed.

''(3) ELIGIBILITY.—For purposes of determining eligibility for a farm operating loan, each year in which a farmer or rancher takes an advance or draws on a line-of-credit loan the farmer or rancher shall be considered to have received an operating loan for 1 year.''.

SEC. 615. INSURANCE OF OPERATING LOANS.

Section 317 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1947) is repealed.

SEC. 616. SPECIAL ASSISTANCE FOR BEGINNING FARMERS AND RANCHERS.

(a) IN GENERAL.—Section 318 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1948) is repealed.

(b) CONFORMING AMENDMENT.—Section 310F of the Consolidated Farm and Rural Development Act (7 U.S.C. 1936) is repealed.

SEC. 617. LIMITATION ON PERIOD FOR WHICH BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE.

Section 319 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1949) is amended by striking subsection (b) and inserting the following:

''(b) LIMITATION ON PERIOD BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE.—

''(1) GENERAL RULE.—Subject to paragraph (2), the Secretary shall not guarantee a loan under this subtitle for a borrower for any year after the 15th year that a loan is made to, or a guarantee is provided with respect to, the borrower under this subtitle.

''(2) TRANSITION RULE.—If, as of October 28, 1992, a farmer or rancher has received a direct or guaranteed operating loan under this subtitle during each of 10 or more previous years, the borrower shall be eligible to receive a guaranteed operating loan under this subtitle during 5 additional years after October 28, 1992.''.

CHAPTER 3—EMERGENCY LOANS

SEC. 621. HAZARD INSURANCE REQUIREMENT.

Section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961) is amended by striking subsection (b) and inserting the following:

''(b) HAZARD INSURANCE REQUIREMENT.—

''(1) IN GENERAL.—The Secretary may not make a loan to a farmer or rancher under this subtitle to cover a property loss unless the farmer or rancher had hazard insurance that insured the property at the time of the loss.

''(2) DETERMINATION.—Not later than 180 days after the date of enactment of this paragraph, the Secretary shall determine the appropriate level of insurance to be required under paragraph (1).

''(3) TRANSITIONAL PROVISION.—Paragraph (1) shall not apply until the Secretary makes the determination required under paragraph (2).''.

SEC. 622. MAXIMUM EMERGENCY LOAN INDEBTEDNESS.

Section 324 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1964) is amended by striking ''SEC. 324. (a) No loan'' and all that follows through the end of subsection (a) and inserting the following:

''SEC. 324. TERMS OF LOANS.

''(a) MAXIMUM AMOUNT OF LOAN.—The Secretary may not make a loan under this subtitle that—

''(1) exceeds the actual loss caused by a disaster; or

''(2) would cause the total indebtedness of the borrower under this subtitle to exceed $500,000.''.

SEC. 623. INSURANCE OF EMERGENCY LOANS.

Section 328 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1968) is repealed.

CHAPTER 4—ADMINISTRATIVE PROVISIONS

SEC. 631. USE OF COLLECTION AGENCIES.

Section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981) is amended by adding at the end the following:

''(d) PRIVATE COLLECTION AGENCY.—The Secretary may use a private collection agency to collect a claim or obligation described in subsection (b)(5).''.

SEC. 632. NOTICE OF LOAN SERVICE PROGRAMS.

Section 331D(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981d(a)) is amended by striking ''180 days delinquent in'' and inserting ''90 days past due on''.

SEC. 633. SALE OF PROPERTY.

Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended—

(1) in subsection (b), by striking ''subsection (e)'' and inserting ''subsections (c) and (e)'';

(2) by striking subsection (c) and inserting the following:

''(c) SALE OF PROPERTY.—

''(1) IN GENERAL.—Subject to this subsection and subsection (e)(1)(A), the Secretary shall offer to sell real property that is acquired by the Secretary under this title in the following order and method of sale:

''(A) ADVERTISEMENT.—Not later than 15 days after acquiring real property, the Secretary shall publicly advertise the property for sale.

''(B) BEGINNING FARMER OR RANCHER.—

''(i) IN GENERAL.—Not later than 75 days after acquiring real property, the Secretary shall attempt to sell the property to a qualified beginning farmer or rancher at current market value based on a current appraisal.

''(ii) RANDOM SELECTION.—If more than 1 qualified beginning farmer or rancher offers to purchase the property, the Secretary shall select between the qualified applicants on a random basis.

''(iii) APPEAL OF RANDOM SELECTION.—A random selection or denial by the Secretary of a beginning farmer or rancher for farm inventory property under this subparagraph shall be final and not administratively appealable.

''(C) PUBLIC SALE.—If no acceptable offer is received from a qualified beginning farmer or rancher under subparagraph (B) within 75 days of acquiring the real property, the Secretary shall, within 30 days, sell the property after public notice at a public sale, and, if no acceptable bid is received, by negotiated sale, at the best price obtainable.

''(2) TRANSITIONAL RULES.—

''(A) PREVIOUS LEASE.—In the case of real property acquired prior to the date of enactment of this subparagraph that the Secretary leased prior to the date of enactment of this subparagraph, the Secretary shall offer to sell the property according to paragraph (1) not later than 60 days after the lease expires.

''(B) PREVIOUSLY IN INVENTORY.—In the case of real property acquired prior to the date of enactment of this subparagraph that the Secretary has not leased, the Secretary shall offer to sell the property according to paragraph (1) not later than 60 days after the date of enactment of this subparagraph.

''(3) INTEREST.—

''(A) IN GENERAL.—Subject to subparagraph (B), any conveyance under this subsection shall include all of the interest of the United States, including mineral rights.

''(B) CONSERVATION.—The Secretary may for conservation purposes grant or sell an easement, restriction, development right, or similar legal right to a State, a political subdivision of a State, or a private nonprofit organization separately from the underlying fee or other rights owned by the Secretary.

''(4) OTHER LAW.—This title shall not be subject to the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.).

''(5) LEASE OF PROPERTY.—

''(A) IN GENERAL.—Subject to subparagraph (B), the Secretary may not lease any real property acquired under this title.

''(B) EXCEPTION.—

''(i) BEGINNING FARMER OR RANCHER.—Notwithstanding paragraph (1), the Secretary may lease or contract to sell a farm or ranch acquired by the Secretary under this title to a beginning farmer or rancher if the beginning farmer or rancher qualifies for a credit sale or direct farm ownership loan but credit sale authority for loans or direct farm ownership funds, respectively, are not available.

''(ii) TERM.—A lease or contract to sell to a beginning farmer or rancher under clause (i) shall be until the earlier of—

''(I) the date that is 18 months after the date of the lease or sale; or

''(II) the date that direct farm ownership loan funds or credit sale authority for loans become available to the beginning farmer or rancher.

''(iii) INCOME-PRODUCING CAPABILITY.—In determining the rental rate on real property leased under this subparagraph, the Secretary shall consider the income-producing capability of the property during the term that the property is leased.

''(6) DETERMINATION BY SECRETARY.—

''(A) EXPEDITED REVIEW.—On the request of an applicant, the Secretary shall provide within 30 days of denial of the applicant's application for an expedited review by the appropriate State Director of whether the applicant is a beginning farmer or rancher for the purpose of acquiring farm inventory property.

''(B) APPEAL.—The results of a review conducted by a State Director under subparagraph (A) shall be final and not administratively appealable.

''(C) EFFECTS OF REVIEW.—

''(i) IN GENERAL.—The Secretary shall maintain statistical data on the number and results of reviews conducted under subparagraph (A) and whether the reviews adversely impact on—

''(I) selling farm inventory property to beginning farmers and ranchers; and

''(II) disposing of real property in inventory.

''(ii) NOTIFICATION.—The Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate if the Secretary determines that reviews under subparagraph (A) are adversely impacting the selling of farm inventory property to beginning farmers or ranchers or on disposing of real property in inventory.''; and

(3) in subsection (e)—

(A) in paragraph (1)—

(i) by striking subparagraphs (A) through (C);

(ii) by redesignating subparagraphs (D) through (G) as subparagraphs (A) through (D), respectively;

(iii) in subparagraph (A) (as redesignated by clause (ii))—

(I) in clause (i)—

(aa) in the matter preceding subclause (I), by striking ''(G)'' and inserting ''(D)'';

(bb) by striking subclause (I) and inserting the following:

''(I) the Secretary acquires property under this title that is located within an Indian reservation; and'';

(cc) in subclause (II), by striking '', and'' at the end and inserting a semicolon; and

(dd) by striking subclause (III); and

(II) in clause (iii), by striking ''The Secretary shall'' and all that follows through ''of subparagraph (A),'' and inserting ''Not later than 90 days after acquiring the property, the Secretary shall''; and

(iv) in subparagraph (D) (as redesignated by clause (ii))—

(I) in clause (i), by striking ''(D)'' in the matter following subclause (IV) and inserting ''(A)'';

(II) in clause (iii)(I), by striking ''subparagraphs (C)(i), (C)(ii), and (D)'' and inserting ''subparagraph (A)''; and

(III) by striking clause (v) and inserting the following:

''(v) FORECLOSURE PROCEDURES.—

''(I) NOTICE TO BORROWER.—If a borrower-owner does not voluntarily convey to the Secretary real property described in clause (i), not less than 30 days before a foreclosure sale of the property the Secretary shall provide the Indian borrower-owner with the option of—

''(aa) requiring the Secretary to assign the loan and security instruments to the Secretary of the Interior, provided the Secretary of the Interior agrees to the assignment, releasing the Secretary of Agriculture from all further responsibility for collection of any amounts with regard to the loan secured by the real property; or

''(bb) requiring the Secretary to assign the loan and security instruments to the tribe having jurisdiction over the reservation in which the real property is located, provided the tribe agrees to the assignment.

''(II) NOTICE TO TRIBE.—If a borrower-owner does not voluntarily convey to the Secretary real property described in clause (i), not less than 30 days before a foreclosure sale of the property the Secretary shall provide written notice to the Indian tribe that has jurisdiction over the reservation in which the real property is located of—

''(aa) the sale;

''(bb) the fair market value of the property; and

''(cc) the requirements of this subparagraph.

''(III) ASSUMED LOANS.—If an Indian tribe assumes a loan under subclause (I)—

''(aa) the Secretary shall not foreclose the loan because of any default that occurred prior to the date of the assumption;

''(bb) the loan shall be for the lesser of the outstanding principal and interest of the loan or the fair market value of the property; and

''(cc) the loan shall be treated as though the loan was made under Public Law 91–229 (25 U.S.C. 488 et seq.).'';

(B) by striking paragraph (3);

(C) in paragraph (4)—

(i) by striking subparagraph (B);

(ii) in subparagraph (A)—

(I) in clause (i), by striking ''(i)''; and

(II) by redesignating clause (ii) as subparagraph (B); and

(iii) in subparagraph (B) (as redesignated by clause (ii)(II)), by striking ''clause (i)'' and inserting ''subparagraph (A)'';

(D) by striking paragraph (5);

(E) by striking paragraph (6);

(F) by redesignating paragraph (4) as paragraph (3); and

(G) by redesignating paragraphs (7) through (10) as paragraphs (4) through (7), respectively.

SEC. 634. DEFINITIONS.

Section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended—

(1) in paragraph (11)—

(A) in the text preceding subparagraph (A), by striking ''applicant—'' and inserting ''applicant, regardless of whether participating in a program under section 310E—''; and

(B) in subparagraph (F)—

(i) by striking ''15 percent'' and inserting ''35 percent''; and

(ii) by inserting before the semicolon at the end the following: '', except that this subparagraph shall not apply to loans under subtitle B''; and

(2) by adding at the end the following:

''(12) DEBT FORGIVENESS.—

''(A) IN GENERAL.—The term 'debt forgiveness' means reducing or terminating a farm loan made or guaranteed under this title, in a manner that results in a loss to the Secretary, through—

''(i) writing-down or writing-off a loan under section 353;

''(ii) compromising, adjusting, reducing, or charging-off a debt or claim under section 331;

''(iii) paying a loss on a guaranteed loan under section 357; or

''(iv) discharging a debt as a result of bankruptcy.

''(B) LOAN RESTRUCTURING.—The term 'debt forgiveness' does not include consolidation, rescheduling, reamortization, or deferral.''.

SEC. 635. AUTHORIZATION FOR LOANS.

Section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994) is amended—

(1) in the second sentence of subsection (a), by striking ''with or without'' and all that follows through ''administration'' and inserting the following: ''without authority for the Secretary to transfer amounts between the categories''; and

(2) by striking subsection (b) and inserting the following:

''(b) AUTHORIZATION FOR LOANS.—

''(1) IN GENERAL.—The Secretary may make or guarantee loans under subtitles A and B from the Agricultural Credit Insurance Fund established under section 309 in not more than the following amounts:

''(A) FISCAL YEAR 1996.—For fiscal year 1996, $3,085,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,500,000,000 shall be for guaranteed loans, of which—

''(I) $600,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $1,900,000,000 shall be for operating loans under subtitle B.

''(B) FISCAL YEAR 1997.—For fiscal year 1997, $3,165,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,580,000,000 shall be for guaranteed loans, of which—

''(I) $630,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $1,950,000,000 shall be for operating loans under subtitle B.

''(C) FISCAL YEAR 1998.—For fiscal year 1998, $3,245,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,660,000,000 shall be for guaranteed loans, of which—

''(I) $660,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,000,000,000 shall be for operating loans under subtitle B.

''(D) FISCAL YEAR 1999.—For fiscal year 1999, $3,325,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,740,000,000 shall be for guaranteed loans, of which—

''(I) $690,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,050,000,000 shall be for operating loans under subtitle B.

''(E) FISCAL YEAR 2000.—For fiscal year 2000, $3,435,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,850,000,000 shall be for guaranteed loans, of which—

''(I) $750,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,100,000,000 shall be for operating loans under subtitle B.

''(F) FISCAL YEAR 2001.—For fiscal year 2001, $3,435,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,850,000,000 shall be for guaranteed loans, of which—

''(I) $750,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,100,000,000 shall be for operating loans under subtitle B.

''(G) FISCAL YEAR 2002.—For fiscal year 2002, $3,435,000,000, of which—

''(i) $585,000,000 shall be for direct loans, of which—

''(I) $85,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $500,000,000 shall be for operating loans under subtitle B; and

''(ii) $2,850,000,000 shall be for guaranteed loans, of which—

''(I) $750,000,000 shall be for farm ownership loans under subtitle A; and

''(II) $2,100,000,000 shall be for operating loans under subtitle B.

''(2) BEGINNING FARMERS AND RANCHERS.—

''(A) DIRECT LOANS.—

''(i) FARM OWNERSHIP LOANS.—Of the amounts made available under paragraph (1) for direct farm ownership loans, the Secretary shall reserve 70 percent of available funds for qualified beginning farmers and ranchers.

''(ii) OPERATING LOANS.—Of the amounts made available under paragraph (1) for direct operating loans, the Secretary shall reserve for qualified beginning farmers and ranchers—

''(I) for fiscal year 1996, 25 percent;

''(II) for fiscal year 1997, 25 percent;

''(III) for fiscal year 1998, 25 percent;

''(IV) for fiscal year 1999, 30 percent; and

''(V) for each of fiscal years 2000 through 2002, 35 percent.

''(iii) FUNDS RESERVED UNTIL SEPTEMBER 1.—Funds reserved for beginning farmers or ranchers under this subparagraph shall be reserved only until September 1 of each fiscal year.

''(B) GUARANTEED LOANS.—

''(i) FARM OWNERSHIP LOANS.—Of the amounts made available under paragraph (1) for guaranteed farm ownership loans, the Secretary shall reserve 25 percent for qualified beginning farmers and ranchers.

''(ii) OPERATING LOANS.—Of the amounts made available under paragraph (1) for guaranteed operating loans, the Secretary shall reserve 40 percent for qualified beginning farmers and ranchers.

''(iii) FUNDS RESERVED UNTIL APRIL 1.—Funds reserved for beginning farmers or ranchers under this subparagraph shall be reserved only until April 1 of each fiscal year.

''(C) RESERVED FUNDS FOR ALL QUALIFIED BEGINNING FARMERS AND RANCHERS.—If a qualified beginning farmer or rancher meets the eligibility criteria for receiving a direct or guaranteed loan under section 302, 310E, or 311, the Secretary shall make or guarantee the loan if sufficient funds reserved under this paragraph are available to make or guarantee the loan.

''(3) TRANSFER FOR DOWN PAYMENT LOANS.—

''(A) IN GENERAL.—Notwithstanding subsection (a), subject to subparagraph (B)—

''(i) beginning on August 1 of each fiscal year, the Secretary shall use available unsubsidized guaranteed farm operating loan funds to fund approved direct farm ownership loans to beginning farmers and ranchers under the down payment loan program established under section 310E; and

''(ii) beginning on September 1 of each fiscal year, the Secretary shall use available unsubsidized guaranteed farm operating loan funds to fund approved direct farm ownership loans to beginning farmers and ranchers.

''(B) LIMITATION.—The Secretary shall limit the transfer of funds under subparagraph (A) so that all guaranteed farm operating loans that have been approved, or will be approved, during the fiscal year shall be funded to extent of appropriated amounts.

''(4) TRANSFER FOR CREDIT SALES OF FARM INVENTORY PROPERTY.—

''(A) IN GENERAL.—Notwithstanding subsection (a), subject to subparagraphs (B) and (C), beginning on September 1 of each fiscal year, the Secretary may use available emergency disaster loan funds appropriated for the fiscal year to fund the credit sale of farm real estate in the inventory of the Secretary.

''(B) SUPPLEMENTAL APPROPRIATIONS.—The transfer authority provided under subparagraph (A) does not include any emergency disaster loan funds made available to the Secretary for any fiscal year as a result of a supplemental appropriation made by Congress.

''(C) LIMITATION.—The Secretary shall limit the transfer of funds under subparagraph (A) so that all emergency disaster loans that have been approved, or will be approved, during the fiscal year shall be funded to extent of appropriated amounts.''.

SEC. 636. LIST OF CERTIFIED LENDERS AND INVENTORY PROPERTY DEMONSTRATION PROJECT.

(a) IN GENERAL.—Section 351 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999) is amended—

(1) in subsection (f)—

(A) by striking ''Each Farmers Home Administration county supervisor'' and inserting ''The Secretary'';

(B) by striking ''approved lenders'' and inserting ''lenders''; and

(C) by striking ''the Farmers Home Administration''; and

(2) by striking subsection (h).

(b) TECHNICAL AMENDMENTS.—

(1) Section 1320 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1999 note) is amended by striking ''Effective only'' and all that follows through ''1995, the'' and inserting ''The''.

(2) Section 351(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999) is amended—

(A) by striking ''SEC. 351. (a) The'' and inserting the following:

''SEC. 351. INTEREST RATE REDUCTION PROGRAM.

''(a) ESTABLISHMENT OF PROGRAM.—

''(1) IN GENERAL.—The''; and

(B) by adding at the end the following:

''(2) TERMINATION OF AUTHORITY.—The authority provided by this subsection shall terminate on September 30, 2002.''.

SEC. 637. HOMESTEAD PROPERTY.

Section 352(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2000(c)) is amended—

(1) in paragraph (1)(A), by striking ''90'' each place it appears and inserting ''30''; and

(2) in paragraph (6), by striking ''Within 30'' and all that follows through ''title,'' and insert ''Not later than the date of acquisition of the property securing a loan made under this title (or, in the case of real property in inventory on the effective date of the Agricultural Reform and Improvement Act of 1996, not later than 5 days after the date of enactment of the Act),'' and by striking the second sentence.

SEC. 638. RESTRUCTURING.

Section 353 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001) is amended—

(1) in subsection (c)—

(A) in paragraph (3) by striking subparagraph (C) and inserting the following:

''(C) CASH FLOW MARGIN.—

''(i) ASSUMPTION.—For the purpose of assessing under subparagraph (A) the ability of a borrower to meet debt obligations and continue farming operations, the Secretary shall assume that the borrower needs up to 110 percent of the amount indicated for payment of farm operating expenses, debt service obligations, and family living expenses.

''(ii) AVAILABLE INCOME.—If an amount up to 110 percent of the amount determined under subparagraph (A) is available, the Secretary shall consider the income of the borrower to be adequate to meet all expenses, including the debt obligations of the borrower.''; and

(B) by striking paragraph (6) and inserting the following:

''(6) TERMINATION OF LOAN OBLIGATIONS.—The obligations of a borrower to the Secretary under a loan shall terminate if—

''(A) the borrower satisfies the requirements of paragraphs (1) and (2) of subsection (b);

''(B) the value of the restructured loan is less than the recovery value; and

''(C) not later than 90 days after receipt of the notification described in paragraph (4)(B), the borrower pays (or obtains third-party financing to pay) the Secretary an amount equal to the current market value.'';

(2) by striking subsection (k); and

(3) by redesignating subsections (l) through (p) as subsections (k) through (o), respectively.

SEC. 639. TRANSFER OF INVENTORY LANDS.

Section 354 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2002) is amended—

(1) in the matter preceding paragraph (1), by striking ''The Secretary, without reimbursement,'' and inserting the following:

''(a) IN GENERAL.—Subject to subsection (b), the Secretary'';

(2) by striking paragraph (2) and inserting the following:

''(2) that is eligible to be disposed of in accordance with section 335; and''; and

(3) by adding at the end the following:

''(b) CONDITIONS.—The Secretary may not transfer any property or interest under subsection (a) unless—

''(1) at least 2 public notices are given of the transfer;

''(2) if requested, at least 1 public meeting is held prior to the transfer; and

''(3) the Governor and at least 1 elected county official are consulted prior to the transfer.''.

SEC. 640. IMPLEMENTATION OF TARGET PARTICIPATION RATES.

Section 355 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003) is amended by adding at the end the following:

''(f) IMPLEMENTATION CONSISTENT WITH SUPREME COURT HOLDING.—Not later than 180 days after the date of enactment of this subsection, the Secretary shall ensure that the implementation of this section is consistent with the holding of the Supreme Court in Adarand Constructors, Inc. v. Federico Pena, Secretary of Transportation, 63 U.S.L.W. 4523 (U.S. June 12, 1995).''.

SEC. 641. DELINQUENT BORROWERS AND CREDIT STUDY.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end the following:

''SEC. 372. PAYMENT OF INTEREST AS A CONDITION OF LOAN SERVICING FOR BORROWERS.

''The Secretary may not reschedule or reamortize a loan for a borrower under this title who has not requested consideration under section 331D(e) unless the borrower pays a portion, as determined by the Secretary, of the interest due on the loan.

''SEC. 373. LOAN AND LOAN SERVICING LIMITATIONS

''(a) DELINQUENT BORROWERS PROHIBITED FROM OBTAINING DIRECT OPERATING LOANS.—The Secretary may not make a direct operating loan under subtitle B to a borrower who is delinquent on any loan made or guaranteed under this title.

''(b) LOANS PROHIBITED FOR BORROWERS THAT HAVE RECEIVED DEBT FORGIVENESS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary may not make or guarantee a loan under this title to a borrower who received debt forgiveness under this title.

''(2) EXCEPTION.—The Secretary may make a direct or guaranteed farm operating loan for paying annual farm or ranch operating expenses to a borrower who was restructured with debt write-down under section 353.

''(c) NO MORE THAT 1 DEBT FORGIVENESS FOR A BORROWER ON A DIRECT LOAN.—The Secretary may not provide debt forgiveness to a borrower on a direct loan made under this title if the borrower has received debt forgiveness on another direct loan under this title.

''SEC. 374. CREDIT STUDY.

''(a) IN GENERAL.—The Secretary of Agriculture shall perform a study and report to the Committee on Agriculture in the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry in the Senate on the demand for and availability of credit in rural areas for agriculture, rural housing, and rural development.

''(b) PURPOSE.—The purpose of the study is to ensure that Congress has current and comprehensive information to consider as Congress deliberates on the credit needs of rural America and the availability of credit to satisfy the needs of rural America.

''(c) ITEMS IN STUDY.—The study should be based on the most current available data and should include—

''(1) rural demand for credit from the Farm Credit System, the ability of the Farm Credit System to meet the demand, and the extent to which the Farm Credit System provided loans to satisfy the demand;

''(2) rural demand for credit from the nation's banking system, the ability of banks to meet the demand, and the extent to which banks provided loans to satisfy the demand;

''(3) rural demand for credit from the Secretary, the ability of the Secretary to meet the demand, and the extent to which the Secretary provided loans to satisfy the demand;

''(4) rural demand for credit from other Federal agencies, the ability of the agencies to meet the demand, and the extent to which the agencies provided loans to satisfy the demand;

''(5) what measure or measures exist to gauge the overall demand for rural credit and the extent to which rural demand for credit is satisfied, and what the measures have shown;

''(6) a comparison of the interest rates and terms charged by the Farm Credit System Farm Credit Banks, production credit associations, and banks for cooperatives with the rates and terms charged by the nation's banks for credit of comparable risk and maturity;

''(7) the advantages and disadvantages of the modernization and expansion proposals of the Farm Credit System on the Farm Credit System, the nation's banking system, rural users of credit, local rural communities, and the Federal Government, including—

''(A) any added risk to the safety and soundness of the Farm Credit System that may result from approval of a proposal; and

''(B) any positive or adverse impacts on competition between the Farm Credit System and the nation's banks in providing credit to rural users;

''(8) the nature and extent of the unsatisfied rural credit need that the Farm Credit System proposal are supposed to address and what aspects of the present Farm Credit System prevent the Farm Credit System from meeting the need;

''(9) the advantages and disadvantages of the proposal by commercial bankers to allow banks access to the Farm Credit System as a funding source on the Farm Credit System, the nation's banking system, rural users of credit, local rural communities, and the Federal Government, including—

''(A) any added risk to the safety and soundness of the Farm Credit System that may result from approval of the proposal; and

''(B) any positive or adverse impacts on competition between the Farm Credit System and the nation's banks in providing credit to rural users; and

''(10) problems that commercial banks have in obtaining capital for lending in rural areas, how access to Farm Credit System funds would improve the availability of capital in rural areas in ways that cannot be achieved in the present system, and the possible effects on the viability of the Farm Credit System of granting banks access to Farm Credit System funds.

''(d) INTERAGENCY TASK FORCE.—In completing the study, the Secretary shall use, among other things, data and information obtained by the interagency task force on rural credit.''.

CHAPTER 5—GENERAL PROVISIONS

SEC. 651. CONFORMING AMENDMENTS.

(a) Section 307(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)) is amended—

(1) in paragraph (4), by striking ''304(b), 306(a)(1), and 310B'' and inserting ''306(a)(1) and 310B''; and

(2) in paragraph (6)(B)—

(A) by striking clauses (i), (ii), and (vii);

(B) in clause (v), by adding ''and'' at the end;

(C) in clause (vi), by striking '', and'' at the end and inserting a period; and

(D) by redesignating clauses (iii) through (vi) as clauses (i) through (iv), respectively.

(b) The second sentence of section 309(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(g)(1)) is amended by striking ''section 308,''.

(c) Section 309A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929a) is amended—

(1) in the second sentence of subsection (a), by striking ''304(b), 306(a)(1), 306(a)(14), 310B, and 312(b)'' and inserting ''306(a)(1), 306(a)(14), and 310B''; and

(2) in subsection (b), by striking ''and section 308''.

(d) Section 310B(d) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(d)) is amended—

(1) by striking ''sections 304(b), 310B, and 312(b)'' each place it appears in paragraphs (2), (3), and (4) and inserting ''this section''; and

(2) in paragraph (6), by striking ''this section, section 304, or section 312'' and inserting ''this section''.

(e) The first sentence of section 310D(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1934(a)) is amended by striking ''paragraphs (1) through (5) of section 303(a), or subparagraphs (A) through (E) of section 304(a)(1)'' and inserting ''section 303(a), or paragraphs (1) through (5) of section 304(b)''.

(f) Section 311(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(b)(1)) is amended by striking ''and for the purposes specified in section 312''.

(g) Section 316(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1946(a)) is amended by striking paragraph (3).

(h) Section 343 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991) is amended—

(1) in subsection (a)(10), by striking ''recreation loan (RL) under section 304,''; and

(2) in subsection (b)—

(A) in the matter preceding paragraph (1), by striking ''351(h),''; and

(B) by striking paragraph (4) and inserting the following:

''(4) PRESERVATION LOAN SERVICE PROGRAM.—The term ''preservation loan service program'' means homestead retention as authorized under section 352.''.

(i) The first sentence of section 344 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1992) is amended by striking ''304(b), 306(a)(1), 310B, 312(b), or 312(c)'' and inserting ''306(a)(1), 310B, or 312(c)''.

(j) Section 353(l) of the Consolidated Farm and Rural Development Act (as redesignated by section 638(3)) is further amended by striking ''and subparagraphs (A)(i) and (C)(i) of section 335(e)(1),''.

Subtitle B—Farm Credit System

CHAPTER 1—AGRICULTURAL MORTGAGE SECONDARY MARKET

SEC. 661. DEFINITION OF REAL ESTATE.

Section 8.0(1)(B)(ii) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(1)(B)(ii)) is amended by striking ''with a purchase price'' and inserting '', excluding the land to which the dwelling is affixed, with a value''.

SEC. 662. DEFINITION OF CERTIFIED FACILITY.

Section 8.0(3) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(3)) is amended—

(1) in subparagraph (A), by striking ''a secondary marketing agricultural loan'' and inserting ''an agricultural mortgage marketing''; and

(2) in subparagraph (B), by striking '', but only'' and all that follows through ''(9)(B)''.

SEC. 663. DUTIES OF FEDERAL AGRICULTURAL MORTGAGE CORPORATION.

Section 8.1(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–1(b)) is amended—

(1) in paragraph (2), by striking ''and'' at the end;

(2) in paragraph (3), by striking the period at the end and inserting ''; and''; and

(3) by adding at the end the following:

''(4) purchase qualified loans and issue securities representing interests in, or obligations backed by, the qualified loans, guaranteed for the timely repayment of principal and interest.''.

SEC. 664. POWERS OF THE CORPORATION.

Section 8.3(c) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–3(c)) is amended—

(1) by redesignating paragraphs (13) and (14) as paragraphs (14) and (15), respectively; and

(2) by inserting after paragraph (12) the following:

''(13) To purchase, hold, sell, or assign a qualified loan, to issue a guaranteed security, representing an interest in, or an obligation backed by, the qualified loan, and to perform all the functions and responsibilities of an agricultural mortgage marketing facility operating as a certified facility under this title.''.

SEC. 665. FEDERAL RESERVE BANKS AS DEPOSITARIES AND FISCAL AGENTS.

Section 8.3 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–3) is amended—

(1) in subsection (d), by striking ''may act as depositories for, or'' and inserting ''shall act as depositories for, and''; and

(2) in subsection (e), by striking ''Secretary of the Treasury may authorize the Corporation to use'' and inserting ''Corporation shall have access to''.

SEC. 666. CERTIFICATION OF AGRICULTURAL MORTGAGE MARKETING FACILITIES.

Section 8.5 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–5) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by inserting ''(other than the Corporation)'' after ''agricultural mortgage marketing facilities''; and

(B) in paragraph (2), by inserting ''(other than the Corporation)'' after ''agricultural mortgage marketing facility''; and

(2) in subsection (e)(1), by striking ''(other than the Corporation)''.

SEC. 667. GUARANTEE OF QUALIFIED LOANS.

Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6) is amended—

(1) in subsection (a)(1)—

(A) by striking ''Corporation shall guarantee'' and inserting the following: ''Corporation—

''(A) shall guarantee'';

(B) by striking the period at the end and inserting ''; and''; and

(C) by adding at the end the following:

''(B) may issue a security, guaranteed as to the timely payment of principal and interest, that represents an interest solely in, or an obligation fully backed by, a pool consisting of qualified loans that—

''(i) meet the standards established under section 8.8; and

''(ii) have been purchased and held by the Corporation.'';

(2) in subsection (d)—

(A) by striking paragraph (4); and

(B) by redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively; and

(3) in subsection (g)(2), by striking ''section 8.0(9)(B))'' and inserting ''section 8.0(9))''.

SEC. 668. MANDATORY RESERVES AND SUBORDINATED PARTICIPATION INTERESTS ELIMINATED.

(a) GUARANTEE OF QUALIFIED LOANS.—Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6) is amended by striking subsection (b).

(b) RESERVES AND SUBORDINATED PARTICIPATION INTERESTS.—Section 8.7 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–7) is repealed.

(c) CONFORMING AMENDMENTS.—

(1) Section 8.0(9)(B)(i) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)(B)(i)) is amended by striking ''8.7, 8.8,'' and inserting ''8.8''.

(2) Section 8.6(a)(2) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6(a)(2)) is amended by striking ''subject to the provisions of subsection (b)''.

SEC. 669. STANDARDS REQUIRING DIVERSIFIED POOLS.

(a) IN GENERAL.—Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6) (as amended by section 668) is amended—

(1) by striking subsection (c); and

(2) by redesignating subsections (d) through (g) as subsections (b) through (e), respectively.

(b) CONFORMING AMENDMENTS.—

(1) Section 8.0(9)(B)(i) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)(B)(i)) is amended by striking ''(f)'' and inserting ''(d)''.

(2) Section 8.13(a) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–13(a)) is amended by striking ''sections 8.6(b) and'' in each place it appears and inserting ''section''.

(3) Section 8.32(b)(1)(C) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–1(b)(1)(C)) is amended—

(A) by striking ''shall'' and inserting ''may''; and

(B) by inserting ''(as in effect before the date of the enactment of the Agricultural Reform and Improvement Act of 1996)'' before the semicolon.

(4) Section 8.6(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6(b)) (as redesignated by subsection (a)(2)) is amended—

(A) by striking paragraph (4) (as redesignated by section 667(2)(B)); and

(B) by redesignating paragraphs (5) and (6) (as redesignated by section 667(2)(B)) as paragraphs (4) and (5), respectively.

SEC. 670. SMALL FARMS.

Section 8.8(e) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–8(e)) is amended by adding at the end the following: ''The Board shall promote and encourage the inclusion of qualified loans for small farms and family farmers in the agricultural mortgage secondary market.''.

SEC. 671. DEFINITION OF AN AFFILIATE.

Section 8.11(e) of the Farm Credit Act of 1971 (21 U.S.C. 2279aa–11(e)) is amended—

(1) by striking ''a certified facility or''; and

(2) by striking ''paragraphs (3) and (7), respectively, of section 8.0'' and inserting ''section 8.0(7)''.

SEC. 672. STATE USURY LAWS SUPERSEDED.

Section 8.12 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–12) is amended by striking subsection (d) and inserting the following:

''(d) STATE USURY LAWS SUPERSEDED.—A provision of the Constitution or law of any State shall not apply to an agricultural loan made by an originator or a certified facility in accordance with this title for sale to the Corporation or to a certified facility for inclusion in a pool for which the Corporation has provided, or has committed to provide, a guarantee, if the loan, not later than 180 days after the date the loan was made, is sold to the Corporation or included in a pool for which the Corporation has provided a guarantee, if the provision—

''(1) limits the rate or amount of interest, discount points, finance charges, or other charges that may be charged, taken, received, or reserved by an agricultural lender or a certified facility; or

''(2) limits or prohibits a prepayment penalty (either fixed or declining), yield maintenance, or make-whole payment that may be charged, taken, or received by an agricultural lender or a certified facility in connection with the full or partial payment of the principal amount due on a loan by a borrower in advance of the scheduled date for the payment under the terms of the loan, otherwise known as a prepayment of the loan principal.''.

SEC. 673. EXTENSION OF CAPITAL TRANSITION PERIOD.

Section 8.32 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–1) is amended—

(1) in the first sentence of subsection (a), by striking ''Not later than the expiration of the 2-year period beginning on December 13, 1991,'' and inserting ''Not sooner than the expiration of the 3-year period beginning on the date of enactment of the Agricultural Reform and Improvement Act of 1996,'';

(2) in the first sentence of subsection (b)(2), by striking ''5-year'' and inserting ''8-year''; and

(3) in subsection (d)—

(A) in the first sentence—

(i) by striking ''The regulations establishing'' and inserting the following:

''(1) IN GENERAL.—The regulations establishing''; and

(ii) by striking ''shall contain'' and inserting the following: ''shall—

''(A) be issued by the Director for public comment in the form of a notice of proposed rulemaking, to be first published after the expiration of the period referred to in subsection (a); and

''(B) contain''; and

(B) in the second sentence, by striking ''The regulations shall'' and inserting the following:

''(2) SPECIFICITY.—The regulations referred to in paragraph (1) shall''.

SEC. 674. MINIMUM CAPITAL LEVEL.

Section 8.33 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–2) is amended to read as follows:

''SEC. 8.33. MINIMUM CAPITAL LEVEL.

''(a) IN GENERAL.—Except as provided in subsection (b), for purposes of this subtitle, the minimum capital level for the Corporation shall be an amount of core capital equal to the sum of—

''(1) 2.75 percent of the aggregate on-balance sheet assets of the Corporation, as determined in accordance with generally accepted accounting principles; and

''(2) 0.75 percent of the aggregate off-balance sheet obligations of the Corporation, which, for the purposes of this subtitle, shall include—

''(A) the unpaid principal balance of outstanding securities that are guaranteed by the Corporation and backed by pools of qualified loans;

''(B) instruments that are issued or guaranteed by the Corporation and are substantially equivalent to instruments described in subparagraph (A); and

''(C) other off-balance sheet obligations of the Corporation.

''(b) TRANSITION PERIOD.—

''(1) IN GENERAL.—For purposes of this subtitle, the minimum capital level for the Corporation—

''(A) prior to January 1, 1997, shall be the amount of core capital equal to the sum of—

''(i) 0.45 percent of aggregate off-balance sheet obligations of the Corporation;

''(ii) 0.45 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

''(iii) 2.50 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2);

''(B) during the 1-year period ending December 31, 1997, shall be the amount of core capital equal to the sum of—

''(i) 0.55 percent of aggregate off-balance sheet obligations of the Corporation;

''(ii) 1.20 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

''(iii) 2.55 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2);

''(C) during the 1-year period ending December 31, 1998, shall be the amount of core capital equal to—

''(i) if the Corporation's core capital is not less than $25,000,000 on January 1, 1998, the sum of—

''(I) 0.65 percent of aggregate off-balance sheet obligations of the Corporation;

''(II) 1.95 percent of designated on-balance sheet assets of the Corporation, as determined under paragraph (2); and

''(III) 2.65 percent of on-balance sheet assets of the Corporation other than assets designated under paragraph (2); or

''(ii) if the Corporation's core capital is less than $25,000,000 on January 1, 1998, the amount determined under subsection (a); and

''(D) on and after January 1, 1999, shall be the amount determined under subsection (a).

''(2) DESIGNATED ON-BALANCE SHEET ASSETS.—For purposes of this subsection, the designated on-balance sheet assets of the Corporation shall be—

''(A) the aggregate on-balance sheet assets of the Corporation acquired under section 8.6(e); and

''(B) the aggregate amount of qualified loans purchased and held by the Corporation under section 8.3(c)(13).''.

SEC. 675. CRITICAL CAPITAL LEVEL.

Section 8.34 of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–3) is amended to read as follows:

''SEC. 8.34. CRITICAL CAPITAL LEVEL.

''For purposes of this subtitle, the critical capital level for the Corporation shall be an amount of core capital equal to 50 percent of the total minimum capital amount determined under section 8.33.''.

SEC. 676. ENFORCEMENT LEVELS.

Section 8.35(e) of the Farm Credit Act of 1971 (12 U.S.C. 2279bb–4(e)) is amended by striking ''during the 30-month period beginning on the date of the enactment of this section,'' and inserting ''during the period beginning on December 13, 1991, and ending on the effective date of the risk based capital regulation issued by the Director under section 8.32,''.

SEC. 677. RECAPITALIZATION OF THE CORPORATION.

Title VIII of the Farm Credit Act of 1971 (12 U.S.C. 2279aa et seq.) is amended by adding at the end the following:

''SEC. 8.38. RECAPITALIZATION OF THE CORPORATION.

''(a) MANDATORY RECAPITALIZATION.—The Corporation shall increase the core capital of the Corporation to an amount equal to or greater than $25,000,000, not later than the earlier of—

''(1) the date that is 2 years after the date of enactment of this section; or

''(2) the date that is 180 days after the end of the first calendar quarter that the aggregate on-balance sheet assets of the Corporation, plus the outstanding principal of the off-balance sheet obligations of the Corporation, equal or exceed $2,000,000,000.

''(b) RAISING CORE CAPITAL.—In carrying out this section, the Corporation may issue stock under section 8.4 and otherwise employ any recognized and legitimate means of raising core capital in the power of the Corporation under section 8.3.

''(c) LIMITATION ON GROWTH OF TOTAL ASSETS.—During the 2-year period beginning on the date of enactment of this section, the aggregate on-balance sheet assets of the Corporation plus the outstanding principal of the off-balance sheet obligations of the Corporation may not exceed $3,000,000,000 if the core capital of the Corporation is less than $25,000,000.

''(d) ENFORCEMENT.—If the Corporation fails to carry out subsection (a) by the date required under paragraph (1) or (2) of subsection (a), the Corporation may not purchase a new qualified loan or issue or guarantee a new loan-backed security until the core capital of the Corporation is increased to an amount equal to or greater than $25,000,000.''.

SEC. 678. LIQUIDATION OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.

Title VIII of the Farm Credit Act of 1971 (12 U.S.C. 2279aa et seq.) (as amended by section 677) is amended by adding at the end the following:

''Subtitle C—Receivership, Conservatorship, and Liquidation of the Federal Agricultural Mortgage Corporation

''SEC. 8.41. CONSERVATORSHIP; LIQUIDATION; RECEIVERSHIP.

''(a) VOLUNTARY LIQUIDATION.—The Corporation may voluntarily liquidate only with the consent of, and in accordance with a plan of liquidation approved by, the Farm Credit Administration Board.

''(b) INVOLUNTARY LIQUIDATION.—

''(1) IN GENERAL.—The Farm Credit Administration Board may appoint a conservator or receiver for the Corporation under the circumstances specified in section 4.12(b).

''(2) APPLICATION.—In applying section 4.12(b) to the Corporation under paragraph (1)—

''(A) the Corporation shall also be considered insolvent if the Corporation is unable to pay its debts as they fall due in the ordinary course of business;

''(B) a conservator may also be appointed for the Corporation if the authority of the Corporation to purchase qualified loans or issue or guarantee loan-backed securities is suspended; and

''(C) a receiver may also be appointed for the Corporation if—

''(i)(I) the authority of the Corporation to purchase qualified loans or issue or guarantee loan-backed securities is suspended; or

''(II) the Corporation is classified under section 8.35 as within level III or IV and the alternative actions available under subtitle B are not satisfactory; and

''(ii) the Farm Credit Administration determines that the appointment of a conservator would not be appropriate.

''(3) NO EFFECT ON SUPERVISORY ACTIONS.—The grounds for appointment of a conservator for the Corporation under this subsection shall be in addition to those in section 8.37.

''(c) APPOINTMENT OF CONSERVATOR OR RECEIVER.—

''(1) QUALIFICATIONS.—Notwithstanding section 4.12(b), if a conservator or receiver is appointed for the Corporation, the conservator or receiver shall be—

''(A) the Farm Credit Administration or any other governmental entity or employee, including the Farm Credit System Insurance Corporation; or

''(B) any person that—

''(i) has no claim against, or financial interest in, the Corporation or other basis for a conflict of interest as the conservator or receiver; and

''(ii) has the financial and management expertise necessary to direct the operations and affairs of the Corporation and, if necessary, to liquidate the Corporation.

''(2) COMPENSATION.—

''(A) IN GENERAL.—A conservator or receiver for the Corporation and professional personnel (other than a Federal employee) employed to represent or assist the conservator or receiver may be compensated for activities conducted as, or for, a conservator or receiver.

''(B) LIMIT ON COMPENSATION.—Compensation may not be provided in amounts greater than the compensation paid to employees of the Federal Government for similar services, except that the Farm Credit Administration may provide for compensation at higher rates that are not in excess of rates prevailing in the private sector if the Farm Credit Administration determines that compensation at higher rates is necessary in order to recruit and retain competent personnel.

''(C) CONTRACTUAL ARRANGEMENTS.—The conservator or receiver may contract with any governmental entity, including the Farm Credit System Insurance Corporation, to make personnel, services, and facilities of the entity available to the conservator or receiver on such terms and compensation arrangements as shall be mutually agreed, and each entity may provide the same to the conservator or receiver.

''(3) EXPENSES.—A valid claim for expenses of the conservatorship or receivership (including compensation under paragraph (2)) and a valid claim with respect to a loan made under subsection (f) shall—

''(A) be paid by the conservator or receiver from funds of the Corporation before any other valid claim against the Corporation; and

''(B) may be secured by a lien, on such property of the Corporation as the conservator or receiver may determine, that shall have priority over any other lien.

''(4) LIABILITY.—If the conservator or receiver for the Corporation is not a Federal entity, or an officer or employee of the Federal Government, the conservator or receiver shall not be personally liable for damages in tort or otherwise for an act or omission performed pursuant to and in the course of the conservatorship or receivership, unless the act or omission constitutes gross negligence or any form of intentional tortious conduct or criminal conduct.

''(5) INDEMNIFICATION.—The Farm Credit Administration may allow indemnification of the conservator or receiver from the assets of the conservatorship or receivership on such terms as the Farm Credit Administration considers appropriate.

''(d) JUDICIAL REVIEW OF APPOINTMENT.—

''(1) IN GENERAL.—Notwithstanding subsection (i)(1), not later than 30 days after a conservator or receiver is appointed under subsection (b), the Corporation may bring an action in the United States District Court for the District of Columbia for an order requiring the Farm Credit Administration Board to remove the conservator or receiver. The court shall, on the merits, dismiss the action or direct the Farm Credit Administration Board to remove the conservator or receiver.

''(2) STAY OF OTHER ACTIONS.—On the commencement of an action under paragraph (1), any court having jurisdiction of any other action or enforcement proceeding authorized under this Act to which the Corporation is a party shall stay the action or proceeding during the pendency of the action for removal of the conservator or receiver.

''(e) GENERAL POWERS OF CONSERVATOR OR RECEIVER.—The conservator or receiver for the Corporation shall have such powers to conduct the conservatorship or receivership as shall be provided pursuant to regulations adopted by the Farm Credit Administration Board. Such powers shall be comparable to the powers available to a conservator or receiver appointed pursuant to section 4.12(b).

''(f) BORROWINGS FOR WORKING CAPITAL.—

''(1) IN GENERAL.—If the conservator or receiver of the Corporation determines that it is likely that there will be insufficient funds to pay the ongoing administrative expenses of the conservatorship or receivership or that there will be insufficient liquidity to fund maturing obligations of the conservatorship or receivership, the conservator or receiver may borrow funds in such amounts, from such sources, and at such rates of interest as the conservator or receiver considers necessary or appropriate to meet the administrative expenses or liquidity needs of the conservatorship or receivership.

''(2) WORKING CAPITAL FROM FARM CREDIT BANKS.—A Farm Credit bank may loan funds to the conservator or receiver for a loan authorized under paragraph (1) or, in the event of receivership, a Farm Credit bank may purchase assets of the Corporation.

''(g) AGREEMENTS AGAINST INTERESTS OF CONSERVATOR OR RECEIVER.—No agreement that tends to diminish or defeat the right, title, or interest of the conservator or receiver for the Corporation in any asset acquired by the conservator or receiver as conservator or receiver for the Corporation shall be valid against the conservator or receiver unless the agreement—

''(1) is in writing;

''(2) is executed by the Corporation and any person claiming an adverse interest under the agreement, including the obligor, contemporaneously with the acquisition of the asset by the Corporation;

''(3) is approved by the Board or an appropriate committee of the Board, which approval shall be reflected in the minutes of the Board or committee; and

''(4) has been, continuously, from the time of the agreement's execution, an official record of the Corporation.

''(h) REPORT TO THE CONGRESS.—On a determination by the receiver for the Corporation that there are insufficient assets of the receivership to pay all valid claims against the receivership, the receiver shall submit to the Secretary of the Treasury, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the financial condition of the receivership.

''(i) TERMINATION OF AUTHORITIES.—

''(1) CORPORATION.—The charter of the Corporation shall be canceled, and the authority provided to the Corporation by this title shall terminate, on such date as the Farm Credit Administration Board determines is appropriate following the placement of the Corporation in receivership, but not later than the conclusion of the receivership and discharge of the receiver.

''(2) OVERSIGHT.—The Office of Secondary Market Oversight established under section 8.11 shall be abolished, and section 8.11(a) and subtitle B shall have no force or effect, on such date as the Farm Credit Administration Board determines is appropriate following the placement of the Corporation in receivership, but not later than the conclusion of the receivership and discharge of the receiver.''.

CHAPTER 2—REGULATORY RELIEF

SEC. 681. COMPENSATION OF ASSOCIATION PERSONNEL.

Section 1.5(13) of the Farm Credit Act of 1971 (12 U.S.C. 2013(13)) is amended by striking '', and the appointment and compensation of the chief executive officer thereof,''.

SEC. 682. USE OF PRIVATE MORTGAGE INSURANCE.

(a) IN GENERAL.—Section 1.10(a)(1) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)(1)) is amended by adding at the end the following:

''(D) PRIVATE MORTGAGE INSURANCE.—A loan on which private mortgage insurance is obtained may exceed 85 percent of the appraised value of the real estate security to the extent that the loan amount in excess of such 85 percent is covered by the insurance.''.

(b) CONFORMING AMENDMENT.—Section 1.10(a)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)(1)(A)) is amended by striking ''paragraphs (2) and (3)'' and inserting ''subparagraphs (C) and (D)''.

SEC. 683. REMOVAL OF CERTAIN BORROWER REPORTING REQUIREMENT.

Section 1.10(a) of the Farm Credit Act of 1971 (12 U.S.C. 2018(a)) is amended by striking paragraph (5).

SEC. 684. REFORM OF REGULATORY LIMITATIONS ON DIVIDEND, MEMBER BUSINESS, AND VOTING PRACTICES OF ELIGIBLE FARMER-OWNED COOPERATIVES.

(a) IN GENERAL.—Section 3.8(a) of the Farm Credit Act of 1971 (12 U.S.C. 2129(a)) is amended by adding at the end the following: ''Any such association that has received a loan from a bank for cooperatives shall, without regard to the requirements of paragraphs (1) through (4), continue to be eligible for so long as more than 50 percent (or such higher percentage as is established by the bank board) of the voting control of the association is held by farmers, producers or harvesters of aquatic products, or eligible cooperative associations.''.

(b) CONFORMING AMENDMENT.—Section 3.8(b)(1)(D) of the Farm Credit Act of 1971 (12 U.S.C. 2129(b)(1)(D)) is amended by striking ''and (4) of subsection (a)'' and inserting ''and (4), or under the last sentence, of subsection (a)''.

SEC. 685. REMOVAL OF FEDERAL GOVERNMENT CERTIFICATION REQUIREMENT FOR CERTAIN PRIVATE SECTOR FINANCINGS.

Section 3.8(b)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2129(b)(1)(A)) is amended—

(1) by striking ''have been certified by the Administrator of the Rural Electrification Administration to be eligible for such'' and inserting ''are eligible under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) for''; and

(2) by striking ''loan guarantee, and'' and inserting ''loan guarantee from the Administration or the Bank (or a successor of the Administration or the Bank), and''.

SEC. 686. BORROWER STOCK.

Section 4.3A of the Farm Credit Act of 1971 (12 U.S.C. 2154a) is amended—

(1) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively; and

(2) by inserting after subsection (e) the following:

''(f) LOANS DESIGNATED FOR SALE OR SOLD INTO THE SECONDARY MARKET.—

''(1) IN GENERAL.—Subject to paragraph (2) and notwithstanding any other provision of this section, the bylaws adopted by a bank or association under subsection (b) may provide—

''(A) in the case of a loan made on or after the date of enactment of this paragraph that is designated, at the time the loan is made, for sale into a secondary market, that no voting stock or participation certificate purchase requirement shall apply to the borrower for the loan; and

''(B) in the case of a loan made before the date of enactment of this paragraph that is sold into a secondary market, that all outstanding voting stock or participation certificates held by the borrower with respect to the loan shall, subject to subsection (d)(1), be retired.

''(2) APPLICABILITY.—Notwithstanding any other provision of this section, in the case of a loan sold to a secondary market under title VIII, paragraph (1) shall apply regardless of whether the bank or association retains a subordinated participation interest in a loan or pool of loans or contributes to a cash reserve.

''(3) EXCEPTION.—

''(A) IN GENERAL.—Subject to subparagraph (B) and notwithstanding any other provision of this section, if a loan designated for sale under paragraph (1)(A) is not sold into a secondary market during the 180-day period that begins on the date of the designation, the voting stock or participation certificate purchase requirement that would otherwise apply to the loan in the absence of a bylaw provision described in paragraph (1)(A) shall be effective.

''(B) RETIREMENT.—The bylaws adopted by a bank or association under subsection (b) may provide that if a loan described in subparagraph (A) is sold into a secondary market after the end of the 180-day period described in the subparagraph, all outstanding voting stock or participation certificates held by the borrower with respect to the loan shall, subject to subsection (d)(1), be retired.''.

SEC. 687. DISCLOSURE RELATING TO ADJUSTABLE RATE LOANS.

Section 4.13(a)(4) of the Farm Credit Act of 1971 (12 U.S.C. 2199(a)(4)) is amended by inserting before the semicolon at the end the following: '', and notice to the borrower of a change in the interest rate applicable to the loan of the borrower may be made within a reasonable time after the effective date of an increase or decrease in the interest rate''.

SEC. 688. BORROWERS' RIGHTS.

(a) DEFINITION OF LOAN.—Section 4.14A(a)(5) of the Farm Credit Act of 1971 (12 U.S.C. 2202a(a)(5)) is amended—

(1) by striking ''(5) LOAN.—The'' and inserting the following:

''(5) LOAN.—

''(A) IN GENERAL.—Subject to subparagraph (B), the''; and

(2) by adding at the end the following:

''(B) EXCLUSION FOR LOANS DESIGNATED FOR SALE INTO SECONDARY MARKET.—

''(i) IN GENERAL.—Except as provided in clause (ii), the term 'loan' does not include a loan made on or after the date of enactment of this subparagraph that is designated, at the time the loan is made, for sale into a secondary market.

''(ii) UNSOLD LOANS.—

''(I) IN GENERAL.—Except as provided in subclause (II), if a loan designated for sale under clause (i) is not sold into a secondary market during the 180-day period that begins on the date of the designation, the provisions of this section and sections 4.14, 4.14B, 4.14C, 4.14D, and 4.36 that would otherwise apply to the loan in the absence of the exclusion described in clause (i) shall become effective with respect to the loan.

''(II) LATER SALE.—If a loan described in subclause (I) is sold into a secondary market after the end of the 180-day period described in subclause (I), subclause (I) shall not apply with respect to the loan beginning on the date of the sale.''.

(b) BORROWERS' RIGHTS FOR POOLED LOANS.—The first sentence of section 8.9(b) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–9(b)) is amended by inserting ''(as defined in section 4.14A(a)(5))'' after ''application for a loan''.

SEC. 689. FORMATION OF ADMINISTRATIVE SERVICE ENTITIES.

Part E of title IV of the Farm Credit Act of 1971 is amended by inserting after section 4.28 (12 U.S.C. 2214) the following:

''SEC. 4.28A. DEFINITION OF BANK.

''In this part, the term 'bank' includes each association operating under title II.''.

SEC. 690. JOINT MANAGEMENT AGREEMENTS.

The first sentence of section 5.17(a)(2)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)(2)(A)) is amended by striking ''or management agreements''.

SEC. 691. DISSEMINATION OF QUARTERLY REPORTS.

Section 5.17(a)(8) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)(8)) is amended by inserting after ''except that'' the following: ''the requirements of the Farm Credit Administration governing the dissemination to stockholders of quarterly reports of System institutions may not be more burdensome or costly than the requirements applicable to national banks, and''.

SEC. 692. REGULATORY REVIEW.

(a) FINDINGS.—Congress finds that—

(1) the Farm Credit Administration, in the role of the Administration as an arms-length safety and soundness regulator, has made considerable progress in reducing the regulatory burden on Farm Credit System institutions;

(2) the efforts of the Farm Credit Administration described in paragraph (1) have resulted in cost savings for Farm Credit System institutions; and

(3) the cost savings described in paragraph (2) ultimately benefit the farmers, ranchers, agricultural cooperatives, and rural residents of the United States.

(b) CONTINUATION OF REGULATORY REVIEW.—The Farm Credit Administration shall continue the comprehensive review of regulations governing the Farm Credit System to identify and eliminate, consistent with law, safety, and soundness, all regulations that are unnecessary, unduly burdensome or costly, or not based on law.

SEC. 693. EXAMINATION OF FARM CREDIT SYSTEM INSTITUTIONS.

The first sentence of section 5.19(a) of the Farm Credit Act of 1971 (12 U.S.C. 2254(a)) is amended by striking ''each year'' and inserting ''during each 18-month period''.

SEC. 694. CONSERVATORSHIPS AND RECEIVERSHIPS.

(a) DEFINITIONS.—Section 5.51 of the Farm Credit Act of 1971 (12 U.S.C. 2277a) is amended—

(1) by striking paragraph (5); and

(2) by redesignating paragraph (6) as paragraph (5).

(b) GENERAL CORPORATE POWERS.—Section 5.58 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–7) is amended by striking paragraph (9) and inserting the following:

''(9) CONSERVATOR OR RECEIVER.—The Corporation may act as a conservator or receiver.''.

SEC. 695. FARM CREDIT INSURANCE FUND OPERATIONS.

(a) ADJUSTMENT OF PREMIUMS.—

(1) IN GENERAL.—Section 5.55(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4(a)) is amended—

(A) in paragraph (1), by striking ''Until the aggregate of amounts in the Farm Credit Insurance Fund exceeds the secure base amount, the annual premium due from any insured System bank for any calendar year'' and inserting the following: ''If at the end of any calendar year the aggregate of amounts in the Farm Credit Insurance Fund does not exceed the secure base amount, subject to paragraph (2), the annual premium due from any insured System bank for the calendar year'';

(B) by redesignating paragraph (2) as paragraph (3); and

(C) by inserting after paragraph (1) the following:

''(2) REDUCED PREMIUMS.—The Corporation, in the sole discretion of the Corporation, may reduce by a percentage uniformly applied to all insured System banks the annual premium due from each insured System bank during any calendar year, as determined under paragraph (1).''.

(2) CONFORMING AMENDMENTS.—

(A) Section 5.55(b) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4(b)) is amended—

(i) by striking ''Insurance Fund'' each place it appears and inserting ''Farm Credit Insurance Fund'';

(ii) by striking ''for the following calendar year''; and

(iii) by striking ''subsection (a)'' and inserting ''subsection (a)(1)''.

(B) Section 5.56(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–5(a)) is amended by striking ''section 5.55(a)(2)'' each place it appears in paragraphs (2) and (3) and inserting ''section 5.55(a)(3)''.

(C) Section 1.12(b) (12 U.S.C. 2020(b)) is amended—

(i) in paragraph (1), by inserting ''(as defined in section 5.55(a)(3))'' after ''government-guaranteed loans''; and

(ii) in paragraph (3), by inserting ''(as so defined)'' after ''government-guaranteed loans'' each place such term appears.

(b) ALLOCATION TO INSURED SYSTEM BANKS AND OTHER SYSTEM INSTITUTIONS OF EXCESS AMOUNTS IN THE FARM CREDIT INSURANCE FUND.—Section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4) is amended by adding at the end the following:

''(e) ALLOCATION TO SYSTEM INSTITUTIONS OF EXCESS RESERVES.—

''(1) ESTABLISHMENT OF ALLOCATED INSURANCE RESERVES ACCOUNTS.—There is hereby established in the Farm Credit Insurance Fund an Allocated Insurance Reserves Account—

''(A) for each insured System bank; and

''(B) subject to paragraph (6)(C), for all holders, in the aggregate, of Financial Assistance Corporation stock.

''(2) TREATMENT.—Amounts in any Allocated Insurance Reserves Account shall be considered to be part of the Farm Credit Insurance Fund.

''(3) ANNUAL ALLOCATIONS.—If, at the end of any calendar year, the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the average secure base amount for the calendar year (as calculated on an average daily balance basis), the Corporation shall allocate to the Allocated Insurance Reserves Accounts the excess amount less the amount that the Corporation, in its sole discretion, determines to be the sum of the estimated operating expenses and estimated insurance obligations of the Corporation for the immediately succeeding calendar year.

''(4) ALLOCATION FORMULA.—From the total amount required to be allocated at the end of a calendar year under paragraph (3)—

''(A) 10 percent of the total amount shall be credited to the Allocated Insurance Reserves Account established under paragraph (1)(B), subject to paragraph (6)(C); and

''(B) there shall be credited to the Allocated Insurance Reserves Account of each insured System bank an amount that bears the same ratio to the total amount (less any amount credited under subparagraph (A)) as the average principal outstanding for the 3-year period ending on the end of the calendar year on loans made by the bank that are in accrual status bears to the average principal outstanding for the 3-year period ending on the end of the calendar year on loans made by all insured System banks that are in accrual status (excluding, in each case, the guaranteed portions of government-guaranteed loans described in subsection (a)(1)(C)).

''(5) USE OF FUNDS IN ALLOCATED INSURANCE RESERVES ACCOUNTS.—To the extent that the sum of the operating expenses of the Corporation and the insurance obligations of the Corporation for a calendar year exceeds the sum of operating expenses and insurance obligations determined under paragraph (3) for the calendar year, the Corporation shall cover the expenses and obligations by—

''(A) reducing each Allocated Insurance Reserves Account by the same proportion; and

''(B) expending the amounts obtained under subparagraph (A) before expending other amounts in the Fund.

''(6) OTHER DISPOSITION OF ACCOUNT FUNDS.—

''(A) IN GENERAL.—As soon as practicable during each calendar year beginning more than 8 years after the date on which the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the secure base amount, but not earlier than January 1, 2005, the Corporation may—

''(i) subject to subparagraphs (D) and (F), pay to each insured System bank, in a manner determined by the Corporation, an amount equal to the lesser of—

''(I) 20 percent of the balance in the insured System bank's Allocated Insurance Reserves Account as of the preceding December 31; or

''(II) 20 percent of the balance in the bank's Allocated Insurance Reserves Account on the date of the payment; and

''(ii) subject to subparagraphs (C), (E), and (F), pay to each System bank and association holding Financial Assistance Corporation stock a proportionate share, determined by dividing the number of shares of Financial Assistance Corporation stock held by the institution by the total number of shares of Financial Assistance Corporation stock outstanding, of the lesser of—

''(I) 20 percent of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B) as of the preceding December 31; or

''(II) 20 percent of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B) on the date of the payment.

''(B) AUTHORITY TO ELIMINATE OR REDUCE PAYMENTS.—The Corporation may eliminate or reduce payments during a calendar year under subparagraph (A) if the Corporation determines, in its sole discretion, that the payments, or other circumstances that might require use of the Farm Credit Insurance Fund, could cause the amount in the Farm Credit Insurance Fund during the calendar year to be less than the secure base amount.

''(C) REIMBURSEMENT FOR FINANCIAL ASSISTANCE CORPORATION STOCK.—

''(i) SUFFICIENT FUNDING.—Notwithstanding paragraph (4)(A), on provision by the Corporation for the accumulation in the Account established under paragraph (1)(B) of funds in an amount equal to $56,000,000 (in addition to the amounts described in subparagraph (F)(ii)), the Corporation shall not allocate any further funds to the Account except to replenish the Account if funds are diminished below $56,000,000 by the Corporation under paragraph (5).

''(ii) WIND DOWN AND TERMINATION.—

''(I) FINAL DISBURSEMENTS.—On disbursement of $53,000,000 (in addition to the amounts described in subparagraph (F)(ii)) from the Allocated Insurance Reserves Account, the Corporation shall disburse the remaining amounts in the Account, as determined under subparagraph (A)(ii), without regard to the percentage limitations in subclauses (I) and (II) of subparagraph (A)(ii).

''(II) TERMINATION OF ACCOUNT.—On disbursement of $56,000,000 (in addition to the amounts described in subparagraph (F)(ii)) from the Allocated Insurance Reserves Account, the Corporation shall close the Account established under paragraph (1)(B) and transfer any remaining funds in the Account to the remaining Allocated Insurance Reserves Accounts in accordance with paragraph (4)(B) for the calendar year in which the transfer occurs.

''(D) DISTRIBUTION OF PAYMENTS RECEIVED.—Not later than 60 days after receipt of a payment made under subparagraph (A)(i), each insured System bank, in consultation with affiliated associations of the insured System bank, and taking into account the direct or indirect payment of insurance premiums by the associations, shall develop and implement an equitable plan to distribute payments received under subparagraph (A)(i) among the bank and associations of the bank.

''(E) EXCEPTION FOR PREVIOUSLY REIMBURSED ASSOCIATIONS.—For purposes of subparagraph (A)(ii), in any Farm Credit district in which the funding bank has reimbursed 1 or more affiliated associations of the bank for the previously unreimbursed portion of the Financial Assistance Corporation stock held by the associations, the funding bank shall be deemed to be the holder of the shares of Financial Assistance Corporation stock for which the funding bank has provided the reimbursement.

''(F) INITIAL PAYMENT.—Notwithstanding subparagraph (A), the initial payment made to each payee under subparagraph (A) shall be in such amount determined by the Corporation to be equal to the sum of—

''(i) the total of the amounts that would have been paid if payments under subparagraph (A) had been authorized to begin, under the same terms and conditions, in the first calendar year beginning more than 5 years after the date on which the aggregate of the amounts in the Farm Credit Insurance Fund exceeds the secure base amount, and to continue through the 2 immediately subsequent years;

''(ii) interest earned on any amounts that would have been paid as described in clause (i) from the date on which the payments would have been paid as described in clause (i; and

''(iii) the payment to be made in the initial year described in subparagraph (A), based on the amount in each Account after subtracting the amounts to be paid under clauses (i) and (ii).''

(c) TECHNICAL AMENDMENTS.—Section 5.55(d) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4(d)) is amended—

(1) in the matter preceding paragraph (1)—

(A) by striking ''subsections (a) and (c)'' and inserting ''subsections (a), (c), and (e)''; and

(B) by striking ''a Farm Credit Bank'' and inserting ''an insured System bank''; and

(2) in paragraphs (1), (2), and (3), by striking ''Farm Credit Bank'' each place it appears and inserting ''insured System bank''.

SEC. 696. EXAMINATIONS BY THE FARM CREDIT SYSTEM INSURANCE CORPORATION.

Section 5.59(b)(1)(A) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–8(b)(1)(A)) is amended by adding at the end the following: ''Notwithstanding any other provision of this Act, on cancellation of the charter of a System institution, the Corporation shall have authority to examine the system institution in receivership. An examination shall be performed at such intervals as the Corporation shall determine.''.

SEC. 697. POWERS WITH RESPECT TO TROUBLED INSURED SYSTEM BANKS.

(a) LEAST-COST RESOLUTION.—Section 5.61(a)(3) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–10(a)) is amended—

(1) by redesignating subparagraph (B) as subparagraph (F); and

(2) by striking subparagraph (A) and inserting the following:

''(A) LEAST-COST RESOLUTION.—Assistance may not be provided to an insured System bank under this subsection unless the means of providing the assistance is the least costly means of providing the assistance by the Farm Credit Insurance Fund of all possible alternatives available to the Corporation, including liquidation of the bank (including paying the insured obligations issued on behalf of the bank). Before making a least-cost determination under this subparagraph, the Corporation shall accord such other insured System banks as the Corporation determines to be appropriate the opportunity to submit information relating to the determination.

''(B) DETERMINING LEAST COSTLY APPROACH.—In determining the least costly alternative under subparagraph (A), the Corporation shall—

''(i) evaluate alternatives on a present-value basis, using a reasonable discount rate;

''(ii) document the evaluation and the assumptions on which the evaluation is based; and

''(iii) retain the documentation for not less than 5 years.

''(C) TIME OF DETERMINATION.—

''(i) GENERAL RULE.—For purposes of this subsection, the determination of the costs of providing any assistance under any provision of this section with respect to any insured System bank shall be made as of the date on which the Corporation makes the determination to provide the assistance to the institution under this section.

''(ii) RULE FOR LIQUIDATIONS.—For purposes of this subsection, the determination of the costs of liquidation of any insured System bank shall be made as of the earliest of—

''(I) the date on which a conservator is appointed for the insured System bank;

''(II) the date on which a receiver is appointed for the insured System bank; or

''(III) the date on which the Corporation makes any determination to provide any assistance under this section with respect to the insured System bank.

''(D) RULE FOR STAND-ALONE ASSISTANCE.—Before providing any assistance under paragraph (1), the Corporation shall evaluate the adequacy of managerial resources of the insured System bank. The continued service of any director or senior ranking officer who serves in a policymaking role for the assisted insured System bank, as determined by the Corporation, shall be subject to approval by the Corporation as a condition of assistance.

''(E) DISCRETIONARY DETERMINATIONS.—Any determination that the Corporation makes under this paragraph shall be in the sole discretion of the Corporation.''.

(b) CONFORMING AMENDMENTS.—Section 5.61(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–10(a)) is amended—

(1) in paragraph (1) by striking ''IN GENERAL.—'' and inserting ''STAND-ALONE ASSISTANCE.—''; and

(2) in paragraph (2)—

(A) by striking ''ENUMERATED POWERS.—'' and inserting ''FACILITATION OF MERGERS OR CONSOLIDATION.—''; and

(B) in subparagraph (A) by striking ''FACILITATION OF MERGERS OR CONSOLIDATION.—'' and inserting ''IN GENERAL.—''.

SEC. 698. OVERSIGHT AND REGULATORY ACTIONS BY THE FARM CREDIT SYSTEM INSURANCE CORPORATION.

The Farm Credit Act of 1971 is amended by inserting after section 5.61 (12 U.S.C. 2279a–10) the following:

''SEC. 5.61A. OVERSIGHT ACTIONS BY THE CORPORATION.

''(a) DEFINITIONS.—In this section, the term 'institution' means—

''(1) an insured System bank; and

''(2) a production credit association or other association making loans under section 7.6 with a direct loan payable to the funding bank of the association that comprises 20 percent or more of the funding bank's total loan volume net of nonaccrual loans.

''(b) CONSULTATION REGARDING PARTICIPATION OF UNDERCAPITALIZED BANKS IN ISSUANCE OF INSURED OBLIGATIONS.—The Farm Credit Administration shall consult with the Corporation prior to approving an insured obligation that is to be issued by or on behalf of, or participated in by, any insured System bank that fails to meet the minimum level for any capital requirement established by the Farm Credit Administration for the bank.

''(c) CONSULTATION REGARDING APPLICATIONS FOR MERGERS AND RESTRUCTURINGS.—

''(1) CORPORATION TO RECEIVE COPY OF TRANSACTION APPLICATIONS.—On receiving an application for a merger or restructuring of an institution, the Farm Credit Administration shall forward a copy of the application to the Corporation.

''(2) CONSULTATION REQUIRED.—If the proposed merger or restructuring involves an institution that fails to meet the minimum level for any capital requirement established by the Farm Credit Administration applicable to the institution, the Farm Credit Administration shall allow 30 days within which the Corporation may submit the views and recommendations of the Corporation, including any conditions for approval. In determining whether to approve or disapprove any proposed merger or restructuring, the Farm Credit Administration shall give due consideration to the views and recommendations of the Corporation.

''SEC. 5.61B. AUTHORITY TO REGULATE GOLDEN PARACHUTE AND INDEMNIFICATION PAYMENTS.

''(a) DEFINITIONS.—In this section:

''(1) GOLDEN PARACHUTE PAYMENT.—The term 'golden parachute payment'—

''(A) means a payment (or any agreement to make a payment) in the nature of compensation for the benefit of any institution-related party under an obligation of any Farm Credit System institution that—

''(i) is contingent on the termination of the party's relationship with the institution; and

''(ii) is received on or after the date on which—

''(I) the institution is insolvent;

''(II) a conservator or receiver is appointed for the institution;

''(III) the institution has been assigned by the Farm Credit Administration a composite CAMEL rating of 4 or 5 under the Farm Credit Administration Rating System, or an equivalent rating; or

''(IV) the Corporation otherwise determines that the institution is in a troubled condition (as defined in regulations issued by the Corporation); and

''(B) includes a payment that would be a golden parachute payment but for the fact that the payment was made before the date referred to in subparagraph (A)(ii) if the payment was made in contemplation of the occurrence of an event described in any subclause of subparagraph (A); but

''(C) does not include—

''(i) a payment made under a retirement plan that is qualified (or is intended to be qualified) under section 401 of the Internal Revenue Code of 1986 or other nondiscriminatory benefit plan;

''(ii) a payment made under a bona fide supplemental executive retirement plan, deferred compensation plan, or other arrangement that the Corporation determines, by regulation or order, to be permissible; or

''(iii) a payment made by reason of the death or disability of an institution-related party.

''(2) INDEMNIFICATION PAYMENT.—The term 'indemnification payment' means a payment (or any agreement to make a payment) by any Farm Credit System institution for the benefit of any person who is or was an institution-related party, to pay or reimburse the person for any liability or legal expense with regard to any administrative proceeding or civil action instituted by the Farm Credit Administration that results in a final order under which the person—

''(A) is assessed a civil money penalty; or

''(B) is removed or prohibited from participating in the conduct of the affairs of the institution.

''(3) INSTITUTION-RELATED PARTY.—The term 'institution-related party' means—

''(A) a director, officer, employee, or agent for a Farm Credit System institution or any conservator or receiver of such an institution;

''(B) a stockholder (other than another Farm Credit System institution), consultant, joint venture partner, or any other person determined by the Farm Credit Administration to be a participant in the conduct of the affairs of a Farm Credit System institution; and

''(C) an independent contractor (including any attorney, appraiser, or accountant) that knowingly or recklessly participates in any violation of any law or regulation, any breach of fiduciary duty, or any unsafe or unsound practice that caused or is likely to cause more than a minimal financial loss to, or a significant adverse effect on, the Farm Credit System institution.

''(4) LIABILITY OR LEGAL EXPENSE.—The term 'liability or legal expense' means—

''(A) a legal or other professional expense incurred in connection with any claim, proceeding, or action;

''(B) the amount of, and any cost incurred in connection with, any settlement of any claim, proceeding, or action; and

''(C) the amount of, and any cost incurred in connection with, any judgment or penalty imposed with respect to any claim, proceeding, or action.

''(5) PAYMENT.—The term 'payment' means—

''(A) a direct or indirect transfer of any funds or any asset; and

''(B) any segregation of any funds or assets for the purpose of making, or under an agreement to make, any payment after the date on which the funds or assets are segregated, without regard to whether the obligation to make the payment is contingent on—

''(i) the determination, after that date, of the liability for the payment of the amount; or

''(ii) the liquidation, after that date, of the amount of the payment.

''(b) PROHIBITION.—The Corporation may prohibit or limit, by regulation or order, any golden parachute payment or indemnification payment by a Farm Credit System institution (including any conservator or receiver of the Federal Agricultural Mortgage Corporation) in troubled condition (as defined in regulations issued by the Corporation).

''(c) FACTORS TO BE TAKEN INTO ACCOUNT.—The Corporation shall prescribe, by regulation, the factors to be considered by the Corporation in taking any action under subsection (b). The factors may include—

''(1) whether there is a reasonable basis to believe that an institution-related party has committed any fraudulent act or omission, breach of trust or fiduciary duty, or insider abuse with regard to the Farm Credit System institution involved that has had a material effect on the financial condition of the institution;

''(2) whether there is a reasonable basis to believe that the institution-related party is substantially responsible for the insolvency of the Farm Credit System institution, the appointment of a conservator or receiver for the institution, or the institution's troubled condition (as defined in regulations prescribed by the Corporation);

''(3) whether there is a reasonable basis to believe that the institution-related party has materially violated any applicable law or regulation that has had a material effect on the financial condition of the institution;

''(4) whether there is a reasonable basis to believe that the institution-related party has violated or conspired to violate—

''(A) section 215, 657, 1006, 1014, or 1344 of title 18, United States Code; or

''(B) section 1341 or 1343 of title 18, United States Code, affecting a Farm Credit System institution;

''(5) whether the institution-related party was in a position of managerial or fiduciary responsibility; and

''(6) the length of time that the party was related to the Farm Credit System institution and the degree to which—

''(A) the payment reasonably reflects compensation earned over the period of employment; and

''(B) the compensation represents a reasonable payment for services rendered.

''(d) CERTAIN PAYMENTS PROHIBITED.—No Farm Credit System institution may prepay the salary or any liability or legal expense of any institution-related party if the payment is made—

''(1) in contemplation of the insolvency of the institution or after the commission of an act of insolvency; and

''(2) with a view to, or with the result of—

''(A) preventing the proper application of the assets of the institution to creditors; or

''(B) preferring 1 creditor over another creditor.

''(e) RULE OF CONSTRUCTION.—Nothing in this section—

''(1) prohibits any Farm Credit System institution from purchasing any commercial insurance policy or fidelity bond, so long as the insurance policy or bond does not cover any legal or liability expense of an institution described in subsection (a)(2); or

''(2) limits the powers, functions, or responsibilities of the Farm Credit Administration.''.

SEC. 699. FARM CREDIT SYSTEM INSURANCE CORPORATION BOARD OF DIRECTORS.

(a) IN GENERAL.—Section 5.53 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–2) is amended to read as follows:

"SEC. 5.53. BOARD OF DIRECTORS.

"(a) ESTABLISHMENT.—The Corporation shall be managed by a Board of Directors that shall consist of the members of the Farm Credit Administration Board.

"(b) CHAIRMAN.—The Board of Directors shall be chaired by any Board member other than the Chairman of the Farm Credit Administration Board.".

(b) CONFORMING AMENDMENTS.—

(1) Section 5314 of title 5, United States Code, is amended by striking "Chairperson, Board of Directors of the Farm Credit System Insurance Corporation.".

(2) Section 5315 of title 5, United States Code, is amended by striking "Members, Board of Directors of the Farm Credit System Insurance Corporation.".

SEC. 699A. LIABILITY FOR MAKING CRIMINAL REFERRALS.

(a) IN GENERAL.—Any institution of the Farm Credit System, or any director, officer, employee, or agent of a Farm Credit System institution, that discloses to a Government authority information proffered in good faith that may be relevant to a possible violation of any law or regulation shall not be liable to any person under any law of the United States or any State—

(1) for the disclosure; or

(2) for any failure to notify the person involved in the possible violation.

(b) NO PROHIBITION ON DISCLOSURE.—Any institution of the Farm Credit System, or any director, officer, employee, or agent of a Farm Credit System institution, may disclose information to a Government authority that may be relevant to a possible violation of any law or regulation.

TITLE VII—RURAL DEVELOPMENT

Subtitle A—Amendments to the Food, Agriculture, Conservation, and Trade Act of 1990

CHAPTER 1—GENERAL PROVISIONS

SEC. 701. RURAL INVESTMENT PARTNERSHIPS.

(a) IN GENERAL.—Section 2310(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2007(c)(1)) is amended by striking "1996" and inserting "2002".

(b) AUTHORIZATION OF APPROPRIATIONS.—The first sentence of section 2313(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2007c) is amended by striking "$10,000,000" and all that follows through "1996" and inserting "$4,700,000 for each of fiscal years 1996 through 2002".

SEC. 702. WATER AND WASTE FACILITY FINANCING.

Section 2322 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1926–1) is repealed.

SEC. 703. RURAL WASTEWATER CIRCUIT RIDER PROGRAM.

Section 2324 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 1926 note) is repealed.

SEC. 704. TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS.

Chapter 1 of subtitle D of title XXIII of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa et seq.) is amended to read as follows:

"CHAPTER 1—TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS

"SEC. 2331. PURPOSE.

"The purpose of the financing programs established under this chapter is to encourage and improve telemedicine services and distance learning services in rural areas through the use of telecommunications, computer networks, and related advanced technologies by students, teachers, medical professionals, and rural residents.

"SEC. 2332. DEFINITIONS.

"In this chapter:

"(1) CONSTRUCT.—The term 'construct' means to construct, acquire, install, improve, or extend a facility or system.

"(2) COST OF MONEY LOAN.—The term 'cost of money loan' means a loan made under this chapter bearing interest at a rate equal to the then current cost to the Federal Government of loans of similar maturity.

"(3) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

"SEC. 2333. TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS.

"(a) SERVICES TO RURAL AREAS.—The Secretary is authorized to provide financial assistance for the purpose of financing the construction of facilities and systems to provide telemedicine services and distance learning services to persons and entities in rural areas.

"(b) FINANCIAL ASSISTANCE.—

"(1) IN GENERAL.—Financial assistance shall consist of grants or cost of money loans, or both.

"(2) FORM.—The Secretary shall determine the portion of the financial assistance provided to a recipient that consists of grants and that consists of cost of money loans so as to result in the maximum feasible repayment to the Federal Government of the financial assistance, based on the ability to repay of the recipient and full utilization of funds made available to carry out this chapter.

"(c) RECIPIENTS.—

"(1) IN GENERAL.—The Secretary may provide financial assistance under this chapter to—

"(A) entities using telemedicine services or distance learning services, or both; and

"(B) entities providing or proposing to provide telemedicine service or distance learning service, or both, to other persons at rates reflecting the benefit of the financial assistance.

"(2) ELECTRIC OR TELECOMMUNICATIONS BORROWERS.—

"(A) LOANS TO BORROWERS.—Subject to subparagraph (B), the Secretary may provide a cost of money loan under this chapter to a borrower of an electric or telecommunications loan under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.). A borrower receiving a cost of money loan under this paragraph shall—

"(i) make the funds provided available to entities that qualify under paragraph (1) for projects satisfying the requirements of this chapter;

"(ii) use the funds provided to acquire, install, improve, or extend a system for the purposes of this chapter; or

"(iii) use the funds provided to install, improve, or extend a facility for the purposes of this chapter.

"(B) LIMITATIONS.—A borrower of an electric or telecommunications loan under the Rural Electrification Act of 1936 shall—

"(i) make a system or facility funded under subparagraph (A) available to entities that qualify under paragraph (1); and

"(ii) neither retain from the proceeds of a loan provided under subparagraph (A), nor assess a qualifying entity under paragraph (1), any amount except as may be required to pay the actual costs incurred in administering the loan funds or making the system or facility available.

"(3) ASSISTANCE TO PROVIDE OR IMPROVE SERVICES.—Financial assistance may be provided under this chapter for a facility regardless of the location of the facility if the Secretary determines that the assistance is necessary to provide or improve telemedicine services or distance learning services in a rural area.

"(d) PRIORITY.—The Secretary shall establish procedures to prioritize financial assistance provided under this chapter considering—

"(1) the need for the assistance in the affected rural area;

"(2) the financial need of the applicant;

"(3) the population sparsity of the affected rural area;

"(4) the local involvement in the project serving the affected rural area;

"(5) geographic diversity among the recipients of financial assistance;

"(6) the utilization of the telecommunications facilities of the existing telecommunications provider;

"(7) the portion of total project financing provided by the applicant from the funds of the applicant;

"(8) the portion of project financing provided by the applicant with funds obtained from non-Federal sources;

"(9) the joint utilization of facilities financed by other financial assistance;

"(10) the coordination of the proposed project with regional projects or networks;

"(11) service to the widest practical number of persons within the general geographic area covered by the financial assistance;

"(12) conformity with the State strategic plan as prepared under section 381D of the Consolidated Farm and Rural Development Act; and

"(13) other factors determined appropriate by the Secretary.

"(e) MAXIMUM AMOUNT OF ASSISTANCE TO INDIVIDUAL RECIPIENTS.—The Secretary may establish the maximum amount of financial assistance to be made available to an individual recipient for each fiscal year under this chapter by publishing notice in the Federal Register. The notice shall be published not more than 45 days after funds are made available to carry out this chapter during a fiscal year.

"(f) USE OF FUNDS.—Financial assistance provided under this chapter shall be used for—

"(1) the development and acquisition of instructional programming;

"(2) the development and acquisition, through lease or purchase, of computer hardware and software, audio and visual equipment, computer network components, telecommunications terminal equipment, telecommunications transmission facilities, data terminal equipment, or interactive video equipment, and other facilities that would further telemedicine services or distance learning services, or both;

"(3) providing technical assistance and instruction for the development or use of the programming, equipment, or facilities referred to in paragraphs (1) and (2); or

"(4) other uses that are consistent with this chapter, as determined by the Secretary.

"(g) SALARIES AND EXPENSES.—Notwithstanding subsection (f), financial assistance provided under this chapter shall not be used for paying salaries of employees or administrative expenses.

"(h) EXPEDITING COORDINATED TELEPHONE LOANS.—

"(1) IN GENERAL.—The Secretary may establish and carry out procedures to ensure that expedited consideration and determination is given to applications for loans and advances of funds submitted by local exchange carriers under this chapter and the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) to enable the exchange carriers to provide advanced telecommunications services in rural areas in conjunction with any other projects carried out under this chapter.

"(2) DEADLINE IMPOSED ON SECRETARY.—Not later than 45 days after the receipt of a completed application for an expedited telephone loan under paragraph (1), the Secretary shall respond to the application. The Secretary shall notify the applicant in writing of the decision of the Secretary regarding each expedited loan application.

''(i) NOTIFICATION OF LOCAL EXCHANGE CARRIER.—

''(1) APPLICANTS.—Each applicant for a grant for a telemedicine or distance learning project established under this chapter shall notify the appropriate local telephone exchange carrier regarding the application filed with the Secretary for the grant.

''(2) SECRETARY.—The Secretary shall—

''(A) publish notice of applications received for grants under this chapter for telemedicine or distance learning projects; and

''(B) make the applications available for inspection.

''SEC. 2334. ADMINISTRATION.

''(a) NONDUPLICATION.—The Secretary shall ensure that facilities constructed using financial assistance provided under this chapter do not duplicate adequate established telemedicine services or distance learning services.

''(b) LOAN MATURITY.—The maturities of cost of money loans shall be determined by the Secretary, based on the useful life of the facility being financed, except that the loan shall not be for a period of more than 10 years.

''(c) LOAN SECURITY AND FEASIBILITY.—The Secretary shall make a cost of money loan only after determining that the security for the loan is reasonably adequate and that the loan will be repaid within the period of the loan.

''(d) ENCOURAGING CONSORTIA.—The Secretary shall encourage the development of consortia to provide telemedicine services or distance learning services, or both, through telecommunications in rural areas served by a telecommunications provider.

''(e) COOPERATION WITH OTHER AGENCIES.—The Secretary shall cooperate, to the extent practicable, with other Federal and State agencies with similar grant or loan programs to pool resources for funding meritorious proposals in rural areas.

''(f) INFORMATIONAL EFFORTS.—The Secretary shall establish and implement procedures to carry out informational efforts to advise potential end users located in rural areas of each State about the program authorized by this chapter.

''SEC. 2335. REGULATIONS.

''Not later than 180 days after the effective date of the Agricultural Reform and Improvement Act of 1996, the Secretary shall issue regulations to carry out this chapter.

''SEC. 2335A. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated to carry out this chapter $100,000,000 for each of fiscal years 1996 through 2002.''.

SEC. 705. LIMITATION ON AUTHORIZATION OF APPROPRIATIONS FOR RURAL TECHNOLOGY GRANTS.

Section 2347 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 4034) is amended—

(1) by striking ''(a) IN GENERAL.—''; and

(2) by striking subsection (b).

SEC. 706. MONITORING THE ECONOMIC PROGRESS OF RURAL AMERICA.

Section 2382 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 13 U.S.C. 141 note) is repealed.

SEC. 707. ANALYSIS BY OFFICE OF TECHNOLOGY ASSESSMENT.

Section 2385 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 950aaa–4 note) is repealed.

SEC. 708. RURAL HEALTH INFRASTRUCTURE IMPROVEMENT.

Section 2391 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 2662 note) is repealed.

SEC. 709. CENSUS OF AGRICULTURE.

Section 2392 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 4057) is repealed.

CHAPTER 2—ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION

SEC. 721. DEFINITIONS.

Section 1657(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5901(c)) is amended—

(1) by striking paragraphs (3) and (4);

(2) by redesignating paragraph (5) as paragraph (3);

(3) by redesignating paragraphs (6) through (12) as paragraphs (7) through (13), respectively; and

(4) by inserting after paragraph (3) (as redesignated by paragraph (2)) the following:

''(4) CORPORATE BOARD.—The term 'Corporate Board' means the Board of Directors of the Corporation described in section 1659.

''(5) CORPORATION.—The term 'Corporation' means the Alternative Agricultural Research and Commercialization Corporation established under section 1658.

''(6) EXECUTIVE DIRECTOR.—The term 'Executive Director' means the Executive Director of the Corporation appointed under section 1659(d)(2).''.

SEC. 722. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CORPORATION.

(a) IN GENERAL.—Section 1658 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5902) is amended to read as follows:

''SEC. 1658. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CORPORATION.

''(a) ESTABLISHMENT.—To carry out this subtitle, there is created a body corporate to be known as the Alternative Agricultural Research and Commercialization Corporation, which shall be an agency of the United States, within the Department of Agriculture, subject to the general supervision and direction of the Secretary, except as specifically provided for in this subtitle.

''(b) PURPOSE.—The purpose of the Corporation is to—

''(1) expedite the development and market penetration of industrial, nonfood, nonfeed products from agricultural and forestry materials; and

''(2) assist the private sector in bridging the gap between research results and the commercialization of the research.

''(c) PLACE OF INCORPORATION.—The Corporation shall be located in the District of Columbia.

''(d) CENTRAL OFFICE.—The Secretary shall provide facilities for the principal office of the Corporation within the Washington, D.C. metropolitan area.

''(e) WHOLLY-OWNED GOVERNMENT CORPORATION.—The Corporation shall be considered a wholly-owned government corporation for purposes of chapter 91 of title 31, United States Code.

''(f) GENERAL POWERS.—In addition to any other powers granted to the Corporation under this subtitle, the Corporation—

''(1) shall have succession in its corporate name;

''(2) may adopt, alter, and rescind any bylaw and adopt and alter a corporate seal, which shall be judicially noticed;

''(3) may enter into any agreement or contract with a person or private or governmental agency, except that the Corporation shall not provide any financial assistance unless specifically authorized under this subtitle;

''(4) may lease, purchase, accept a gift or donation of, or otherwise acquire, use, own, hold, improve, or otherwise deal in or with, and sell, convey, mortgage, pledge, lease, exchange, or otherwise dispose of, any property, real, personal, or mixed, or any interest in property, as the Corporation considers necessary in the transaction of the business of the Corporation, except that this paragraph shall not provide authority for carrying out a program of real estate investment;

''(5) may sue and be sued in the corporate name of the Corporation, except that—

''(A) no attachment, injunction, garnishment, or similar process shall be issued against the Corporation or property of the Corporation; and

''(B) exclusive original jurisdiction shall reside in the district courts of the United States, but the Corporation may intervene in any court in any suit, action, or proceeding in which the Corporation has an interest;

''(6) may independently retain legal representation;

''(7) may provide for and designate such committees, and the functions of the committees, as the Corporate Board considers necessary or desirable,

''(8) may indemnify the Executive Director and other officers of the Corporation, as the Corporate Board considers necessary and desirable, except that the Executive Director and officers shall not be indemnified for an act outside the scope of employment;

''(9) may, with the consent of any board, commission, independent establishment, or executive department of the Federal Government, including any field service, use information, services, facilities, officials, and employees in carrying out this subtitle, and pay for the use, which payments shall be credited to the applicable appropriation that incurred the expense;

''(10) may obtain the services and fix the compensation of any consultant and otherwise procure temporary and intermittent services under section 3109(b) of title 5, United States Code;

''(11) may use the United States mails on the same terms and conditions as the Executive agencies of the Federal Government;

''(12) shall have the rights, privileges, and immunities of the United States with respect to the right to priority of payment with respect to debts due from bankrupt, insolvent, or deceased creditors;

''(13) may collect or compromise any obligations assigned to or held by the Corporation, including any legal or equitable rights accruing to the Corporation;

''(14) shall determine the character of, and necessity for, obligations and expenditures of the Corporation and the manner in which the obligations and expenditures shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations;

''(15) may make final and conclusive settlement and adjustment of any claim by or against the Corporation or a fiscal officer of the Corporation;

''(16) may sell assets, loans, and equity interests acquired in connection with the financing of projects funded by the Corporation; and

''(17) may exercise all other lawful powers necessarily or reasonably related to the establishment of the Corporation to carry out this subtitle and the powers, purposes, functions, duties, and authorized activities of the Corporation.

''(g) SPECIFIC POWERS.—To carry out this subtitle, the Corporation shall have the authority to—

''(1) make grants to, and enter into cooperative agreements and contracts with, eligible applicants for research, development, and demonstration projects in accordance with section 1660;

''(2) make loans and interest subsidy payments and invest venture capital in accordance with section 1661;

''(3) collect and disseminate information concerning State, regional, and local commercialization projects;

''(4) search for new nonfood, nonfeed products that may be produced from agricultural commodities and for processes to produce the products;

''(5) administer, maintain, and dispense funds from the Alternative Agricultural Research and Commercialization Revolving Fund to facilitate the conduct of activities under this subtitle; and

''(6) engage in other activities incident to carrying out the functions of the Corporation.''.

(b) WHOLLY OWNED GOVERNMENT CORPORATION.—Section 9101(3) of title 31, United States Code, is amended—

(1) by redesignating subparagraph (N) (relating to the Uranium Enrichment Corporation) as subparagraph (O); and

(2) by adding at the end the following:

''(P) the Alternative Agricultural Research and Commercialization Corporation.''.

(c) CONFORMING AMENDMENT.—Section 211(b)(5) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6911(b)(5)) is amended by striking ''Alternative Agricultural Research and Commercialization Board'' and inserting ''Corporate Board of the Alternative Agricultural Research and Commercialization Corporation''.

SEC. 723. BOARD OF DIRECTORS, EMPLOYEES, AND FACILITIES.

(a) IN GENERAL.—Section 1659 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5903) is amended to read as follows:

''SEC. 1659. BOARD OF DIRECTORS, EMPLOYEES, AND FACILITIES.

''(a) IN GENERAL.—The powers of the Corporation shall be vested in a Corporate Board.

''(b) MEMBERS OF THE CORPORATE BOARD.—The Corporate Board shall consist of 10 members as follows:

''(1) The Under Secretary of Agriculture for Rural Economic and Community Development.

''(2) The Under Secretary of Agriculture for Research, Education, and Economics.

''(3) 4 members appointed by the Secretary, of whom—

''(A) at least 1 member shall be a representative of the leading scientific disciplines relevant to the activities of the Corporation;

''(B) at least 1 member shall be a producer or processor of agricultural commodities; and

''(C) at least 1 member shall be a person who is privately engaged in the commercialization of new nonfood, nonfeed products from agricultural commodities.

''(4) 2 members appointed by the Secretary who—

''(A) have expertise in areas of applied research relating to the development or commercialization of new nonfood, nonfeed products; and

''(B) shall be appointed from a group of at least 4 individuals nominated by the Director of the National Science Foundation if the nominations are made within 60 days after the date a vacancy occurs.

''(5) 2 members appointed by the Secretary who—

''(A) have expertise in financial and managerial matters; and

''(B) shall be appointed from a group of at least 4 individuals nominated by the Secretary of Commerce if the nominations are made within 60 days after the date a vacancy occurs.

''(c) RESPONSIBILITIES OF THE CORPORATE BOARD.—

''(1) IN GENERAL.—The Corporate Board shall—

''(A) be responsible for the general supervision of the Corporation and Regional Centers established under section 1663;

''(B) determine (in consultation with Regional Centers) high priority commercialization areas to receive assistance under section 1663;

''(C) review any grant, contract, or cooperative agreement to be made or entered into by the Corporation under section 1660 and any financial assistance to be provided under section 1661;

''(D) make the final decision, by majority vote, on whether and how to provide assistance to an applicant; and

''(E) using the results of the hearings and other information and data collected under paragraph (2), develop and establish a budget plan and a long-term operating plan to carry out this subtitle.

''(2) AUTHORITY OF THE SECRETARY.—

''(A) IN GENERAL.—The Secretary shall vacate and remand to the Board for reconsideration any decision made pursuant to paragraph (1)(D) if the Secretary determines that there has been a violation of subsection (j), or any conflict of interest provisions of the bylaws of the Board, with respect to the decision.

''(B) REASONS.—In the case of any violation and referral of a funding decision to the Board, the Secretary shall inform the Board of the reasons for any remand pursuant to subparagraph (A).

''(d) CHAIRPERSON.—The members of the Corporate Board shall select a Chairperson from among the members of the Corporate Board. The term of office of the Chairperson shall be 2 years. The members referred to in paragraphs (1) and (2) of subsection (b) may not serve as Chairperson.

''(e) EXECUTIVE DIRECTOR.—

''(1) IN GENERAL.—The Executive Director of the Corporation shall be the chief executive officer of the Corporation, with such power and authority as may be conferred by the Corporate Board. The Executive Director shall be appointed by the Corporate Board. The appointment shall be subject to the approval of the Secretary.

''(2) COMPENSATION.—The Executive Director shall receive basic pay at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

''(f) OFFICERS.—The Corporate Board shall establish the offices and appoint the officers of the Corporation, including a Secretary, and define the duties of the officers in a manner consistent with this subtitle.

''(g) MEETINGS.—The Corporate Board shall meet at least 3 times each fiscal year at the call of the Chairperson or at the request of the Executive Director. The location of the meetings shall be subject to approval of the Executive Director. A quorum of the Corporate Board shall consist of a majority of the members. The decisions of the Corporate Board shall be made by majority vote.

''(h) TERM; VACANCIES.—

''(1) IN GENERAL.—The term of office of a member of the Corporate Board shall be 4 years, except that the members initially appointed shall be appointed to serve staggered terms. A member appointed to fill a vacancy for an unexpired term may be appointed only for the remainder of the term. A vacancy on the Corporate Board shall be filled in the same manner as the original appointment. The Secretary shall not remove a member of the Corporate Board except for cause.

''(2) TRANSITION MEASURE.—An individual who is serving on the Alternative Agricultural Research and Commercialization Board on the day before the effective date of the Agricultural Reform and Improvement Act of 1996 may be appointed to the Corporate Board by the Secretary for a term that does not exceed the term of the individual on the Alternative Agricultural Research and Commercialization Board if the Act had not been enacted.

''(i) COMPENSATION.—A member of the Corporate Board who is an officer or employee of the United States shall not receive any additional compensation by reason of service on the Corporate Board. Any other member shall receive, for each day (including travel time) the member is engaged in the performance of the functions of the Corporate Board, compensation at a rate not to exceed the daily equivalent of the annual rate in effect for Level IV of the Executive Schedule. A member of the Corporate Board shall be reimbursed for travel, subsistence, and other necessary expenses incurred by the member in the performance of the duties of the member.

''(j) CONFLICT OF INTEREST; FINANCIAL DISCLOSURE.—

''(1) CONFLICT OF INTEREST.—Except as provided in paragraph (3), no member of the Corporate Board shall vote on any matter respecting any application, contract, claim, or other particular matter pending before the Corporation, in which, to the knowledge of the member, the member, spouse, or child of the member, partner, or organization in which the member is serving as officer, director, trustee, partner, or employee, or any person or organization with whom the member is negotiating or has any arrangement concerning prospective employment, has a financial interest.

''(2) VIOLATIONS.—Action by a member of the Corporate Board that is contrary to the prohibition contained in paragraph (1) shall be cause for removal of the member, but shall not impair or otherwise affect the validity of any otherwise lawful action by the Corporation in which the member participated.

''(3) EXCEPTIONS.—The prohibitions contained in paragraph (1) shall not apply if a member of the Corporate Board advises the Corporate Board of the nature of the particular matter in which the member proposes to participate, and if the member makes a full disclosure of the financial interest, prior to any participation, and the Corporate Board determines, by majority vote, that the financial interest is too remote or too inconsequential to affect the integrity of the member's services to the Corporation in that matter. The member involved shall not vote on the determination.

''(4) FINANCIAL DISCLOSURE.—A Board member shall be subject to the financial disclosure requirements applicable to a special Government employee (as defined in section 202(a) of title 18, United States Code).

''(k) DELEGATION OF AUTHORITY.—

''(1) IN GENERAL.—The Corporate Board may, by resolution, delegate to the Chairperson, the Executive Director, or any other officer or employee any function, power, or duty assigned to the Corporation under this subtitle, other than a function, power, or duty expressly vested in the Corporate Board by subsections (c) through (n).

''(2) PROHIBITION ON DELEGATION.—Notwithstanding any other law, the Secretary and any other officer or employee of the United States shall not make any delegation to the Corporate Board, the Chairperson, the Executive Director, or the Corporation of any power, function, or authority not expressly authorized by this subtitle, unless the delegation is made pursuant to an authority in law that expressly makes reference to this section.

''(3) REORGANIZATION ACT.—Notwithstanding any other law, the President (through authorities provided under chapter 9, title 5, United States Code) may not authorize the transfer to the Corporation of any power, function, or authority in addition to powers, functions, and authorities provided by law.

''(l) BYLAWS.—Notwithstanding section 1658(f)(2), the Corporate Board shall adopt, and may from time to time amend, any bylaw that is necessary for the proper management and functioning of the Corporation. The Corporate Board shall not adopt any bylaw that has not been reviewed and approved by the Secretary.

''(m) ORGANIZATION.—The Corporate Board shall provide a system of organization to fix responsibility and promote efficiency.

''(n) PERSONNEL AND FACILITIES OF CORPORATION.—

''(1) APPOINTMENT AND COMPENSATION OF PERSONNEL.—The Corporation may select and appoint officers, attorneys, employees, and agents, who shall be vested with such powers and duties as the Corporation may determine.

''(2) USE OF FACILITIES AND SERVICES OF THE DEPARTMENT OF AGRICULTURE.—Notwithstanding any other provision of law, to perform the responsibilities of the Corporation under this subtitle, the Corporation may partially or jointly utilize the facilities of and the services of employees of the Department of Agriculture, without cost to the Corporation.

''(3) GOVERNMENT EMPLOYMENT LAWS.—An officer or employee of the Corporation shall be subject to all laws of the United States relating to governmental employment.''.

(b) CONFORMING AMENDMENT.—Section 5315 of title V, United States Code, is amended by adding at the end the following:

''Executive Director of the Alternative Agricultural Research and Commercialization Corporation.''.

SEC. 724. RESEARCH AND DEVELOPMENT GRANTS, CONTRACTS, AND AGREEMENTS.

Section 1660 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5904) is amended—

(1) by striking ''Center'' each place it appears and inserting ''Corporation'';

(2) in subsection (c), by striking ''Board'' and inserting ''Corporate Board''; and

(3) in subsection (f), by striking ''non-Center'' and inserting ''non-Corporation''.

SEC. 725. COMMERCIALIZATION ASSISTANCE.

Section 1661 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5905) is amended—

(1) by striking ''Center'' each place it appears and inserting ''Corporation'';

(2) by striking ''Board'' each place it appears and inserting ''Corporate Board'';

(3) by striking subsection (c);

(4) by redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively; and

(5) in subsection (c) (as so redesignated)—

(A) in the subsection heading of paragraph (1), by striking ''DIRECTOR'' and inserting ''EXECUTIVE DIRECTOR''; and

(B) by striking ''Director'' each place it appears and inserting ''Executive Director''.

SEC. 726. GENERAL RULES REGARDING THE PROVISION OF ASSISTANCE.

Section 1662 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5906) is amended—

(1) by striking ''Center'' each place it appears (except in subsection (b)) and inserting ''Corporation'';

(2) by striking ''Board'' each place it appears and inserting ''Corporate Board''; and

(3) in subsection (b)—

(A) in the second sentence, by striking ''Board, a Regional Center, or the Advisory Council'' and inserting ''Board or a Regional Center''; and

(B) by striking the third sentence.

SEC. 727. REGIONAL CENTERS.

Section 1663 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5907) is amended—

(1) by striking ''Board'' each place it appears and inserting ''Corporate Board'';

(2) in subsection (e)(8), by striking ''Center'' and inserting ''Corporation''; and

(3) in subsection (f)—

(A) in paragraph (2), by striking ''in consultation with the Advisory Council appointed under section 1661(c)''; and

(B) by striking paragraphs (3) and (4) and inserting the following:

''(3) RECOMMENDATION.—The Regional Director, based on the comments of the reviewers, shall make and submit a recommendation to the Board. A recommendation submitted by a Regional Director shall not be binding on the Board.''.

SEC. 728. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION REVOLVING FUND.

Section 1664 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5908) is amended to read as follows:

''SEC. 1664. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION REVOLVING FUND.

''(a) ESTABLISHMENT.—There is established in the Treasury of the United States a revolving fund to be known as the Alternative Agricultural Research and Commercialization Revolving Fund. The Fund shall be available to the Corporation, without fiscal year limitation, to carry out the authorized programs and activities of the Corporation under this subtitle.

''(b) CONTENTS OF FUND.—There shall be deposited in the Fund—

''(1) such amounts as may be appropriated or transferred to support programs and activities of the Corporation;

''(2) payments received from any source for products, services, or property furnished in connection with the activities of the Corporation;

''(3) fees and royalties collected by the Corporation from licensing or other arrangements relating to commercialization of products developed through projects funded in whole or part by grants, contracts, or cooperative agreements executed by the Corporation;

''(4) proceeds from the sale of assets, loans, and equity interests made in furtherance of the purposes of the Corporation;

''(5) donations or contributions accepted by the Corporation to support authorized programs and activities; and

''(6) any other funds acquired by the Corporation.

''(c) FUNDING ALLOCATIONS.—Funding of projects and activities under this subtitle shall be subject to the following restrictions:

''(1) Of the total amount of funds made available for a fiscal year under this subtitle—

''(A) not more than the lesser of 15 percent or $3,000,000 may be set aside to be used for authorized administrative expenses of the Corporation in carrying out the functions of the Corporation;

''(B) not more than 1 percent may be set aside to be used for generic studies and specific reviews of individual proposals for financial assistance; and

''(C) except as provided in subsection (e), not less than 84 percent shall be set aside to be awarded to qualified applicants who file project applications with, or respond to requests for proposals from, the Corporation under sections 1660 and 1661.

''(2) Any funds remaining uncommitted at the end of a fiscal year shall be credited to the Fund and added to the total program funds available to the Corporation for the next fiscal year.

''(d) AUTHORIZED ADMINISTRATIVE EXPENSES.—For the purposes of this section, authorized administrative expenses shall include all ordinary and necessary expenses, including all compensation for personnel and consultants, expenses for computer usage, or space needs of the Corporation and similar expenses. Funds authorized for administrative expenses shall not be available for the acquisition of real property.

''(e) PROJECT MONITORING.—The Board may establish, in the bylaws of the Board, a percent of funds provided under subsection (c), not to exceed 1 percent per project award, for any commercialization project to be expended from project awards that shall be used to ensure that project funds are being utilized in accordance with the project agreement.

''(f) TERMINATION OF THE FUND.—On expiration of the authority provided by this subtitle, all assets (after payment of all outstanding obligations) of the Fund shall revert to the general fund of the Treasury.

''(g) AUTHORIZATION OF APPROPRIATIONS; CAPITALIZATION.—

''(1) AUTHORIZATION OF APPROPRIATION.—There are authorized to be appropriated to the Fund $75,000,000 for each of fiscal years 1996 through 2002.

''(2) CAPITALIZATION.—The Executive Director may pay as capital of the Corporation, from amounts made available through annual appropriations, $75,000,000 for each of fiscal years 1996 through 2002. On the payment of capital by the Executive Director, the Corporation shall issue an equivalent amount of capital stock to the Secretary of the Treasury.

''(3) TRANSFER.—All obligations, assets, and related rights and responsibilities of the Alternative Agricultural Research and Commercialization Center established under section 1658 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5902) (as in effect on the day before the effective date of the Agricultural Reform and Improvement Act of 1996) are transferred to the Corporation.''.

SEC. 729. PROCUREMENT PREFERENCES FOR PRODUCTS RECEIVING CORPORATION ASSISTANCE.

Subtitle G of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5901 et seq.) is amended by adding at the end the following:

''SEC. 1665. PROCUREMENT OF ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION PRODUCTS.

''(a) DEFINITION OF EXECUTIVE AGENCY.—In this section, the term 'executive agency' has the meaning provided the term in section 4(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(1)).

''(b) PROCUREMENT.—To further the achievement of the purposes specified in section 1657(b), an executive agency may, for any procurement involving the acquisition of property, establish set-asides and preferences for property that has been commercialized with assistance provided under this subtitle.

''(c) SET-ASIDES.—Procurements solely for property may be set-aside exclusively for products developed with commercialization assistance provided under section 1661.

''(d) PREFERENCES.—Preferences for property developed with assistance provided under this subtitle in procurements involving the acquisition of property may be—

''(1) a price preference, if the procurement is solely for property, of not greater than a percentage to be determined within the sole discretion of the head of the procuring agency; or

''(2) a technical evaluation preference included as an award factor or subfactor as determined within the sole discretion of the head of the procuring agency.

''(e) NOTICE.—Each competitive solicitation or invitation for bids selected by an executive agency for a set-aside or preference under this section shall contain a provision notifying offerors where a list of products eligible for the set aside or preference may be obtained.

''(f) ELIGIBILITY.—Offerors shall receive the set aside or preference required under this section if, in the case of products developed with financial assistance under—

''(1) section 1660, less than 10 years have elapsed since the expiration of the grant, cooperative agreement, or contract;

''(2) paragraph (1) or (2) of section 1661(a), less than 5 years have elapsed since the date the loan was made or insured;

''(3) section 1661(a)(3), less than 5 years have elapsed since the date of sale of any remaining government equity interest in the company; or

''(4) section 1661(a)(4), less than 5 years have elapsed since the date of the final payment on the repayable grant.''.

SEC. 730. BUSINESS PLAN AND FEASIBILITY STUDY AND REPORT.

(a) BUSINESS PLAN.—Not later than 180 days after the date of enactment of this Act, the Alternative Agricultural Research and Commercialization Corporation established under section 1658 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5902) shall—

(1) develop a 5-year business plan pursuant to section 1659(c)(1)(E) of the Food, Agriculture, Conservation, and Trade Act of 1990 (as amended by section 723); and

(2) submit the plan to the Secretary of Agriculture, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(b) FEASIBILITY STUDY AND REPORT.—

(1) STUDY.—The Secretary of Agriculture shall conduct a study of and prepare a report on the continued feasibility of the Alternative Agricultural Research and Commercialization Corporation. In conducting the study, the Secretary shall examine options for privatizing the Corporation and converting the Corporation to a Government sponsored enterprise.

(2) REPORT.—Not later than December 31, 2001, the Secretary shall transmit the report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Subtitle B—Amendments to the Consolidated Farm and Rural Development Act

CHAPTER 1—GENERAL PROVISIONS

SEC. 741. WATER AND WASTE FACILITY LOANS AND GRANTS.

(a) IN GENERAL.—Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended—

(1) in the first sentence of paragraph (2), by striking ''$500,000,000'' and inserting ''$590,000,000'';

(2) by striking paragraph (7) and inserting the following:

''(7) DEFINITION OF RURAL AND RURAL AREAS.—For the purpose of water and waste disposal grants and direct and guaranteed loans provided under paragraphs (1) and (2), the terms 'rural' and 'rural area' shall mean a city, town, or unincorporated area that has a population of no more than 10,000 inhabitants.'';

(3) by striking paragraphs (9), (10), and (11) and inserting the following:

''(9) CONFORMITY WITH STATE DRINKING WATER STANDARDS.—No Federal funds shall be made available under this section unless the Secretary determines that the water system seeking funding will make significant progress toward meeting the standards established under title XIV of the Public Health Service Act (commonly known as the 'Safe Drinking Water Act') (42 U.S.C. 300f et seq.).

''(10) CONFORMITY WITH FEDERAL AND STATE WATER POLLUTION CONTROL STANDARDS.—In the case of a water treatment discharge or waste disposal system seeking funding, no Federal funds shall be made available under this section unless the Secretary determines that the effluent from the system conforms with applicable Federal and State water pollution control standards.

''(11) RURAL BUSINESS OPPORTUNITY GRANTS.—

''(A) IN GENERAL.—The Secretary may make grants, not to exceed $1,500,000 annually, to public bodies, private nonprofit community development corporations or entities, or such other agencies as the Secretary may select to enable the recipients—

''(i) to identify and analyze business opportunities, including opportunities in export markets, that will use local rural economic and human resources;

''(ii) to identify, train, and provide technical assistance to existing or prospective rural entrepreneurs and managers;

''(iii) to establish business support centers and otherwise assist in the creation of new rural businesses, the development of methods of financing local businesses, and the enhancement of the capacity of local individuals and entities to engage in sound economic activities;

''(iv) to conduct regional, community, and local economic development planning and coordination, and leadership development; and

''(v) to establish centers for training, technology, and trade that will provide training to rural businesses in the utilization of interactive communications technologies to develop international trade opportunities and markets.

''(B) CRITERIA.—In awarding the grants, the Secretary shall consider, among other criteria to be established by the Secretary—

''(i) the extent to which the applicant provides development services in the rural service area of the applicant; and

''(ii) the capability of the applicant to carry out the purposes of this section.

''(C) COORDINATION.—The Secretary shall ensure, to the maximum extent practicable, that assistance provided under this paragraph is coordinated with and delivered in cooperation with similar services or assistance provided to rural residents by the Cooperative State Research, Education, and Extension Service or other Federal agencies.

''(D) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this paragraph $7,500,000 for each of fiscal years 1996 through 2002.'';

(4) by striking paragraphs (14) and (15); and

(5) in paragraph (16)—

(A) by striking ''(16)(A) The'' and inserting the following:

''(16) RURAL WATER AND WASTEWATER TECHNICAL ASSISTANCE AND TRAINING PROGRAMS.—

''(A) IN GENERAL.—The'';

(B) in subparagraph (A)—

(i) by striking ''(i) identify'' and inserting the following:

''(i) identify'';

(ii) by striking ''(ii) prepare'' and inserting the following:

''(ii) prepare''; and

(iii) by striking ''(iii) improve'' and inserting the following:

''(iii) improve'';

(C) in subparagraph (B), by striking ''(B) In'' and inserting the following:

''(B) SELECTION PRIORITY.—In''; and

(D) in subparagraph (C)—

(i) by striking ''(C) Not'' and inserting the following:

''(C) FUNDING.—Not''; and

(ii) by striking ''2 per centum of any funds provided in Appropriations Acts'' and inserting ''3 percent of any funds appropriated''.

(b) CONFORMING AMENDMENTS.—

(1) Section 307(a)(6)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(6)(B)) (as amended by section 651(a)(2)) is further amended—

(A) by striking clause (ii); and

(B) by redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively.

(2) The second sentence of section 309A(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929a(a)) is amended by striking '', 306(a)(14),''.

SEC. 742. EMERGENCY COMMUNITY WATER ASSISTANCE GRANT PROGRAM FOR SMALL COMMUNITIES.

Section 306A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a) is amended—

(1) in subsection (e)—

(A) by striking paragraph (1) and inserting the following:

''(1) MAXIMUM INCOME.—No grant provided under this section may be used to assist any rural area or community that has a median household income in excess of the State nonmetropolitan median household income according to the most recent decennial census of the United States.''; and

(B) in paragraph (2), by striking ''5,000'' and inserting ''3,000''; and

(2) by striking subsection (i) and inserting the following:

''(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $35,000,000 for each of fiscal years 1996 through 2002.''.

SEC. 743. EMERGENCY COMMUNITY WATER ASSISTANCE GRANT PROGRAM FOR SMALLEST COMMUNITIES.

Section 306B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926b) is repealed.

SEC. 744. AGRICULTURAL CREDIT INSURANCE FUND.

Section 309(f) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(f)) is amended—

(1) by striking paragraph (1); and

(2) by redesignating paragraphs (2) through (6) as paragraphs (1) through (5), respectively.

SEC. 745. RURAL DEVELOPMENT INSURANCE FUND.

Section 309A(g) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929a(g)) is amended—

(1) by striking paragraph (1); and

(2) by redesignating paragraphs (2) through (8) as paragraphs (1) through (7), respectively.

SEC. 746. INSURED WATERSHED AND RESOURCE CONSERVATION AND DEVELOPMENT LOANS.

Section 310A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1931) is repealed.

SEC. 747. RURAL INDUSTRIALIZATION ASSISTANCE.

(a) IN GENERAL.—Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended—

(1) in subsection (b), by striking ''(b)(1)'' and all that follows through ''(2) The'' and inserting the following:

''(b) SOLID WASTE MANAGEMENT GRANTS.—The'';

(2) in subsection (c)—

(A) by striking ''(c)(1) The'' and inserting the following:

''(c) RURAL BUSINESS ENTERPRISE GRANTS.—

''(1) IN GENERAL.—The'';

(B) in paragraph (1), by inserting ''(including nonprofit entities)'' after ''private business enterprises''; and

(C) in paragraph (2)—

(i) by striking ''(2) The'' and inserting the following:

''(2) PASSENGER TRANSPORTATION SERVICES OR FACILITIES.—The''; and

(ii) by striking ''make grants'' and inserting ''award grants on a competitive basis''; and

(3) by striking subsections (e), (g), (h), and (i);

(4) by redesignating subsections (f) and (j) as subsections (e) and (f), respectively;

(5) by striking subsection (e) (as so redesignated) and inserting the following:

''(e) RURAL COOPERATIVE DEVELOPMENT GRANTS.—

''(1) DEFINITIONS.—In this subsection:

''(A) NONPROFIT INSTITUTION.—The term 'nonprofit institution' means any organization or institution, including an accredited institution of higher education, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

''(B) UNITED STATES.—The term 'United States' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the other territories and possessions of the United States.

''(2) GRANTS.—The Secretary shall make grants under this subsection to nonprofit institutions for the purpose of enabling the institutions to establish and operate centers for rural cooperative development.

''(3) GOALS.—The goals of a center funded under this subsection shall be to facilitate the creation of jobs in rural areas through the development of new rural cooperatives, value added processing, and rural businesses.

''(4) APPLICATION.—Any nonprofit institution seeking a grant under paragraph (2) shall submit to the Secretary an application containing a plan for the establishment and operation by the institution of a center or centers for cooperative development. The Secretary may approve the application if the plan contains the following:

''(A) A provision that substantiates that the center will effectively serve rural areas in the United States.

''(B) A provision that the primary objective of the center will be to improve the economic condition of rural areas through cooperative development.

''(C) A description of the activities that the center will carry out to accomplish the objective. The activities may include the following:

''(i) Programs for applied research and feasibility studies that may be useful to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(ii) Programs for the collection, interpretation, and dissemination of information that may be useful to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(iii) Programs providing training and instruction for individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(iv) Programs providing loans and grants to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(v) Programs providing technical assistance, research services, and advisory services to individuals, cooperatives, small businesses, and other similar entities in rural areas served by the center.

''(vi) Programs providing for the coordination of services and sharing of information among the center.

''(D) A description of the contributions that the activities are likely to make to the improvement of the economic conditions of the rural areas for which the center will provide services.

''(E) Provisions that the center, in carrying out the activities, will seek, where appropriate, the advice, participation, expertise, and assistance of representatives of business, industry, educational institutions, the Federal Government, and State and local governments.

''(F) Provisions that the center will take all practicable steps to develop continuing sources of financial support for the center, particularly from sources in the private sector.

''(G) Provisions for—

''(i) monitoring and evaluating the activities by the nonprofit institution operating the center; and

''(ii) accounting for money received by the institution under this section.

''(5) AWARDING GRANTS.—Grants made under paragraph (2) shall be made on a competitive basis. In making grants under paragraph (2), the Secretary shall give preference to grant applications providing for the establishment of centers for rural cooperative development that—

''(A) demonstrate a proven track record in administering a nationally coordinated, regionally or State-wide operated project;

''(B) demonstrate previous expertise in providing technical assistance in rural areas;

''(C) demonstrate the ability to assist in the retention of existing businesses, facilitate the establishment of new cooperatives and new cooperative approaches, and generate new employment opportunities that will improve the economic conditions of rural areas;

''(D) demonstrate the ability to create horizontal linkages among businesses within and among various sectors in rural America and vertical linkages to domestic and international markets;

''(E) commit to providing technical assistance and other services to underserved and economically distressed areas in rural America; and

''(F) commit to providing greater than a 25 percent matching contribution with private funds and in-kind contributions.

''(6) TWO-YEAR GRANTS.—The Secretary shall evaluate programs receiving assistance under this subsection and, if the Secretary determines it to be in the best interest of the Federal Government, the Secretary may approve grants under this subsection for up to 2 years.

''(7) TECHNICAL ASSISTANCE TO PREVENT EXCESSIVE UNEMPLOYMENT OR UNDEREMPLOYMENT.—In carrying out this subsection, the Secretary may provide technical assistance to alleviate or prevent conditions of excessive unemployment, underemployment, outmigration, or low employment growth in economically distressed rural areas that the Secretary determines have a substantial need for the assistance. The assistance may include planning and feasibility studies, management and operational assistance, and studies evaluating the need for development potential of projects that increase employment and improve economic growth in the areas.

''(8) GRANTS TO DEFRAY ADMINISTRATIVE COSTS.—The Secretary may make grants to defray not to exceed 75 percent of the costs incurred by organizations and public bodies to carry out projects for which grants or loans are made under this subsection. For purposes of determining the non-Federal share of the costs, the Secretary shall consider contributions in cash and in kind, fairly evaluated, including premises, equipment, and services.

''(9) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $50,000,000 for each of fiscal years 1996 through 2002.''; and

(6) by adding at the end the following:

''(g) LOAN GUARANTEES FOR THE PURCHASE OF COOPERATIVE STOCK.—

''(1) DEFINITION OF FARMER.—In this subsection, the term 'farmer' means any farmer that meets the family farmer definition, as determined by the Secretary.

''(2) LOAN GUARANTEES.—The Secretary may guarantee loans under this section to individual farmers for the purpose of purchasing capital stock of a farmer cooperative established for the purpose of processing an agricultural commodity.

''(3) ELIGIBILITY.—To be eligible for a loan guarantee under this subsection, a farmer must produce the agricultural commodity that will be processed by the cooperative.

''(4) COLLATERAL.—To be eligible for a loan guarantee under this subsection for the establishment of a cooperative, the borrower of the loan must pledge collateral to secure at least 25 percent of the amount of the loan.''.

(b) CONFORMING AMENDMENTS.—

(1) Clause (iii) of section 307(a)(6)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(6)(B)) (as redesignated by section 741(b)(1)(B)) is amended by striking ''subsections (d) and (e) of section 310B'' and inserting ''section 310B(d)''.

(2) Section 232(c)(2) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6942(c)(2)) is amended—

(A) by striking ''310B(b)(2)'' and inserting ''310B(b)''; and

(B) by striking ''1932(b)(2)'' and inserting ''1932(b)''.

(3) Section 233(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6943(b)) is amended—

(A) by striking paragraph (2); and

(B) by redesignating paragraph (3) as paragraph (2).

SEC. 748. ADMINISTRATION.

Section 331(b)(4) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(b)(4)) is amended—

(1) by inserting after ''claims'' the following: ''(including debts and claims arising from loan guarantees)'';

(2) by striking ''Farmers Home Administration or'' and inserting ''Consolidated Farm Service Agency, Rural Utilities Service, Rural Housing and Community Development Service, Rural Business and Cooperative Development Service, or a successor agency, or''; and

(3) by inserting after ''activities under the Housing Act of 1949.'' the following: ''In the case of a security instrument entered into under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.), the Secretary shall notify the Attorney General of the intent of the Secretary to exercise the authority of the Secretary under this paragraph.''.

SEC. 749. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—Section 338 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1988) is amended—

(1) by striking subsections (b), (c), (d), and (e); and

(2) by redesignating subsection (f) as subsection (b).

(b) CONFORMING AMENDMENTS.—

(1) The first sentence of section 309(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(g)(1)) is amended by inserting after ''section 338(c)'' the following: ''(before the amendment made by section 447(a)(1) of the Agricultural Reform and Improvement Act of 1996)''.

(2) Section 343(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(b)) is amended by striking ''338(f),'' and inserting ''338(b),''.

SEC. 750. TESTIMONY BEFORE CONGRESSIONAL COMMITTEES.

Section 345 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1993) is repealed.

SEC. 751. PROHIBITION ON USE OF LOANS FOR CERTAIN PURPOSES.

Section 363 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006e) is amended by adding at the end the following: ''This section shall not apply to a loan made or guaranteed under this title for a utility line.''.

SEC. 752. RURAL DEVELOPMENT CERTIFIED LENDERS PROGRAM.

The Consolidated Farm and Rural Development Act is amended by inserting after section 363 (7 U.S.C. 2006e) the following:

''SEC. 364. RURAL DEVELOPMENT CERTIFIED LENDERS PROGRAM.

''(a) CERTIFIED LENDERS PROGRAM.—

''(1) IN GENERAL.—The Secretary may establish a program under which the Secretary may guarantee a loan for any rural development program that is made by a lender certified by the Secretary.

''(2) CERTIFICATION REQUIREMENTS.—The Secretary may certify a lender if the lender meets such criteria as the Secretary may prescribe in regulations, including the ability of the lender to properly make, service, and liquidate the guaranteed loans of the lender.

''(3) CONDITION OF CERTIFICATION.—As a condition of certification, the Secretary may require the lender to undertake to service the guaranteed loan using standards that are not less stringent than generally accepted banking standards concerning loan servicing that are used by prudent commercial or cooperative lenders.

''(4) GUARANTEE.—Notwithstanding any other provision of law, the Secretary may guarantee not more than 80 percent of a loan made by a certified lender described in paragraph (1), if the borrower of the loan meets the eligibility requirements and such other criteria for the loan guarantee that are established by the Secretary.

''(5) CERTIFICATIONS.—With respect to loans to be guaranteed, the Secretary may permit a certified lender to make appropriate certifications (as provided in regulations issued by the Secretary) —

''(A) relating to issues such as creditworthiness, repayment ability, adequacy of collateral, and feasibility of the operation; and

''(B) that the borrower is in compliance with all requirements of law, including regulations issued by the Secretary.

''(6) RELATIONSHIP TO OTHER REQUIREMENTS.—This subsection shall not affect the responsibility of the Secretary to determine eligibility, review financial information, and otherwise assess an application.

''(b) PREFERRED CERTIFIED LENDERS PROGRAM.—

''(1) IN GENERAL.—The Secretary may establish a preferred certified lenders program for lenders who establish their—

''(A) knowledge of, and experience under, the program established under subsection (a);

''(B) knowledge of the regulations concerning the particular guaranteed loan program; and

''(C) proficiency related to the certified lender program requirements.

''(2) ADDITIONAL LENDING INSTITUTIONS.—The Secretary may certify any lending institution as a preferred certified lender if the institution meets such additional criteria as the Secretary may prescribe by regulation.

''(3) REVOCATION OF DESIGNATION.—The designation of a lender as a preferred certified lender shall be revoked if the Secretary determines that the lender is not adhering to the rules and regulations applicable to the program or if the loss experiences of a preferred certified lender are greater than other preferred certified lenders, except that the suspension or revocation shall not affect any outstanding guarantee.

''(4) CONDITION OF CERTIFICATION.—As a condition of the preferred certification, the Secretary shall require the lender to undertake to service the loan guaranteed by the Secretary under this subsection using generally accepted banking standards concerning loan servicing employed by prudent commercial or cooperative lenders. The Secretary shall, at least annually, monitor the performance of each preferred certified lender to ensure that the conditions of the certification are being met.

''(5) EFFECT OF PREFERRED LENDER CERTIFICATION.—Notwithstanding any other provision of law, the Secretary may—

''(A) guarantee not more than 80 percent of any approved loan made by a preferred certified lender as described in this subsection, if the borrower meets the eligibility requirements and such other criteria as may be applicable to loans guaranteed by the Secretary; and

''(B) permit preferred certified lenders to make all decisions, with respect to loans to be guaranteed by the Secretary under this subsection relating to creditworthiness, the closing, monitoring, collection, and liquidation of loans, and to accept appropriate certifications, as provided in regulations issued by the Secretary, that the borrower is in compliance with all requirements of law and regulations issued by the Secretary.''.

SEC. 753. SYSTEM FOR DELIVERY OF CERTAIN RURAL DEVELOPMENT PROGRAMS.

(a) IN GENERAL.—Section 365 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 2310 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2007) is amended—

(A) in subsection (a), by striking ''or the program established in sections 365 and 366 of the Consolidated Farm and Rural Development Act (as added by chapter 3 of this subtitle)'';

(B) in subsection (b)—

(i) by striking ''STATES.—'' and all that follows through ''PARTNERSHIPS.—The'' in paragraph (1) and inserting ''STATES.—The''; and

(ii) by striking paragraph (2);

(C) in subsection (c)—

(i) by striking ''PROJECTS.—'' and all that follows through ''PARTNERSHIPS.—Chapter'' in paragraph (1) and inserting ''PROJECTS.—Chapter'';

(ii) by striking ''subsection (b)(1)'' and inserting ''subsection (b)''; and

(iii) by striking paragraph (2); and

(D) in subsection (d), by striking ''and sections 365, 366, 367, and 368(b) of the Consolidated Farm and Rural Development Act (as added by chapter 3 of this subtitle)''.

(2) Section 2375 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6613) is amended—

(A) in subsection (e), by striking '', as defined in section 365(b)(2) of the Consolidated Farm and Rural Development Act,''; and

(B) by adding at the end the following:

''(g) DEFINITION OF DESIGNATED RURAL DEVELOPMENT PROGRAM.—In this section, the term 'designated rural development program' means a program carried out under section 304(b), 306(a), or 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924(b), 1926(a), and 1932(e)), or under section 1323 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1932 note), for which funds are available at any time during the fiscal year under the section.''.

(3) Paragraph (2) of section 233(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6943(b)) (as redesignated by section 747(b)(3)(B)) is amended by striking ''sections 365 through 369 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008-2008d)'' and inserting ''section 369 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008d)''.

SEC. 754. STATE RURAL ECONOMIC DEVELOPMENT REVIEW PANEL.

Section 366 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008a) is repealed.

SEC. 755. LIMITED TRANSFER AUTHORITY OF LOAN AMOUNTS.

Section 367 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008b) is repealed.

SEC. 756. ALLOCATION AND TRANSFER OF LOAN GUARANTEE AUTHORITY.

Section 368 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008c) is repealed.

SEC. 757. NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER.

The Consolidated Farm and Rural Development Act (as amended by section 641) is amended by adding at the end the following:

''SEC. 375. NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER.

''(a) DEFINITIONS.—In this section:

''(1) BOARD.—The term 'Board' means the Board of Directors established under subsection (f).

''(2) CENTER.—The term 'Center' means the National Sheep Industry Improvement Center established under subsection (b).

''(3) ELIGIBLE ENTITY.—The term 'eligible entity' means an entity that promotes the betterment of the United States lamb or wool industry and that is—

''(A) a public, private, or cooperative organization;

''(B) an association, including a corporation not operated for profit;

''(C) a federally recognized Indian Tribe; or

''(D) a public or quasi-public agency.

''(4) FUND.—The term 'Fund' means the Natural Sheep Improvement Center Revolving Fund established under subsection (e).

''(b) ESTABLISHMENT OF CENTER.—The Secretary shall establish a National Sheep Industry Improvement Center.

''(c) PURPOSES.—The purposes of the Center shall be to—

''(1) promote strategic development activities and collaborative efforts by private and State entities to maximize the impact of Federal assistance to strengthen and enhance the production and marketing of lamb and wool in the United States;

''(2) optimize the use of available human capital and resources within the sheep industry;

''(3) provide assistance to meet the needs of the sheep industry for infrastructure development, business development, production, resource development, and market and environmental research;

''(4) advance activities that empower and build the capacity of the United States sheep industry to design unique responses to the special needs of the lamb and wool industries on both a regional and national basis; and

''(5) adopt flexible and innovative approaches to solving the long-term needs of the United States sheep industry.

''(d) STRATEGIC PLAN.—

''(1) IN GENERAL.—The Center shall submit to the Secretary an annual strategic plan for the delivery of financial assistance provided by the Center.

''(2) REQUIREMENTS.—A strategic plan shall identify—

"(A) goals, methods, and a benchmark for measuring the success of carrying out the plan and how the plan relates to the national and regional goals of the Center;

"(B) the amount and sources of Federal and non-Federal funds that are available for carrying out the plan;

"(C) funding priorities;

"(D) selection criteria for funding; and

"(E) a method of distributing funding.

"(e) REVOLVING FUND.—

"(1) ESTABLISHMENT.—There is established in the Treasury the Natural Sheep Improvement Center Revolving Fund. The Fund shall be available to the Center, without fiscal year limitation, to carry out the authorized programs and activities of the Center under this section.

"(2) CONTENTS OF FUND.—There shall be deposited in the Fund—

"(A) such amounts as may be appropriated, transferred, or otherwise made available to support programs and activities of the Center;

"(B) payments received from any source for products, services, or property furnished in connection with the activities of the Center;

"(C) fees and royalties collected by the Center from licensing or other arrangements relating to commercialization of products developed through projects funded, in whole or part, by grants, contracts, or cooperative agreements executed by the Center;

"(D) proceeds from the sale of assets, loans, and equity interests made in furtherance of the purposes of the Center;;

"(E) donations or contributions accepted by the Center to support authorized programs and activities; and

"(F) any other funds acquired by the Center.

"(3) USE OF FUND.—

"(A) IN GENERAL.—The Center may use amounts in the Fund to make grants and loans to eligible entities in accordance with a strategic plan submitted under subsection (d).

"(B) CONTINUED EXISTENCE.—The Center shall manage the Fund in a manner that ensures that sufficient amounts are available in the Fund to carry out subsection (c).

"(C) DIVERSE AREA.—The Center shall, to the maximum extent practicable, use the Fund to serve broad geographic areas and regions of diverse production.

"(D) VARIETY OF LOANS AND GRANTS.—The Center shall, to the maximum extent practicable, use the Fund to provide a variety of intermediate- and long-term grants and loans.

"(E) ADMINISTRATION.—The Center may not use more than 3 percent of the amounts in the Fund for a fiscal year for the administration of the Center.

"(F) INFLUENCING LEGISLATION.—None of the amounts in the Fund may be used to influence legislation.

"(G) ACCOUNTING.—To be eligible to receive amounts from the Fund, an entity must agree to account for the amounts using generally accepted accounting principles.

"(H) USES OF FUND.—The Center may use amounts in the Fund to—

"(i) participate with Federal and State agencies in financing activities that are in accordance with a strategic plan submitted under subsection (d), including participation with several States in a regional effort;

"(ii) participate with other public and private funding sources in financing activities that are in accordance with the strategic plan, including participation in a regional effort;

"(iii) provide security for, or make principle or interest payments on, revenue or general obligation bonds issued by a State, if the proceeds from the sale of the bonds are deposited in the Fund;

"(iv) accrue interest;

"(v) guarantee or purchase insurance for local obligations to improve credit market access or reduce interest rates for a project that is in accordance with the strategic plan; or

"(vi) sell assets, loans, and equity interests acquired in connection with the financing of projects funded by the Center.

"(4) LOANS.—

"(A) RATE.—A loan from the Fund may be made at an interest rate that is below the market rate or may be interest free.

"(B) TERM.—The term of a loan may not exceed the shorter of—

"(i) the useful life of the activity financed; or

"(ii) 40 years.

"(C) SOURCE OF REPAYMENT.—The Center may not make a loan from the Fund unless the recipient establishes an assured source of repayment.

"(D) PROCEEDS.—All payments of principal and interest on a loan made from the Fund shall be deposited into the Fund.

"(5) MAINTENANCE OF EFFORT.—The Center shall use the Fund only to supplement and not to supplant Federal, State, and private funds expended for rural development.

"(6) FUNDING.—

"(A) DEPOSIT OF FUNDS.—All Federal and non-Federal amounts received by the Center to carry out this section shall be deposited in the Fund.

"(B) MANDATORY FUNDS.—Out of any moneys in the Treasury not otherwise appropriated, the Secretary of the Treasury shall provide to the Center not to exceed $20,000,000 to carry out this section.

"(C) ADDITIONAL FUNDS.—In addition to any funds provided under subparagraph (B), there is authorized to be appropriated to carry out this section $30,000,000 to carry out this section.

"(D) PRIVATIZATION.—Federal funds shall not be used to carry out this section beginning on the earlier of—

"(i) the date that is 10 years after the effective date of this section; or

"(ii) the day after a total of $50,000,000 is made available under subparagraphs (B) and (C) to carry out this section.

"(f) BOARD OF DIRECTORS.—

"(1) IN GENERAL.—The management of the Center shall be vested in a Board of Directors.

"(2) POWERS.—The Board shall—

"(A) be responsible for the general supervision of the Center;

"(B) review any grant, loan, contract, or cooperative agreement to be made or entered into by the Center and any financial assistance provided to the Center;

"(C) make the final decision, by majority vote, on whether and how to provide assistance to an applicant; and

"(D) develop and establish a budget plan and a long-term operating plan to carry out the goals of the Center.

"(3) COMPOSITION.—The Board shall be composed of—

"(A) 7 voting members, of whom—

"(i) 4 members shall be active producers of sheep in the United States;

"(ii) 2 members shall have expertise in finance and management; and

"(iii) 1 member shall have expertise in lamb and wool marketing; and

"(B) 2 nonvoting members, of whom—

"(i) 1 member shall be the Under Secretary of Agriculture for Rural Economic and Community Development; and

"(ii) 1 member shall be the Under Secretary of Agriculture for Research, Education, and Economics.

"(4) ELECTION.—A voting member of the Board shall be chosen in an election of the members of a national organization selected by the Secretary that—

"(A) consists only of sheep producers in the United States; and

"(B) has as the primary interest of the organization the production of lamb and wool in the United States.

"(5) TERM OF OFFICE.—

"(A) IN GENERAL.—Subject to subparagraph (B), the term of office of a voting member of the Board shall be 3 years.

"(B) STAGGERED INITIAL TERMS.—The initial voting members of the Board (other than the chairperson of the initially established Board) shall serve for staggered terms of 1, 2, and 3 years, as determined by the Secretary.

"(C) REELECTION.—A voting member may be reelected for not more than 1 additional term.

"(6) VACANCY.—

"(A) IN GENERAL.—A vacancy on the Board shall be filled in the same manner as the original Board.

"(B) REELECTION.—A member elected to fill a vacancy for an unexpired term may be reelected for 1 full term.

"(7) CHAIRPERSON.—

"(A) IN GENERAL.—The Board shall select a chairperson from among the voting members of the Board.

"(B) TERM.—The term of office of the chairperson shall be 2 years.

"(8) ANNUAL MEETING.—

"(A) IN GENERAL.—The Board shall meet not less than once each fiscal year at the call of the chairperson or at the request of the executive director appointed under subsection (g)(1).

"(B) LOCATION.—The location of a meeting of the Board shall be established by the Board.

"(9) VOTING.—

"(A) QUORUM.—A quorum of the Board shall consist of a majority of the voting members.

"(B) MAJORITY VOTE.—A decision of the Board shall be made by a majority of the voting members of the Board.

"(10) CONFLICTS OF INTEREST.—

"(A) IN GENERAL.—A member of the Board shall not vote on any matter respecting any application, contract, claim, or other particular matter pending before the Board in which, to the knowledge of the member, an interest is held by—

"(i) the member;

"(ii) any spouse of the member;

"(iii) any child of the member;

"(iv) any partner of the member;

"(v) any organization in which the member is serving as an officer, director, trustee, partner, or employee; or

"(vi) any person with whom the member is negotiating or has any arrangement concerning prospective employment or with whom the member has a financial interest.

"(B) REMOVAL.—Any action by a member of the Board that violates subparagraph (A) shall be cause for removal from the Board.

"(C) VALIDITY OF ACTION.—An action by a member of the Board that violates subparagraph (A) shall not impair or otherwise affect the validity of any otherwise lawful action by the Board.

"(D) DISCLOSURE.—

"(i) IN GENERAL.—If a member of the Board makes a full disclosure of an interest and, prior to any participation by the member, the Board determines, by majority vote, that the interest is too remote or too inconsequential to affect the integrity of any participation by the member, the member may participate in the matter relating to the interest.

"(ii) VOTE.—A member that discloses an interest under clause (i) shall not vote on a determination of whether the member may participate in the matter relating to the interest.

''(E) REMANDS.—

''(i) IN GENERAL.—The Secretary may vacate and remand to the Board for reconsideration any decision made pursuant to subsection (e)(3)(H) if the Secretary determines that there has been a violation of this paragraph or any conflict of interest provision of the bylaws of the Board with respect to the decision.

''(ii) REASONS.—In the case of any violation and remand of a funding decision to the Board under clause (i), the Secretary shall inform the Board of the reasons for the remand.

''(11) COMPENSATION.—

''(A) IN GENERAL.—A member of the Board shall not receive any compensation by reason of service on the Board.

''(B) EXPENSES.—A member of the Board shall be reimbursed for travel, subsistence, and other necessary expenses incurred by the member in the performance of a duty of the member.

''(12) BYLAWS.—The Board shall adopt, and may from time to time amend, any bylaw that is necessary for the proper management and functioning of the Center.

''(13) PUBLIC HEARINGS.—Not later than 1 year after the effective date of this section, the Board shall hold public hearings on policy objectives of the program established under this section.

''(14) ORGANIZATIONAL SYSTEM.—The Board shall provide a system of organization to fix responsibility and promote efficiency in carrying out the functions of the Board.

''(15) USE OF DEPARTMENT OF AGRICULTURE.—The Board may, with the consent of the Secretary, utilize the facilities of and the services of employees of the Department of Agriculture, without cost to the Center.

''(g) OFFICERS AND EMPLOYEES.—

''(1) EXECUTIVE DIRECTOR.—

''(A) IN GENERAL.—The Board shall appoint an executive director to be the chief executive officer of the Center.

''(B) TENURE.—The executive director shall serve at the pleasure of the Board.

''(C) COMPENSATION.—Compensation for the executive director shall be established by the Board.

''(2) OTHER OFFICERS AND EMPLOYEES.—The Board may select and appoint officers, attorneys, employees, and agents who shall be vested with such powers and duties as the Board may determine.

''(3) DELEGATION.—The Board may, by resolution, delegate to the chairperson, the executive director, or any other officer or employee any function, power, or duty of the Board other than voting on a grant, loan, contract, agreement, budget, or annual strategic plan.

''(h) CONSULTATION.—To carry out this section, the Board may consult with—

''(1) State departments of agriculture;

''(2) Federal departments and agencies;

''(3) nonprofit development corporations;

''(4) colleges and universities;

''(5) banking and other credit-related agencies;

''(6) agriculture and agribusiness organizations; and

''(7) regional planning and development organizations.

''(i) OVERSIGHT.—

''(1) IN GENERAL.—The Secretary shall review and monitor compliance by the Board and the Center with this section.

''(2) SANCTIONS.—If, following notice and opportunity for a hearing, the Secretary finds that the Board or the Center is not in compliance with this section, the Secretary may—

''(A) cease making deposits to the Fund;

''(B) suspend the authority of the Center to withdraw funds from the Fund; or

''(C) impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this Act and disqualification from receipt of financial assistance under this section.

''(3) REMOVING SANCTIONS.—The Secretary shall remove sanctions imposed under paragraph (2) on a finding that there is no longer any failure by the Board or the Center to comply with this section or that the noncompliance shall be promptly corrected.''.

CHAPTER 2—RURAL COMMUNITY ADVANCEMENT PROGRAM

SEC. 761. RURAL COMMUNITY ADVANCEMENT PROGRAM.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end the following:

"Subtitle E—Rural Community Advancement Program

"SEC. 381A. DEFINITIONS.

''In this subtitle:

''(1) RURAL AND RURAL AREA.—The terms 'rural' and 'rural area' mean, subject to section 306(a)(7), a city, town, or unincorporated area that has a population of 50,000 inhabitants or less, other than an urbanized area immediately adjacent to a city, town, or unincorporated area that has a population in excess of 50,000 inhabitants.

''(2) STATE.—The term 'State' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Federated States of Micronesia.

"SEC. 381B. ESTABLISHMENT.

''The Secretary shall establish a rural community advancement program to provide grants, loans, loan guarantees, and other assistance to meet the rural development needs of local communities in States and federally recognized Indian tribes.

"SEC. 381C. NATIONAL OBJECTIVES.

''The national objectives of the program established under this subtitle shall be to—

''(1) promote strategic development activities and collaborative efforts by State and local communities, and federally recognized Indian tribes, to maximize the impact of Federal assistance;

''(2) optimize the use of resources;

''(3) provide assistance in a manner that reflects the complexity of rural needs, including the needs for business development, health care, education, infrastructure, cultural resources, the environment, and housing;

''(4) advance activities that empower, and build the capacity of, State and local communities to design unique responses to the special needs of the State and local communities, and federally recognized Indian tribes, for rural development assistance; and

''(5) adopt flexible and innovative approaches to solving rural development problems.

"SEC. 381D. STRATEGIC PLANS.

''(a) IN GENERAL.—The Secretary shall direct each of the Directors of Rural Economic and Community Development State Offices to prepare a strategic plan for each State for the delivery of assistance under this subtitle within the State.

''(b) ASSISTANCE.—

''(1) IN GENERAL.—Financial assistance for rural development allocated for a State under this subtitle shall be used only for orderly community development that is consistent with the strategic plan of the State.

''(2) RURAL AREA.—Assistance under this subtitle may only be provided in a rural area.

''(3) SMALL COMMUNITIES.—In carrying out this subtitle within a State, the Secretary shall give priority to communities with the smallest populations and lowest per capita income.

''(c) REVIEW.—The Secretary shall review the strategic plan of a State at least once every 5 years.

''(d) CONTENTS.—A strategic plan of a State under this section shall be a plan that—

''(1) coordinates economic, human, and community development plans and related activities proposed for an affected area;

''(2) provides that the State and an affected community (including local institutions and organizations that have contributed to the planning process) shall act as full partners in the process of developing and implementing the plan;

''(3) identifies goals, methods, and benchmarks for measuring the success of carrying out the plan and how the plan relates to local or regional ecosystems;

''(4) provides for the involvement, in the preparation of the plan, of State, local, private, and public persons, State rural development councils, federally-recognized Indian tribes, and community-based organizations;

''(5) identifies the amount and source of Federal and non-Federal resources that are available for carrying out the plan; and

''(6) includes such other information as may be required by the Secretary.

"SEC. 381E. ACCOUNTS.

''(a) IN GENERAL.—Notwithstanding any other provision of law, for each fiscal year, the Secretary shall consolidate into 3 accounts, corresponding to the 3 function categories established under subsection (c), the amounts made available for programs included in each function category.

''(b) ALLOCATION WITHIN ACCOUNT.—The Secretary shall allocate the amounts in each account for such program purposes authorized for the corresponding function category among the States, as the Secretary may determine in accordance with this subtitle.

''(c) FUNCTION CATEGORIES.—For purposes of subsection (a):

''(1) RURAL HOUSING AND COMMUNITY DEVELOPMENT.—The rural housing and community development category shall include funds made available for—

''(A) community facility direct and guaranteed loans provided under section 306(a)(1);

''(B) community facility grants provided under section 306(a)(21); and

''(C) rental housing loans for new housing provided under section 515 of the Housing Act of 1949 (42 U.S.C. 1485).

''(2) RURAL UTILITIES.—The rural utilities category shall include funds made available for—

''(A) water and waste disposal grants and direct and guaranteed loans provided under paragraphs (1) and (2) of section 306(a);

''(B) rural water and wastewater technical assistance and training grants provided under section 306(a)(16);

''(C) emergency community water assistance grants provided under section 306A; and

''(D) solid waste management grants provided under section 310B(b).

''(3) RURAL BUSINESS AND COOPERATIVE DEVELOPMENT.—The rural business and cooperative development category shall include funds made available for—

''(A) rural business opportunity grants provided under section 306(a)(11)(A);

''(B) business and industry guaranteed loans provided under section 310B(a)(1); and

''(C) rural business enterprise grants and rural educational network grants provided under section 310B(c).

''(d) OTHER PROGRAMS.—Subject to subsection (e), in addition to any other appropriated amounts, the Secretary may transfer amounts allocated for a State for any of the 3 function categories for a fiscal year under subsection (c) to—

''(1) mutual and self-help housing grants provided under section 523 of the Housing Act of 1949 (42 U.S.C. 1490c);

''(2) rural rental housing loans for existing housing provided under section 515 of the Housing Act of 1949 (42 U.S.C. 1485);

''(3) rural cooperative development grants provided under section 310B(e); and

''(4) grants to broadcasting systems provided under section 310B(f).

''(e) TRANSFER.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary may transfer within each State up to 25 percent of the total amount allocated for a State under each function category referred to in subsection (c) for each fiscal year under this section to any other function category, or to a program referred to in subsection (d), but excluding State grants under section 381G.

''(2) LIMITATION.—Not more than 10 percent of the total amount (excluding grants to States under section 381G) made available for any fiscal year for the programs covered by each of the 3 function categories referred to in subsection (c), and the programs referred to in subsection (d), shall be available for the transfer.

''(f) AVAILABILITY OF FUNDS.—The Secretary may make available funds appropriated for the programs referred to in subsection (c) to defray the cost of any subsidy associated with a guarantee provided under section 381H, except that not more than 5 percent of the funds provided under subsection (c) may be made available within a State.

''SEC. 381F. ALLOCATION.

''(a) NATIONAL RESERVE.—The Secretary may use not more than 10 percent of the total amount of funds made available for a fiscal year under section 381E to establish a national reserve for rural development that may be used by the Secretary in rural areas during the fiscal year to—

''(1) meet situations of exceptional need;

''(2) provide incentives to promote or reward superior performance; or

''(3) carry out performance-oriented demonstration projects.

''(b) INDIAN TRIBES.—

''(1) RESERVATION.—The Secretary shall reserve not less than 3 percent of the total amounts made available for a fiscal year under section 381E to carry out rural development programs specified in subsections (c) and (d) of section 381D for federally recognized Indian tribes.

''(2) ALLOCATION.—The Secretary shall establish a formula for allocating the reserve and shall administer the reserve through the appropriate Director of the Rural Economic and Cooperative Development State office.

''(c) STATE ALLOCATION.—

''(1) IN GENERAL.—The Secretary shall allocate among all the States the amounts made available under section 381E in a fair, reasonable, and appropriate manner that takes into consideration rural population, levels of income, unemployment, and other relevant factors, as determined by the Secretary.

''(2) MINIMUM ALLOCATION.—In making the allocations for each of fiscal years 1996 through 2002, the Secretary shall ensure that the percentage allocation for each State is equal to the percentage of the average of the total funds made available to carry out the programs referred to in section 381E(c) that were obligated in the State for each of fiscal years 1993 and 1994.

''SEC. 381G. GRANTS TO STATES.

''(a) IN GENERAL.—Subject to subsection (c), the Secretary shall grant to any eligible State from which a request is received for a fiscal year 5 percent of the amount allocated for the State for the fiscal year under section 381F(c).

''(b) ELIGIBILITY.—To be eligible to receive a grant under this section, the Secretary shall require that the State maintain the grant funds received and any non-Federal matching funds to carry out this subtitle in a separate account, to remain available until expended.

''(c) MATCHING FUNDS.—For any fiscal year, if non-Federal matching funds are provided for a State in an amount that is equal to 200 percent or more of an amount equal to 5 percent of the amount allocated for the State for the fiscal year under section 381F(c), the Secretary shall pay to the State the grant provided under this subsection in an amount equal to 5 percent of the amount allocated for the State for the fiscal year under section 381F(c).

''(d) USE OF FUNDS.—The Secretary shall require that funds provided to a State under this section be used in rural areas to achieve the purposes of the programs referred to in section 381E(c) in accordance with the strategic plan referred to in section 381D.

''(e) MAINTENANCE OF EFFORT.—The State shall provide assurances that funds received under this section will be used only to supplement, not to supplant, the amount of Federal, State, and local funds otherwise expended for rural development assistance in the State.

''(f) APPEALS.—The Secretary shall provide to a State an opportunity for an appeal of any action taken under this section.

''(g) ADMINISTRATIVE COSTS.—Federal funds shall not be used for any administrative costs incurred by a State in carrying out this subtitle.

''(h) SPENDING OF FUNDS BY STATE.—

''(1) IN GENERAL.—Payments to a State from a grant under this section for a fiscal year shall be obligated by the State in the fiscal year or in the succeeding fiscal year. A State shall obligate funds under this section to provide assistance to rural areas pursuant, to the maximum extent practicable, to applications received from the rural areas.

''(2) FAILURE TO OBLIGATE.—If a State fails to obligate payments in accordance with paragraph (1), the Secretary shall make a corresponding reduction in the amount of payments provided to the State under this section for the subsequent fiscal year.

''(3) NONCOMPLIANCE.—

''(A) REVIEW.—The Secretary shall review and monitor State compliance with this section.

''(B) PENALTY.—If the Secretary finds that there has been misuse of grant funds provided under this section, or noncompliance with any of the terms and conditions of a grant, after reasonable notice and opportunity for a hearing—

''(i) the Secretary shall notify the State of the finding; and

''(ii) no further payments to the State shall be made with respect to the programs funded under this section until the Secretary is satisfied that there is no longer any failure to comply or that the noncompliance will be promptly corrected.

''(C) OTHER SANCTIONS.—In the case of a finding of noncompliance made pursuant to subparagraph (B), the Secretary may, in addition to, or in lieu of, imposing the sanctions described in subparagraph (B), impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this section and disqualification from the receipt of financial assistance under this section.

''(i) NO ENTITLEMENT TO CONTRACT, GRANT, OR ASSISTANCE.—Nothing in this subtitle—

''(1) entitles any person to assistance or a contract or grant; or

''(2) limits the right of a State to impose additional limitations or conditions on assistance or a contract or grant under this section.

''SEC. 381H. GUARANTEE AND COMMITMENT TO GUARANTEE LOANS.

''(a) DEFINITION OF ELIGIBLE PUBLIC ENTITY.—In this section, the term 'eligible public entity' means any unit of general local government.

''(b) GUARANTEE AND COMMITMENT.—The Secretary is authorized, on such terms and conditions as the Secretary may prescribe, to guarantee and make commitments to guarantee the notes or other obligations issued by eligible public entities, or by public agencies designated by the eligible public entities, for the purposes of financing rural development assistance activities authorized and funded under section 381G.

''(c) PREREQUISITES.—No guarantee or commitment to guarantee shall be made with respect to any note or other obligation if the issuer's total outstanding notes or obligations guaranteed under this section (excluding any amount repaid under the contract entered into under subsection (e)(1)(A)) would exceed an amount equal to 5 times the amount of the grant approval for the issuer pursuant to section 381G.

''(d) PAYMENT OF PRINCIPAL, INTEREST, AND COSTS.—Notwithstanding any other provision of this subtitle, grants allocated to an issuer pursuant to this subtitle (including program income derived from the grants) shall be authorized for use in the payment of principal and interest due (including such servicing, underwriting, or other costs as may be specified in regulations of the Secretary) on the notes or other obligations guaranteed pursuant to this section.

''(e) REPAYMENT CONTRACT; SECURITY.—

''(1) IN GENERAL.—To ensure the repayment of notes or other obligations and charges incurred under this section and as a condition for receiving the guarantees, the Secretary shall require the issuer to—

''(A) enter into a contract, in a form acceptable to the Secretary, for repayment of notes or other obligations guaranteed under this section;

''(B) pledge any grant for which the issuer may become eligible under this subtitle; and

''(C) furnish, at the discretion of the Secretary, such other security as may be considered appropriate by the Secretary in making the guarantees.

''(2) SECURITY.—To assist in ensuring the repayment of notes or other obligations and charges incurred under this section, a State shall pledge any grant for which the State may become eligible under this subtitle as security for notes or other obligations and charges issued under this section by any unit of general local government in the State.

''(f) PLEDGED GRANTS FOR REPAYMENTS.—Notwithstanding any other provision of this subtitle, the Secretary is authorized to apply grants pledged pursuant to paragraphs (1)(B) and (2) of subsection (e) to any repayments due the United States as a result of the guarantees.

''(g) OUTSTANDING OBLIGATIONS.—The total amount of outstanding obligations guaranteed on a cumulative basis by the Secretary pursuant to subsection (b) shall not at any time exceed such amount as may be authorized to be appropriated for any fiscal year.

''(h) PURCHASE OF GUARANTEED OBLIGATIONS BY FEDERAL FINANCING BANK.—Notes or other obligations guaranteed under this section may not be purchased by the Federal Financing Bank.

''(i) FULL FAITH AND CREDIT.—The full faith and credit of the United States is pledged to the payment of all guarantees made under this section. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations for the guarantee with respect to principal and interest. The validity of the guarantee shall be incontestable in the hands of a holder of the guaranteed obligations.

''SEC. 381I. LOCAL INVOLVEMENT.

''The Secretary shall require that an applicant for assistance under this subtitle demonstrate evidence of significant community support.

''SEC. 381J. STATE-TO-STATE COLLABORATION.

''The Secretary shall permit the establishment of voluntary pooling arrangements among States, and regional fund-sharing agreements, to carry out this subtitle.

''SEC. 381K. RURAL VENTURE CAPITAL DEMONSTRATION PROGRAM.

''(a) IN GENERAL.—The Secretary shall designate up to 10 community development venture capital organizations to demonstrate the utility of guarantees to attract increased private investment in rural private business enterprises.

''(b) RURAL BUSINESS INVESTMENT POOL.—

''(1) ESTABLISHMENT.—To be eligible to participate in the demonstration program, an organization referred to in subsection (a) shall establish a rural business private investment pool (referred to in this subsection as a 'pool') for the purpose of making equity investments in rural private business enterprises.

''(2) GUARANTEE.—From funds allocated for the national reserve under section 381F(a), the Secretary shall guarantee the funds in a pool against loss, except that the guarantee shall not exceed an amount equal to 30 percent of the total funds in the pool.

''(3) AMOUNT.—The Secretary shall issue guarantees covering not more than $15,000,000 of obligations for each of fiscal years 1996 through 2002.

''(4) TERM.—The term of a guarantee provided under this subsection shall not exceed 10 years.

''(5) SUBMISSION OF PLAN.—To be eligible to participate in the demonstration program, an organization referred to in subsection (a) shall submit a plan that describes—

''(A) potential sources and uses of the pool to be established by the organization;

''(B) the utility of the guarantee authority in attracting capital for the pool; and

''(C) on selection, mechanisms for notifying State, local, and private nonprofit business development organizations and businesses of the existence of the pool.

''(6) COMPETITION.—

''(A) IN GENERAL.—The Secretary shall conduct a competition for the designation and establishment of pools.

''(B) PRIORITY.—In conducting the competition, the Secretary shall give priority to organizations that—

''(i) have a demonstrated record of performance or have a board and executive director with experience in venture capital, small business equity investments, or community development finance;

''(ii) propose to serve low-income communities;

''(iii) propose to maintain an average investment of not more than $500,000 from the pool of the organization;

''(iv) invest funds statewide or in a multicounty region; and

''(v) propose to target job opportunities resulting from the investments primarily to economically disadvantaged individuals.

''(C) GEOGRAPHIC DIVERSITY.—To the extent practicable, the Secretary shall select organizations in diverse geographic areas.

''SEC. 381L. ANNUAL REPORT.

''(a) IN GENERAL.—The Secretary, in collaboration with public, State, local, and private entities, State rural development councils, and community-based organizations, shall prepare an annual report that contains evaluations, assessments, and performance outcomes concerning the rural community advancement programs carried out under this subtitle.

''(b) SUBMISSION.—Not later than March 1 of each year, the Secretary shall—

''(1) submit the report required under subsection (a) to Congress and the chief executives of States participating in the program established under this subtitle; and

''(2) make the report available to State and local participants.

''SEC. 381M. RURAL DEVELOPMENT INTERAGENCY WORKING GROUP.

''(a) IN GENERAL.—The Secretary shall provide leadership within the Executive branch for, and assume responsibility for, establishing an interagency working group chaired by the Secretary.

''(b) DUTIES.—The working group shall establish policy, provide coordination, make recommendations, and evaluate the performance of or for all Federal rural development efforts.

''SEC. 381N. DUTIES OF RURAL ECONOMIC AND COMMUNITY DEVELOPMENT STATE OFFICES.

''In carrying out this subtitle, the Director of a Rural Economic and Community Development State Office shall—

''(1) to the maximum extent practicable, ensure that the State strategic plan is implemented;

''(2) coordinate community development objectives within the State;

''(3) establish links between local, State, and field office program administrators of the Department of Agriculture;

''(4) ensure that recipient communities comply with applicable Federal and State laws and requirements; and

''(5) integrate State development programs with assistance under this subtitle.

''SEC. 381O. ELECTRONIC TRANSFER.

''The Secretary shall transfer funds in accordance with this subtitle through electronic transfer as soon as practicable after the effective date of this subtitle.''.

SEC. 762. COMMUNITY FACILITIES GRANT PROGRAM.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by adding at the end the following:

''(21) COMMUNITY FACILITIES GRANT PROGRAM.—

''(A) IN GENERAL.—The Secretary may make grants, in a total amount not to exceed $10,000,000 for any fiscal year, to associations, units of general local government, nonprofit corporations, and federally recognized Indian tribes to provide the Federal share of the cost of developing specific essential community facilities in rural areas.

''(B) FEDERAL SHARE.—

''(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), the Secretary shall, by regulation, establish the amount of the Federal share of the cost of the facility under this paragraph.

''(ii) MAXIMUM AMOUNT.—The amount of a grant provided under this paragraph shall not exceed 75 percent of the cost of developing a facility.

''(iii) GRADUATED SCALE.—The Secretary shall provide for a graduated scale for the amount of the Federal share provided under this paragraph, with higher Federal shares for facilities in communities that have lower community population and income levels, as determined by the Secretary.''.

Subtitle C—Amendments to the Rural Electrification Act of 1936

SEC. 771. PURPOSES; INVESTIGATIONS AND REPORTS.

Section 2 of the Rural Electrification Act of 1936 (7 U.S.C. 902) is amended—

(1) by striking ''SEC. 2. (a) The Secretary of Agriculture is'' and inserting the following:

''SEC. 2. GENERAL AUTHORITY OF THE SECRETARY OF AGRICULTURE.

''(a) LOANS.—The Secretary of Agriculture (referred to in this Act as the 'Secretary') is'';

(2) in subsection (a)—

(A) by striking ''and the furnishing'' the first place it appears and all that follows through ''central station service''; and

(B) by striking ''systems; to make'' and all that follows through the period at the end of the subsection and inserting ''systems''; and

(3) by striking subsection (b) and inserting the following:

''(b) INVESTIGATIONS AND REPORTS.—The Secretary may make, or cause to be made, studies, investigations, and reports regarding matters, including financial, technological, and regulatory matters, affecting the condition and progress of electric, telecommunications, and economic development in rural areas and publish and disseminate information with respect to the matters.''.

SEC. 772. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—Section 3 of the Rural Electrification Act of 1936 (7 U.S.C. 903) is amended to read as follows:

''SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated such sums as are necessary to carry out this Act.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 301(a) of the Rural Electrification Act of 1936 (7 U.S.C. 931(a)) is amended—

(A) by striking ''(a)''; and

(B) in paragraph (3), by striking ''notwithstanding section 3(a) of title I,''.

(2) Section 302(b)(2) of the Rural Electrification Act of 1936 (7 U.S.C. 932(b)(2)) is amended by striking ''pursuant to section 3(a) of this Act''.

(3) The last sentence of section 406(a) of the Rural Electrification Act of 1936 (7 U.S.C. 946(a)) is amended by striking ''pursuant to section 3(a) of this Act''.

SEC. 773. LOANS FOR ELECTRICAL PLANTS AND TRANSMISSION LINES.

Section 4 of the Rural Electrification Act of 1936 (7 U.S.C. 904) is amended—

(1) in the first sentence—

(A) by striking ''for the furnishing of'' and all that follows through ''central station service and''; and

(B) by striking ''the provisions of sections 3(d) and 3(e) but without regard to the 25 per centum limitation therein contained,'' and inserting ''section 3,'';

(2) in the second sentence, by striking '': *Provided further*, That all'' and all that follows through ''loan: *And provided further*, That'' and inserting '', except that''; and

(3) in the third sentence, by striking ''and section 5''.

SEC. 774. LOANS FOR ELECTRICAL AND PLUMBING EQUIPMENT.

(a) IN GENERAL.—Section 5 of the Rural Electrification Act of 1936 (7 U.S.C. 905) is repealed.

(b) CONFORMING AMENDMENTS.—Section 12(a) of the Rural Electrification Act of 1936 (7 U.S.C. 912(a)) is amended—

(1) by striking '': *Provided, however*, That'' and inserting '', except that,''; and

(2) by striking '', and with respect to any loan made under section 5,'' and all that follows through ''section 3''.

SEC. 775. TESTIMONY ON BUDGET REQUESTS.

Section 6 of the Rural Electrification Act of 1936 (7 U.S.C. 906) is amended by striking the second sentence.

SEC. 776. TRANSFER OF FUNCTIONS OF ADMINISTRATION CREATED BY EXECUTIVE ORDER.

Section 8 of the Rural Electrification Act of 1936 (7 U.S.C. 908) is repealed.

SEC. 777. ANNUAL REPORT.

Section 10 of the Rural Electrification Act of 1936 (7 U.S.C. 910) is repealed.

SEC. 778. PROHIBITION ON RESTRICTING WATER AND WASTE FACILITY SERVICES TO ELECTRIC CUSTOMERS.

The Rural Electrification Act of 1936 is amended by inserting after section 16 (7 U.S.C. 916) the following:

''SEC. 17. PROHIBITION ON RESTRICTING WATER AND WASTE FACILITY SERVICES TO ELECTRIC CUSTOMERS.

''The Secretary shall establish rules and procedures that prohibit borrowers under title III or under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) from conditioning or limiting access to, or the use of, water and waste facility services financed under the Consolidated Farm and Rural Development Act if the conditioning or limiting is based on whether individuals or entities in the area served or proposed to be served by the facility receive, or will accept, electric service from the borrower.''.

SEC. 779. TELEPHONE LOAN TERMS AND CONDITIONS.

Section 309 of the Rural Electrification Act of 1936 (7 U.S.C. 939) is amended—

(1) in subsection (a), by striking ''(a) IN GENERAL.—''; and

(2) by striking subsection (b).

SEC. 780. PRIVATIZATION PROGRAM.

Section 311 of the Rural Electrification Act of 1936 (7 U.S.C. 940a) is repealed.

SEC. 781. RURAL BUSINESS INCUBATOR FUND.

(a) IN GENERAL.—Section 502 of the Rural Electrification Act of 1936 (7 U.S.C. 950aa–1) is repealed.

(b) CONFORMING AMENDMENTS.—Section 501 of the Rural Electrification Act of 1936 (7 U.S.C. 950aa) is amended—

(1) in paragraph (5), by inserting ''and'' at the end;

(2) in paragraph (6), by striking ''; and'' at the end and inserting a period; and

(3) by striking paragraph (7).

Subtitle D—Miscellaneous Rural Development Provisions

SEC. 791. INTEREST RATE FORMULA.

(a) BANKHEAD-JONES FARM TENANT ACT.—Section 32(e) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011) is amended by striking the fifth sentence and inserting the following: ''A loan under this subsection shall be made under a contract that provides, under such terms and conditions as the Secretary considers appropriate, for the repayment of the loan in not more than 30 years, with interest at a rate not to exceed the current market yield for outstanding municipal obligations with remaining periods to maturity comparable to the average maturity for the loan, adjusted to the nearest ⅛ of 1 percent.''.

(b) WATERSHED PROTECTION AND FLOOD PREVENTION ACT.—Section 8 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1006a) is amended by striking the second sentence and inserting the following: ''A loan or advance under this section shall be made under a contract or agreement that provides, under such terms and conditions as the Secretary considers appropriate, for the repayment of the loan or advance in not more than 50 years from the date when the principal benefits of the works of improvement first become available, with interest at a rate not to exceed the current market yield for outstanding municipal obligations with remaining periods to maturity comparable to the average maturity for the loan, adjusted to the nearest ⅛ of 1 percent.''.

SEC. 792. GRANTS FOR FINANCIALLY STRESSED FARMERS, DISLOCATED FARMERS, AND RURAL FAMILIES.

(a) IN GENERAL.—Section 502 of the Rural Development Act of 1972 (7 U.S.C. 2662) is amended by striking subsection (f).

(b) CONFORMING AMENDMENTS.—

(1) Section 2389 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 2662 note) is amended by striking subsection (d).

(2) Section 503(c) of the Rural Development Act of 1972 (7 U.S.C. 2663(c)) is amended—

(A) in paragraph (1)—

(i) by striking ''(1)'';

(ii) by striking ''section 502(e)'' and all that follows through ''shall be distributed'' and inserting ''subsections (e), (h), and (i) of section 502 shall be distributed''; and

(iii) by striking ''objectives of'' and all that follows through ''title'' and inserting ''objectives of subsections (e), (h), and (i) of section 502''; and

(B) by striking paragraph (2).

SEC. 793. COOPERATIVE AGREEMENTS.

(a) Section 607(b) of the Rural Development Act of 1972 (7 U.S.C. 2204b(b)) is amended by striking paragraph (4) and inserting the following:

''(4) COOPERATIVE AGREEMENTS.—

''(A) IN GENERAL.—Notwithstanding chapter 63 of title 31, United States Code, the Secretary may enter into cooperative agreements with other Federal agencies, State and local governments, and any other organization or individual to improve the coordination and effectiveness of Federal programs, services, and actions affecting rural areas, including the establishment and financing of interagency groups, if the Secretary determines that the objectives of the agreement will serve the mutual interest of the parties in rural development activities.

''(B) COOPERATORS.—Each cooperator, including each Federal agency, to the extent that funds are otherwise available, may participate in any cooperative agreement or working group established pursuant to this paragraph by contributing funds or other resources to the Secretary to carry out the agreement or functions of the group.''.

(b) Notwithstanding any other provision of law, section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended in subparagraph (F)—

(i) by striking ''exceed 15 percent'' and all that follows through ''Code'' and inserting the following: ''exceed—

''(i) 25 percent of the median acreage of the farms or ranches, as the case may be, in the county in which the farm or ranch operations of the applicant are located, as reported in the most recent census of agriculture taken under section 142 of title 13, United States Code.''.

TITLE VIII—RESEARCH EXTENSION AND EDUCATION

Subtitle A—Amendments to National Agricultural Research, Extension, and Teaching Policy Act of 1977 and Related Statutes

SEC. 801. PURPOSES OF AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION.

Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) is amended to read as follows:

''SEC. 1402. PURPOSES OF AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION.

''The purposes of federally supported agricultural research, extension, and education are to—

''(1) enhance the competitiveness of the United States agriculture and food industry in an increasingly competitive world environment;

''(2) increase the long-term productivity of the United States agriculture and food industry while protecting the natural resource base on which rural America and the United States agricultural economy depend;

''(3) develop new uses and new products for agricultural commodities, such as alternative fuels, and develop new crops;

''(4) support agricultural research and extension to promote economic opportunity in rural communities and to meet the increasing demand for information and technology transfer throughout the United States agriculture industry;

''(5) improve risk management in the United States agriculture industry;

''(6) improve the safe production and processing of, and adding of value to, United States food and fiber resources using methods that are environmentally sound;

''(7) support higher education in agriculture to give the next generation of Americans the knowledge, technology, and applications necessary to enhance the competitiveness of United States agriculture; and

''(8) maintain an adequate, nutritious, and safe supply of food to meet human nutritional needs and requirements.''.

SEC. 802. SUBCOMMITTEE ON FOOD, AGRICULTURAL, AND FORESTRY RESEARCH.

Section 401(h) of the National Science and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6651(h)) is amended by striking the second through fifth sentences.

SEC. 803. JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES.

(a) IN GENERAL.—Section 1407 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) is amended—

(A) by striking paragraph (9); and

(B) by redesignating paragraphs (10) through (18) as paragraphs (9) through (17), respectively.

(2) Section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121) is amended—

(A) in paragraph (5), by striking ''Joint Council, Advisory Board,'' and inserting ''Advisory Board''; and

(B) in paragraph (11), by striking ''the Joint Council,''.

(3) Section 1410(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125(2)) is amended by striking ''the recommendations of the Joint Council developed under section 1407(f),''.

(4) Section 1412 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3127) is amended—

(A) in the section heading, by striking ''**JOINT COUNCIL, ADVISORY BOARD,**'' and inserting ''**ADVISORY BOARD**'';

(B) in subsection (a)—

(i) by striking ''Joint Council, the Advisory Board,'' and inserting ''Advisory Board'';

(ii) by striking ''the cochairpersons of the Joint Council and'' each place it appears; and

(iii) in paragraph (2), by striking ''one shall serve as the executive secretary to the Joint Council, one shall serve as the executive secretary to the Advisory Board,'' and inserting ''1 shall serve as the executive secretary to the Advisory Board''; and

(C) in subsections (b) and (c), by striking ''Joint Council, Advisory Board,'' each place it appears and inserting ''Advisory Board''.

(5) Section 1413 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3128) is amended—

(A) in subsection (a), by striking ''Joint Council, the Advisory Board,'' and inserting ''Advisory Board'';

(B) in subsection (b), by striking ''Joint Council, Advisory Board,'' and inserting ''Advisory Board''; and

(C) by striking subsection (d).

(6) Section 1434(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(c)) is amended—

(A) in the second sentence, by striking ''Joint Council, the Advisory Board,'' and inserting ''Advisory Board''; and

(B) in the fourth sentence, by striking ''the Joint Council,''.

SEC. 804. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.

(a) IN GENERAL.—Section 1408 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123) is amended to read as follows:

''SEC. 1408. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.

''(a) ESTABLISHMENT.—The Secretary shall establish within the Department of Agriculture a board to be known as the 'National Agricultural Research, Extension, Education, and Economics Advisory Board'.

''(b) MEMBERSHIP.—

''(1) IN GENERAL.—The Advisory Board shall consist of 25 members, appointed by the Secretary.

''(2) SELECTION OF MEMBERS.—The Secretary shall appoint members to the Advisory Board from individuals who are selected from national farm, commodity, agribusiness, environmental, consumer, and other organizations directly concerned with agricultural research, education, and extension programs.

''(3) REPRESENTATION.—A member of the Advisory Board may represent 1 or more of the organizations referred to in paragraph (2), except that 1 member shall be a representative of the scientific community that is not closely associated with agriculture. The Secretary shall ensure that the membership of the Advisory Board includes full-time farmers and ranchers and represents the interests of the full variety of stakeholders in the agricultural sector.

''(c) DUTIES.—The Advisory Board shall—

''(1) review and provide consultation to the Secretary and land-grant colleges and universities on long-term and short-term national policies and priorities, as set forth in section 1402, relating to agricultural research, extension, education, and economics;

''(2) evaluate the results and effectiveness of agricultural research, extension, education, and economics with respect to the policies and priorities;

''(3) review and make recommendations to the Under Secretary of Agriculture for Research, Education, and Economics on the research, extension, education, and economics portion of the draft strategic plan required under section 306 of title 5, United States Code; and

''(4) review the mechanisms of the Department of Agriculture for technology assessment (which should be conducted by qualified professionals) for the purposes of—

''(A) performance measurement and evaluation of the implementation by the Secretary of the strategic plan required under section 306 of title 5, United States Code;

''(B) implementation of the national research policies and priorities set forth in section 1402; and

''(C) the development of mechanisms for the assessment of emerging public and private agricultural research and technology transfer initiatives.

''(d) CONSULTATION.—In carrying out this section, the Advisory Board shall solicit opinions and recommendations from persons who will benefit from and use federally funded agricultural research, extension, education, and economics.

''(e) APPOINTMENT.—A member of the Advisory Board shall be appointed by the Secretary for a term of up to 3 years. The members of the Advisory Board shall be appointed to serve staggered terms.

''(f) FEDERAL ADVISORY COMMITTEE ACT.—The Advisory Board shall be deemed to have filed a charter for the purpose of section 9(c) of the Federal Advisory Committee Act (5 U.S.C. App.).

''(g) TERMINATION.—The Advisory Board shall remain in existence until September 30, 2002.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1404(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(1)) is amended by striking ''National Agricultural Research and Extension Users Advisory Board'' and inserting ''National Agricultural Research, Extension, Education, and Economics Advisory Board''.

(2) Section 1410(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125(2)) is amended by striking ''the recommendations of the Advisory Board developed under section 1408(g),'' and inserting ''any recommendations of the Advisory Board''.

(3) The last sentence of section 4(a) of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1673(a)) is amended by striking ''National Agricultural Research and Extension Users Advisory Board'' and inserting ''National Agricultural Research, Extension, Education, and Economics Advisory Board''.

SEC. 805. AGRICULTURAL SCIENCE AND TECHNOLOGY REVIEW BOARD.

(a) IN GENERAL.—Section 1408A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123a) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) (as amended by section 803(b)(1)(B)) is further amended—

(A) in paragraph (15), by adding ''and'' at the end;

(B) in paragraph (16), by striking ''; and'' and inserting a period; and

(C) by striking paragraph (17).

(2) Section 1405(12) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121(12)) is amended by striking '', after coordination with the Technology Board,''.

(3) Section 1410(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125(2)) (as amended by section 804(b)(2)) is further amended by striking ''and the recommendations of the Technology Board developed under section 1408A(d)''.

(4) Section 1412 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3127) (as amended by section 803(b)(4)) is further amended—

(A) in the section heading, by striking ''**AND TECHNOLOGY BOARD**'';

(B) in subsection (a)—

(i) by striking ''and the Technology Board'' each place it appears; and

(ii) in paragraph (2), by striking ''and one shall serve as the executive secretary to the Technology Board''; and

(C) in subsections (b) and (c), by striking ''and Technology Board'' each place it appears.

(5) Section 1413 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3128) (as amended by section 803(b)(5)) is further amended—

(A) in subsection (a), by striking ''or the Technology Board''; and

(B) in subsection (b), by striking ''and the Technology Board''.

SEC. 806. FEDERAL ADVISORY COMMITTEE ACT EXEMPTION FOR FEDERAL-STATE COOPERATIVE PROGRAMS.

Section 1409A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124a) is amended by adding at the end the following:

''(e) APPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—

''(1) PUBLIC MEETINGS.—All meetings of any entity described in paragraph (2) shall be publicly announced in advance and shall be open to the public. Detailed minutes of meetings and other appropriate records of the activities of such an entity shall be kept and made available to the public on request.

''(2) EXEMPTION.—The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to any committee, board, commission, panel, or task force, or similar entity that—

''(A) is created for the purpose of cooperative efforts in agricultural research, extension, or teaching; and

''(B) consists entirely of full-time Federal employees and individuals who are employed by, or who are officials of, a State cooperative institution or a State cooperative agent.''.

SEC. 807. COORDINATION AND PLANNING OF AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION.

Subtitle B of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121 et seq.) is amended by adding at the end the following:

''SEC. 1413A. ACCOUNTABILITY.

''(a) IN GENERAL.—The Secretary shall develop and carry out a system to monitor and evaluate agricultural research and extension activities conducted or supported by the Federal Government that will enable the Secretary to measure the impact of research, extension, and education programs according to priorities, goals, and mandates established by law.

''(b) CONSISTENCY WITH OTHER REQUIREMENTS.—The system shall be developed and carried out in a manner that is consistent with the Government Performance and Results Act of 1993 (Public Law 103–62; 107 Stat. 285) and amendments made by the Act.

''SEC. 1413B. IMMINENT OR EMERGING THREATS TO FOOD SAFETY AND ANIMAL AND PLANT HEALTH.

''In the case of any activities of an agency of the Department of Agriculture that relate to food safety, animal or plant health, research, education, or technology transfer, the Secretary may transfer up to 5 percent of any amounts made available to the agency for a fiscal year to an agency of the Department of Agriculture reporting to the Under Secretary of Agriculture for Research, Education, and Economics for the purpose of addressing imminent or emerging threats to food safety and animal and plant health.

''SEC. 1413C. FEDERAL ADVISORY COMMITTEE ACT EXEMPTION FOR COMPETITIVE RESEARCH, EXTENSION, AND EDUCATION PROGRAMS.

''The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to any committee, board, commission, panel, or task force, or similar entity, created solely for the purpose of reviewing applications or proposals requesting funding under any competitive research, extension, or education program carried out by the Secretary.''.

SEC. 808. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

(a) IN GENERAL.—Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended—

(1) in subsection (b)—

(A) by inserting before ''for a period'' the following: ''or to research foundations maintained by the colleges and universities,''; and

(B) by striking paragraph (4) and inserting the following:

''(4) to design and implement food and agricultural programs to build teaching and research capacity at primarily minority institutions;'';

(2) by redesignating subsections (h) and (i) as subsections (i) and (j), respectively;

(3) by inserting after subsection (g) the following:

''(h) SECONDARY EDUCATION AND 2-YEAR POSTSECONDARY EDUCATION TEACHING PROGRAMS.—

''(1) AGRISCIENCE AND AGRIBUSINESS EDUCATION.—The Secretary shall—

''(A) promote and strengthen secondary education and 2-year postsecondary education in agriscience and agribusiness in order to help ensure the existence in the United States of a qualified workforce to serve the food and agricultural sciences system; and

''(B) promote complementary and synergistic linkages among secondary, 2-year postsecondary, and higher education programs in the food and agricultural sciences in order to promote excellence in education and encourage more young Americans to pursue and complete a baccalaureate or higher degree in the food and agricultural sciences.

''(2) GRANTS.—The Secretary may make competitive or noncompetitive grants, for grant periods not to exceed 5 years, to public secondary education institutions, 2-year community colleges, and junior colleges that have made a commitment to teaching agriscience and agribusiness—

''(A) to enhance curricula in agricultural education;

''(B) to increase faculty teaching competencies;

''(C) to interest young people in pursuing a higher education in order to prepare for scientific and professional careers in the food and agricultural sciences;

''(D) to promote the incorporation of agriscience and agribusiness subject matter into other instructional programs, particularly classes in science, business, and consumer education;

''(E) to facilitate joint initiatives among other secondary or 2-year postsecondary institutions and with 4-year colleges and universities to maximize the development and use of resources such as faculty, facilities, and equipment to improve agriscience and agribusiness education; and

''(F) to support other initiatives designed to meet local, State, regional, or national needs related to promoting excellence in agriscience and agribusiness education.''; and

(4) in subsection (j) (as so redesignated), by striking ''1995'' and inserting ''2002''.

(b) TRANSFER OF FUNCTIONS AND DUTIES PERTAINING TO THE FUTURE FARMERS OF AMERICA.—

(1) IN GENERAL.—There are transferred to the Secretary of Agriculture all the functions and duties of the Secretary of Education under the Act entitled ''An Act to incorporate the Future Farmers of America, and for other purposes'', approved August 30, 1950 (36 U.S.C. 271 et seq.).

(2) PERSONNEL AND UNEXPENDED BALANCES.—There are transferred to the Department of Agriculture all personnel and balances of unexpended appropriations available for carrying out the duties and functions transferred under paragraph (1).

(3) AMENDMENTS.—The Act entitled ''An Act to incorporate the Future Farmers of America, and for other purposes'', approved August 30, 1950, is amended—

(A) in section 7(c) (36 U.S.C. 277(c)) by striking ''Secretary of Education, the executive secretary shall be a member of the Department of Education'' and inserting ''Secretary of Agriculture, the executive secretary shall be an officer or employee of the Department of Agriculture'';

(B) in section 8(a) (36 U.S.C. 278(a))—

(i) by striking ''Secretary of Education'' and inserting ''Secretary of Agriculture''; and

(ii) by striking ''Department of Education'' and inserting ''Department of Agriculture''; and

(C) in section 18 (36 U.S.C. 288)—

(i) by striking ''Secretary of Education'' each place it appears and inserting ''Secretary of Agriculture''; and

(ii) by striking ''Department of Education'' each place it appears and inserting ''Department of Agriculture''.

SEC. 809. GRANTS FOR RESEARCH ON THE PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.

Section 1419(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154(d)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 810. POLICY RESEARCH CENTERS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (as amended by section 809) is further amended by inserting after section 1418 (7 U.S.C. 3153) the following:

''SEC. 1419. POLICY RESEARCH CENTERS.

''(a) IN GENERAL.—Consistent with this section, the Secretary may make grants, competitive grants, and special research grants to, and enter into cooperative agreements and other contracting instruments with, policy research centers to conduct research and education programs that are objective, operationally independent, and external to the Federal Government and that concern the effect of public policies on—

''(1) the farm and agricultural sectors;

''(2) the environment;

''(3) rural families, households and economies; and

''(4) consumers, food, and nutrition.

''(b) ELIGIBLE RECIPIENTS.—Except to the extent otherwise prohibited by law, State agricultural experiment stations, colleges and universities, other research institutions and organizations, private organizations, corporations, and individuals shall be eligible to apply for and receive funding under subsection (a).

''(c) ACTIVITIES.—Under this section, funding may be provided for disciplinary and interdisciplinary research and education concerning activities consistent with this section, including activities that—

''(1) quantify the implications of public policies and regulations;

''(2) develop theoretical and research methods;

''(3) collect and analyze data for policymakers, analysts, and individuals; and

''(4) develop programs to train analysts.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for fiscal years 1996 through 2002.''.

SEC. 811. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

Section 1424 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174) is amended to read as follows:

''SEC. 1424. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

''(a) AUTHORITY OF SECRETARY.—

''(1) IN GENERAL.—The Secretary may establish, and award grants for projects for, a multi-year research initiative on human nutrition intervention and health promotion.

''(2) EMPHASIS OF INITIATIVE.—In administering human nutrition research projects under this section, the Secretary shall give specific emphasis to—

''(A) coordinated longitudinal research assessments of nutritional status; and

''(B) the implementation of unified, innovative intervention strategies;

to identify and solve problems of nutritional inadequacy and contribute to the maintenance of health, well-being, performance, and productivity of individuals, thereby reducing the need of the individuals to use the health care system and social programs of the United States.

''(b) ADMINISTRATION OF FUNDS.—The Administrator of the Agricultural Research Service shall administer funds made available to carry out this section to ensure a coordinated approach to health and nutrition research efforts.

''(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for fiscal years 1996 through 2002.''.

SEC. 812. FOOD AND NUTRITION EDUCATION PROGRAM.

Section 1425(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175(c)(3)) is amended by striking ''fiscal year 1995'' and inserting ''each of fiscal years 1996 through 2002''.

SEC. 813. PURPOSES AND FINDINGS RELATING TO ANIMAL HEALTH AND DISEASE RESEARCH.

Section 1429 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3191) is amended to read as follows:

''SEC. 1429. PURPOSES AND FINDINGS RELATING TO ANIMAL HEALTH AND DISEASE RESEARCH.

''(a) PURPOSES.—The purposes of this subtitle are to—

''(1) promote the general welfare through the improved health and productivity of domestic livestock, poultry, aquatic animals, and other income-producing animals that are essential to the food supply of the United States and the welfare of producers and consumers of animal products;

''(2) improve the health of horses;

''(3) facilitate the effective treatment of, and, to the extent possible, prevent animal and poultry diseases in both domesticated and wild animals that, if not controlled, would be disastrous to the United States livestock and poultry industries and endanger the food supply of the United States;

''(4) improve methods for the control of organisms and residues in food products of animal origin that could endanger the human food supply;

''(5) improve the housing and management of animals to improve the well-being of livestock production species;

''(6) minimize livestock and poultry losses due to transportation and handling;

''(7) protect human health through control of animal diseases transmissible to humans;

''(8) improve methods of controlling the births of predators and other animals; and

''(9) otherwise promote the general welfare through expanded programs of research and extension to improve animal health.

''(b) FINDINGS.—Congress finds that—

''(1) the total animal health and disease research and extension efforts of State colleges and universities and of the Federal Government would be more effective if there were close coordination between the efforts; and

''(2) colleges and universities having accredited schools or colleges of veterinary medicine and State agricultural experiment stations that conduct animal health and disease research are especially vital in training research workers in animal health and related disciplines.''.

SEC. 814. ANIMAL HEALTH SCIENCE RESEARCH ADVISORY BOARD.

Section 1432 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3194) is repealed.

SEC. 815. ANIMAL HEALTH AND DISEASE CONTINUING RESEARCH.

Section 1433 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195) is amended—

(1) in the first sentence of subsection (a), by striking ''1995'' and inserting ''2002'';

(2) in subsection (b)(2)—

(A) by striking ''domestic livestock and poultry'' each place it appears and inserting ''domestic livestock, poultry, and commercial aquaculture species''; and

(B) in the second sentence, by striking ''horses, and poultry'' and inserting ''horses, poultry, and commercial aquaculture species'';

(3) in subsection (d), by striking ''domestic livestock and poultry'' and inserting ''domestic livestock, poultry, and commercial aquaculture species''; and

(4) in subsection (f), by striking ''domestic livestock and poultry'' and inserting ''domestic livestock, poultry, and commercial aquaculture species''.

SEC. 816. ANIMAL HEALTH AND DISEASE NATIONAL OR REGIONAL RESEARCH.

Section 1434 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196) is amended—

(1) in subsection (a)—

(A) by inserting ''or national or regional problems relating to pre-harvest, on-farm food safety, or animal well-being,'' after ''problems,''; and

(B) by striking ''1995'' and inserting ''2002'';

(2) in subsection (b), by striking ''eligible institutions'' and inserting ''State agricultural experiment stations, colleges and universities, other research institutions and organizations, Federal agencies, private organizations or corporations, and individuals'';

(3) in subsection (c)—

(A) in the first sentence, by inserting '', food safety, and animal well-being'' after ''animal health and disease''; and

(B) in the fourth sentence—

(i) by redesignating paragraphs (2) and (3) as paragraphs (4) and (5), respectively; and

(ii) by inserting after paragraph (1) the following:

''(2) any food safety problem that has a significant pre-harvest (on-farm) component and is recognized as posing a significant health hazard to the consuming public;

''(3) issues of animal well-being related to production methods that will improve the housing and management of animals to improve the well-being of livestock production species;'';

(4) in the first sentence of subsection (d), by striking ''to eligible institutions''; and

(5) by adding at the end the following:

''(f) APPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to a panel or board created solely for the purpose of reviewing applications or proposals submitted under this subtitle.''.

SEC. 817. RESIDENT INSTRUCTION PROGRAM AT 1890 LAND-GRANT COLLEGES.

Section 1446 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222a) is repealed.

SEC. 818. GRANT PROGRAM TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AT 1890 LAND-GRANT COLLEGES.

Section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b(b)) is amended by striking ''$8,000,000 for each of the fiscal years 1991 through 1995'' and inserting ''$15,000,000 for each of fiscal years 1996 through 2002''.

SEC. 819. NATIONAL RESEARCH AND TRAINING CENTENNIAL CENTERS AUTHORIZATION.

Section 1448 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c) is amended—

(1) in subsection (a)(1), by inserting '', or fiscal years 1996 through 2002,'' after ''1995''; and

(2) in subsection (f), by striking ''1995'' and inserting ''2002''.

SEC. 820. GRANTS TO STATES FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS.

Section 1458A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292) is repealed.

SEC. 821. AGRICULTURAL RESEARCH PROGRAMS.

Section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311) is amended by striking ''1995'' each place it appears and inserting ''2002''.

SEC. 822. EXTENSION EDUCATION.

Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking ''fiscal year 1995'' and inserting ''each of fiscal years 1995 through 2002''.

SEC. 823. SUPPLEMENTAL AND ALTERNATIVE CROPS RESEARCH.

Section 1473D of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d) is amended—

(1) in subsection (a)—

(A) by striking ''1995'' and inserting ''2002''; and

(B) by striking ''and pilot'';

(2) in subsection (c)—

(A) in paragraph (2)—

(i) in subparagraph (B), by striking ''at pilot sites'' through ''the area''; and

(ii) in subparagraph (D)—

(I) by striking ''near such pilot sites''; and

(II) by striking ''successful pilot program'' and inserting ''successful program'';

(B) in paragraph (3)—

(i) by striking ''pilot'';

(ii) in subparagraph (C), by striking ''and'' at the end;

(iii) in subparagraph (D), by striking the period at the end and inserting a semicolon; and

(iv) by adding at the end the following:

''(E) to conduct fundamental and applied research related to the development of new commercial products derived from natural plant material for industrial, medical, and agricultural applications; and

''(F) to participate with colleges and universities, other Federal agencies, and private sector entities in conducting research described in subparagraph (E).''

SEC. 824. AQUACULTURE ASSISTANCE PROGRAMS.

(a) REPORTS.—Section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322) is amended—

(1) by striking subsection (e); and

(2) by redesignating subsections (f) and (g) as subsections (e) and (f), respectively.

(b) AQUACULTURE RESEARCH FACILITIES.—Section 1476(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3323(b)) is amended by striking ''1995'' and inserting ''2002''.

(c) RESEARCH AND EXTENSION.—Section 1477 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended by striking ''1995'' and inserting ''2002''.

SEC. 825. RANGELAND RESEARCH.

(a) REPORTS.—Section 1481 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3334) is repealed.

(b) ADVISORY BOARD.—Section 1482 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3335) is repealed.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 826. TECHNICAL AMENDMENTS.

The table of contents of the Food and Agriculture Act of 1977 (Public Law 95–113; 91 Stat. 913) is amended—

(1) by striking the item relating to section 1402 and inserting the following:

''Sec. 1402. Purposes of agricultural research, extension, and education.'';

(2) by striking the items relating to sections 1406, 1407, 1408A, 1432, 1446, 1458A, 1481, and 1482;

(3) by striking the item relating to section 1408 and inserting the following:

''Sec. 1408. National Agricultural Research, Extension, Education, and Economics Advisory Board.'';

(4) by striking the item relating to section 1412 and inserting the following:

''Sec. 1412. Support for the Advisory Board.'';

(5) by adding at the end of the items relating to subtitle B of title XIV the following:

''Sec. 1413A. Accountability.
''Sec. 1413B. Imminent or emerging threats to food safety and animal and plant health.
''Sec. 1413C. Federal Advisory Committee Act exemption for competitive research, extension, and education programs.'';

(6) by striking the item relating to section 1419 and inserting the following:

''Sec. 1419. Policy research centers.'';

(7) by striking the item relating to section 1424 and inserting the following:

''Sec. 1424. Human nutrition intervention and health promotion research program.'';

and

(8) by striking the item relating to section 1429 and inserting the following:

''Sec. 1429. Purposes and findings relating to animal health and disease research.''.

Subtitle B—Amendments to Food, Agriculture, Conservation, and Trade Act of 1990

SEC. 831. WATER QUALITY RESEARCH, EDUCATION, AND COORDINATION.

(a) IN GENERAL.—Subtitle G of title XIV of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5501 et seq.) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 1627(a)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5821(a)(3)) is amended by striking '', subtitle G of title XIV,''.

(2) Section 1628 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831) is amended by striking '', subtitle G of title XIV,'' each place it appears in subsections (a) and (d).

(3) Section 1629 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5832) is amended by striking '', subtitle G of title XIV,'' each place it appears in subsections (f) and (g)(11).

SEC. 832. EDUCATION PROGRAM REGARDING HANDLING OF AGRICULTURAL CHEMICALS AND AGRICULTURAL CHEMICAL CONTAINERS.

(a) IN GENERAL.—Section 1499A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125c) is repealed.

(b) CONFORMING AMENDMENT.—Section 1499(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5506(b)) is amended by striking ''and section 1499A''.

SEC. 833. PROGRAM ADMINISTRATION.

(a) IN GENERAL.—Section 1622 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5812) is amended—

(1) by striking subsections (b), (c), and (d); and

(2) by redesignating subsection (e) as subsection (b).

(b) CONFORMING AMENDMENTS.—

(1) Section 1619(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5801(b)) is amended—

(A) by striking paragraph (7); and

(B) by redesignating paragraphs (8), (9), and (10) as paragraphs (7), (8), and (9), respectively.

(2) Section 1621(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5811(c)) is amended—

(A) in paragraph (1)—

(i) by striking subparagraph (A); and

(ii) by redesignating subparagraphs (B) through (E) as subparagraphs (A) through (D), respectively; and

(B) in paragraph (2)—

(i) by striking subparagraph (A); and

(ii) by redesignating subparagraphs (B) through (F) as subparagraphs (A) through (E), respectively.

(3) Section 1622 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5812) (as amended by subsection (a)) is further amended—

(A) in subsection (a)—

(i) by striking paragraph (2);

(ii) in paragraph (3), by striking ''subsection (e)'' and inserting ''subsection (b)''; and

(iii) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively; and

(B) in subsection (b)(2)—

(i) by striking subparagraph (A); and

(ii) by redesignating subparagraphs (B) through (F) as subparagraphs (A) through (E), respectively.

(4) Section 1628(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831(b)) is amended by striking ''Advisory Council, the Soil Conservation Service,'' and inserting ''Natural Resources Conservation Service''.

SEC. 834. NATIONAL GENETICS RESOURCES PROGRAM.

(a) FUNCTIONS.—Section 1632(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5841(d)) is amended by striking paragraph (4) and inserting the following:

''(4) unless otherwise prohibited by law, have the right to make available on request, without charge and without regard to the country from which the request originates, the genetic material that the program assembles;''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 1635(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 835. NATIONAL AGRICULTURAL WEATHER INFORMATION SYSTEM.

Section 1641(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5855(c)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 836. RESEARCH REGARDING PRODUCTION, PREPARATION, PROCESSING, HANDLING, AND STORAGE OF AGRICULTURAL PRODUCTS.

Subtitle E of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5871 et seq.) is repealed.

SEC. 837. PLANT AND ANIMAL PEST AND DISEASE CONTROL PROGRAM.

(a) IN GENERAL.—Subtitle F of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5881) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Section 28(b)(2)(A) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136w–3(b)(2)(A)) is amended by striking ''and the information required by section 1651 of the Food, Agriculture, Conservation, and Trade Act of 1990''.

(2) Section 1627(a)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5821(a)(3)) is amended by striking ''and section 1650''.

(3) Section 1628 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831) is amended by striking ''section 1650,'' each place it appears in subsections (a) and (d).

(4) Section 1629 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5832) is amended by striking ''section 1650,'' each place it appears in subsections (f) and (g)(11).

SEC. 838. LIVESTOCK PRODUCT SAFETY AND INSPECTION PROGRAM.

Section 1670(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5923(e)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 839. PLANT GENOME MAPPING PROGRAM.

Section 1671 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5924) is repealed.

SEC. 840. SPECIALIZED RESEARCH PROGRAMS.

Section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is repealed.

SEC. 841. AGRICULTURAL TELECOMMUNICATIONS PROGRAM.

Section 1673(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5926(h)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 842. NATIONAL CENTERS FOR AGRICULTURAL PRODUCT QUALITY RESEARCH.

Section 1675(g)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5928(g)(1)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 843. TURKEY RESEARCH CENTER AUTHORIZATION.

Section 1676 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5929) is repealed.

SEC. 844. SPECIAL GRANT TO STUDY CONSTRAINTS ON AGRICULTURAL TRADE.

Section 1678 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5931) is repealed.

SEC. 845. PILOT PROJECT TO COORDINATE FOOD AND NUTRITION EDUCATION PROGRAMS.

Section 1679 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5932) is repealed.

SEC. 846. ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS WITH DISABILITIES.

Section 1680 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933) is amended—

(1) in subsection (a)(6)(B), by striking ''1996'' and inserting ''2002''; and

(2) in subsection (b)(2), by striking ''1996'' and inserting ''2002''.

SEC. 847. DEMONSTRATION PROJECTS.

Section 2348 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2662a) is repealed.

SEC. 848. NATIONAL RURAL INFORMATION CENTER CLEARINGHOUSE.

Section 2381(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 849. GLOBAL CLIMATE CHANGE.

(a) TECHNICAL ADVISORY COMMITTEE.—Section 2404 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6703) is repealed.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 2412 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6710) is amended by striking ''1996'' and inserting ''2002''.

SEC. 850. TECHNICAL AMENDMENTS.

The table of contents of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3359) is amended by striking the items relating to subtitle G of title XIV, section 1499A, subtitles E and F of title XVI, and sections 1671, 1672, 1676, 1678, 1679, 2348, and 2404.

Subtitle C—Miscellaneous Research Provisions

SEC. 861. CRITICAL AGRICULTURAL MATERIALS RESEARCH.

(a) IN GENERAL.—Section 4 of the Critical Agricultural Materials Act (7 U.S.C. 178b) is amended—

(1) by striking subsection (g); and

(2) by redesignating subsection (h) as subsection (g).

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) is amended by striking ''1995'' and inserting ''2002''.

SEC. 862. 1994 INSTITUTIONS.

(a) LAND-GRANT STATUS.—The first sentence of section 533(b) of the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note) is amended by striking ''2000'' and inserting ''2002''.

(b) INSTITUTIONAL CAPACITY BUILDING GRANTS.—Section 535 of the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note) is amended by striking ''2000'' each place it appears in subsections (b)(1) and (c) and inserting ''2002''.

SEC. 863. SMITH-LEVER ACT FUNDING FOR 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY AND THE DISTRICT OF COLUMBIA.

(a) ELIGIBILITY FOR FUNDS.—Section 3(d) of the Act of May 8, 1914 (commonly known as the ''Smith-Lever Act'') (38 Stat. 373, chapter 79; 7 U.S.C. 343(d)), is amended by adding at the end the following: ''A college or university eligible to receive funds under the Act of August 30, 1890 (26 Stat. 417, chapter 841; 7 U.S.C. 321 et seq.), including Tuskegee University, or section 208 of the District of Columbia Public Postsecondary Education Reorganization Act (Public Law 93–471; 88 Stat. 1428) may apply for and receive directly from the Secretary of Agriculture—

''(1) amounts made available under this subsection after September 30, 1995, to carry out programs or initiatives for which no funds were made available under this subsection for fiscal year 1995, or any previous fiscal year, as determined by the Secretary; and

''(2) amounts made available after September 30, 1995, to carry out programs or initiatives funded under this subsection prior to that date that are in excess of the highest amount made available for the programs or initiatives under this subsection for fiscal year 1995, or any previous fiscal year, as determined by the Secretary.''.

(b) CONFORMING AMENDMENTS.—

(1) The third sentence of section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended by inserting before the period at the end the following: '', except that for the purpose of this calculation, the total appropriations shall not include amounts made available after September 30, 1995, under section 3(d) of the Act of May 8, 1914 (commonly known as the 'Smith-Lever Act') (38 Stat. 373, chapter 79; 7 U.S.C. 343(d)), to carry out programs or initiatives for which no funds were made available under section 3(d) of the Act for fiscal year 1995, or any previous fiscal year, as determined by the Secretary, and shall not include amounts made available after September 30, 1995, to carry out programs or initiatives funded under section 3(d) of the Act prior to that date that are in excess of the highest amount made available for the programs or initiatives for fiscal year 1995, or any previous fiscal year, as determined by the Secretary.''.

(2) Section 208(c) of the District of Columbia Public Postsecondary Education Reorganization Act (Public Law 93–471; 88 Stat. 1428) is amended by adding at the end the following: ''Funds appropriated under this subsection shall be in addition to any amounts provided to the District of Columbia from—

''(1) amounts made available after September 30, 1995, under section 3(d) of the Act to carry out programs or initiatives for which no funds were made available under section 3(d) of the Act for fiscal year 1995, or any previous fiscal year, as determined by the Secretary of Agriculture; and

''(2) amounts made available after September 30, 1995, to carry out programs or initiatives funded under section 3(d) of the Act prior to the date that are in excess of the highest amount made available for the programs or initiatives for fiscal year 1995, or any previous fiscal year, as determined by the Secretary of Agriculture.''.

SEC. 864. COMMITTEE OF NINE.

Section 3(c)(3) of the Act of March 2, 1887 (Chapter 314; 7 U.S.C. 361c(c)(3)) is amended by striking from '', and shall be used'' through the end of the paragraph and inserting a period.

SEC. 865. AGRICULTURAL RESEARCH FACILITIES.

(a) IN GENERAL.—

(1) RESEARCH FACILITIES.—The Research Facilities Act (7 U.S.C. 390 et seq.) is amended to read as follows:

''SECTION 1. SHORT TITLE.

''This Act may be cited as the 'Research Facilities Act'.

''SEC. 2. DEFINITIONS.

''In this Act:

''(1) AGRICULTURAL RESEARCH FACILITY.—The term 'agricultural research facility' means a proposed facility for research in food and agricultural sciences for which Federal funds are requested by a college, university, or nonprofit institution to assist in the construction, alteration, acquisition, modernization, renovation, or remodeling of the facility.

''(2) FOOD AND AGRICULTURAL SCIENCES.—The term 'food and agricultural sciences' means—

''(A) agriculture, including soil and water conservation and use, the use of organic materials to improve soil tilth and fertility, plant and animal production and protection, and plant and animal health;

''(B) the processing, distributing, marketing, and utilization of food and agricultural products;

''(C) forestry, including range management, production of forest and range products. multiple use of forest and rangelands, and urban forestry;

''(D) aquaculture (as defined in section 1404(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(3));

''(E) human nutrition;

''(F) production inputs, such as energy, to improve productivity; and

''(G) germ plasm collection and preservation.

''(3) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

''SEC. 3. REVIEW PROCESS.

''(a) SUBMISSION TO SECRETARY.—Each proposal for an agricultural research facility shall be submitted to the Secretary for review. The Secretary shall review the proposals in the order in which the proposals are received.

''(b) APPLICATION PROCESS.—In consultation with the Committee on Appropriations of the Senate and Committee on Appropriations of the House of Representatives, the Secretary shall establish an application process for the submission of proposals for agricultural research facilities.

''(c) CRITERIA FOR APPROVAL.—

''(1) DETERMINATION BY SECRETARY.—With respect to each proposal for an agricultural research facility submitted under subsection (a), the Secretary shall determine whether the proposal meets the criteria set forth in paragraph (2).

''(2) CRITERIA.—A proposal for an agricultural research facility shall meet the following criteria:

''(A) NON-FEDERAL SHARE.—The proposal shall certify the availability of at least a 50 percent non-Federal share of the cost of the facility. The non-Federal share shall be paid in cash and may include funding from private sources or from units of State or local government.

''(B) NONDUPLICATION OF FACILITIES.—The proposal shall demonstrate how the agricultural research facility would be complementary to, and not duplicative of, facilities of colleges, universities, and nonprofit institutions, and facilities of the Agricultural Research Service, within the State and region.

''(C) NATIONAL RESEARCH PRIORITIES.—The proposal shall demonstrate how the agricultural research facility would serve—

''(i) 1 or more of the national research policies and priorities set forth in section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101); and

''(ii) regional needs.

''(D) LONG-TERM SUPPORT.—The proposal shall demonstrate that the recipient college, university, or nonprofit institution has the ability and commitment to support the long-term, ongoing operating costs of—

''(i) the agricultural research facility after the facility is completed; and

''(ii) each program to be based at the facility.

''(E) STRATEGIC PLAN.—After the development of the strategic plan required by section 4, the proposal shall demonstrate how the agricultural research facility reflects the strategic plan for Federal research facilities.

''(d) EVALUATION OF PROPOSALS.—Not later than 90 days after receiving a proposal under subsection (a), the Secretary shall—

''(1) evaluate and assess the merits of the proposal, including the extent to which the proposal meets the criteria set forth in subsection (c); and

''(2) report to the Committee on Appropriations of the Senate and Committee on Appropriations of the House of Representatives the results of the evaluation and assessment.

''SEC. 4. STRATEGIC PLAN FOR FEDERAL RESEARCH FACILITIES.

''(a) IN GENERAL.—Not later than September 30, 1997, the Secretary shall develop a comprehensive plan for the development, construction, modernization, consolidation, and closure of federally supported agricultural research facilities.

''(b) FACTORS.—In developing the plan, the Secretary shall consider—

''(1) the need to increase agricultural productivity and to enhance the competitiveness of the United States agriculture and food industry as set forth in section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101); and

''(2) the findings of the National Academy of Sciences with respect to programmatic and scientific priorities relating to agriculture.

''(c) IMPLEMENTATION.—The plan shall be developed for implementation over the 10-fiscal year period beginning with fiscal year 1998.

''SEC. 5. APPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.

''The Federal Advisory Committee Act (5 U.S.C. App) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et. seq) shall not apply to a panel or board created solely for the purpose of reviewing applications or proposals submitted under this Act.

''SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

''(a) IN GENERAL.—Subject to subsection (b), there are authorized to be appropriated such sums as are necessary for fiscal years 1996 through 2002 for the study, plan, design, structure, and related costs of agricultural research facilities under this Act.

''(b) ALLOWABLE ADMINISTRATIVE COSTS.—Not more than 3 percent of the funds made available for any project for an agricultural research facility shall be available for administration of the project.''.

(2) APPLICATION.—

(A) CURRENT PROJECTS.—The amendment made by paragraph (1), other than section 4 of the Research Facilities Act (as amended by paragraph (1)), shall not apply to any project for an agricultural research facility for which funds have been made available for a feasibility study or for any phase of the project prior to October 1, 1995.

(B) STRATEGIC PLAN.—The strategic plan required by section 4 of the Act shall apply to all federally supported agricultural research facilities, including projects funded prior to the effective date of this title.

(b) AUTHORIZATION OF APPROPRIATIONS FOR FEDERAL FACILITIES.—Section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1556) is amended—

(1) in subsection (a)—

(A) by striking ''(a)''; and

(B) by striking ''1995'' and inserting ''2002''; and

(2) by striking subsection (b).

(c) CONFORMING AMENDMENT.—Section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by striking ''1416,''.

SEC. 866. NATIONAL COMPETITIVE RESEARCH INITIATIVE.

Subsection (b)(10) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)(10)) is amended—

(1) by striking ''OF APPROPRIATIONS.—There'' and inserting the following: ''AND AVAILABILITY OF APPROPRIATIONS.—

"(A) IN GENERAL.—There";

(2) by striking "fiscal year 1995" and inserting "each of fiscal years 1995 through 2002";

(3) by striking "(A) not" and inserting the following:

"(i) not";

(4) by striking "(B) not" and inserting the following:

"(ii) not";

(5) in clause (ii) (as so designated), by striking "20 percent" and inserting "40 percent";

(6) by striking "(C) not" and inserting the following:

"(iii) not";

(7) by striking "(D) not" and inserting the following:

"(iv) not";

(8) by striking "(E) not" and inserting the following:

"(v) not"; and

(9) by adding at the end the following:

"(B) AVAILABILITY.—Funds made available under subparagraph (A) shall be available for obligation for a period of 2 years from the beginning of the fiscal year for which the funds are made available.".

SEC. 867. COTTON CROP REPORTS.

The Act of May 3, 1924 (43 Stat. 115, chapter 149; 7 U.S.C. 475), is repealed.

SEC. 868. RURAL DEVELOPMENT RESEARCH AND EDUCATION.

Section 502 of the Rural Development Act of 1972 (7 U.S.C. 2662) is amended—

(1) in subsection (a), by inserting after the first sentence the following: "The rural development extension programs shall also promote coordinated and integrated rural community initiatives that advance and empower capacity building through leadership development, entrepreneurship, business development and management training and strategic planning to increase jobs, income, and quality of life in rural communities.";

(2) by striking subsections (g) and (j); and

(3) by redesignating subsections (h) and (i) as subsections (g) and (h) respectively.

SEC. 869. HUMAN NUTRITION RESEARCH.

Section 1452 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 7 U.S.C. 3173 note) is repealed.

SEC. 870. DAIRY GOAT RESEARCH PROGRAM.

Section 1432 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (Public Law 97–98; 7 U.S.C. 3222 note) is amended—

(1) in subsection (a), by striking "(a)"; and

(2) by striking subsection (b).

SEC. 871. GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE EXTENSION FACILITIES.

(a) IN GENERAL.—Section 1416 of the Food Security Act of 1985 (7 U.S.C. 3224) is repealed.

(b) TECHNICAL AMENDMENT.—The table of contents of the Food Security Act of 1985 (Public Law 99–198; 99 Stat. 1354) is amended by striking the item relating to section 1416.

SEC. 872. STUTTGART NATIONAL AQUACULTURE RESEARCH CENTER.

(a) TRANSFER OF FUNCTIONS TO THE SECRETARY OF AGRICULTURE.—

(1) TITLE OF PUBLIC LAW 85–342.—The title of Public Law 85–342 (16 U.S.C. 778 et seq.) is amended by striking "Secretary of the Interior" and inserting "Secretary of Agriculture".

(2) AUTHORIZATION.—The first section of Public Law 85–342 (16 U.S.C. 778) is amended—

(A) by striking "Secretary of the Interior" and all that follows through "directed to" and inserting "Secretary of Agriculture shall";

(B) by striking "station and stations" and inserting "1 or more centers"; and

(C) in paragraph (5), by striking "Department of Agriculture" and inserting "Secretary of the Interior".

(3) AUTHORITY.—Section 2 of Public Law 85–342 (16 U.S.C. 778a) is amended by striking ", the Secretary" and all that follows through "authorized" and inserting ", the Secretary of Agriculture is authorized".

(4) ASSISTANCE.—Section 3 of Public Law 85–342 (16 U.S.C. 778b) is amended—

(A) by striking "Secretary of the Interior" and inserting "Secretary of Agriculture"; and

(B) by striking "Department of Agriculture" and inserting "Secretary of the Interior".

(b) TRANSFER OF FISH FARMING EXPERIMENTAL LABORATORY TO DEPARTMENT OF AGRICULTURE.—

(1) DESIGNATION OF STUTTGART NATIONAL AQUACULTURE RESEARCH CENTER.—

(A) IN GENERAL.—The Fish Farming Experimental Laboratory in Stuttgart, Arkansas (including the facilities in Kelso, Arkansas), shall be known and designated as the "Stuttgart National Aquaculture Research Center".

(B) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the laboratory referred to in subparagraph (A) shall be deemed to be a reference to the "Stuttgart National Aquaculture Research Center".

(2) TRANSFER OF LABORATORY TO THE DEPARTMENT OF AGRICULTURE.—Subject to section 1531 of title 31, United States Code, not later than 90 days after the effective date of this title, there are transferred to the Department of Agriculture—

(A) the personnel employed in connection with the laboratory referred to in paragraph (1);

(B) the assets, liabilities, contracts, and real and personal property of the laboratory;

(C) the records of the laboratory; and

(D) the unexpended balance of appropriations, authorizations, allocations and other funds employed, held, arising from, available to, or to be made available in connection with the laboratory.

(3) NONDUPLICATION.—The research center referred to in paragraph (1)(A) shall be complementary to, and not duplicative of, facilities of colleges, universities, and nonprofit institutions, and facilities of the Agricultural Research Service, within the State and region, as determined by the Administrator of the Service.

SEC. 873. NATIONAL AQUACULTURE POLICY, PLANNING, AND DEVELOPMENT.

(a) DEFINITIONS.—Section 3 of the National Aquaculture Act of 1980 (16 U.S.C. 2802) is amended—

(1) in paragraph (1), by striking "the propagation" and all that follows through the period at the end and inserting the following: "the commercially controlled cultivation of aquatic plants, animals, and microorganisms, but does not include private for-profit ocean ranching of Pacific salmon in a State in which the ranching is prohibited by law.";

(2) in paragraph (3), by striking "or aquatic plant" and inserting "aquatic plant, or microorganism";

(3) by redesignating paragraphs (7) through (9) as paragraphs (8) through (10), respectively; and

(4) by inserting after paragraph (6) the following:

"(7) The term 'private aquaculture' means the commercially controlled cultivation of aquatic plants, animals, and microorganisms other than cultivation carried out by the Federal Government, any State or local government, or an Indian tribe recognized by the Bureau of Indian Affairs.".

(b) NATIONAL AQUACULTURE DEVELOPMENT PLAN.—Section 4 of the National Aquaculture Act of 1980 (16 U.S.C. 2803) is amended—

(1) in subsection (c)—

(A) in subparagraph (A), by adding "and" at the end;

(B) in subparagraph (B), by striking "; and" and inserting a period; and

(C) by striking subparagraph (C);

(2) in the second sentence of subsection (d), by striking "Secretaries determine that" and inserting "Secretary, in consultation with the Secretary of Commerce, the Secretary of the Interior, and the heads of such other agencies as the Secretary determines are appropriate, determines that"; and

(3) in subsection (e), by striking "Secretaries" and inserting "Secretary, in consultation with the Secretary of Commerce, the Secretary of the Interior, and the heads of such other agencies as the Secretary determines are appropriate,".

(c) FUNCTIONS AND POWERS OF SECRETARIES.—Section 5(b)(3) of the National Aquaculture Act of 1980 (16 U.S.C. 2804(b)(3)) is amended by striking "Secretaries deem" and inserting "Secretary, in consultation with the Secretary of Commerce, the Secretary of the Interior, and the heads of such other agencies as the Secretary determines are appropriate, consider".

(d) COORDINATION OF NATIONAL ACTIVITIES REGARDING AQUACULTURE.—The first sentence of section 6(a) of the National Aquaculture Act of 1980 (16 U.S.C. 2805(a)) is amended by striking "(f)" and inserting "(e)".

(e) NATIONAL POLICY FOR PRIVATE AQUACULTURE.—The National Aquaculture Act of 1980 (16 U.S.C. 2801 et seq.) is amended—

(1) by redesignating sections 7, 8, 9, 10, and 11 as sections 8, 9, 10, 11, and 12, respectively; and

(2) by inserting after section 6 (16 U.S.C. 2805) the following:

"SEC. 7. NATIONAL POLICY FOR PRIVATE AQUACULTURE.

"(a) IN GENERAL.—In consultation with the Secretary of Commerce and the Secretary of the Interior, the Secretary shall coordinate and implement a national policy for private aquaculture in accordance with this section. In developing the policy, the Secretary may consult with other agencies and organizations.

"(b) DEPARTMENT OF AGRICULTURE AQUACULTURE PLAN.—

"(1) IN GENERAL.—The Secretary shall develop and implement a Department of Agriculture Aquaculture Plan (referred to in this section as the 'Department plan') for a unified aquaculture program of the Department of Agriculture (referred to in this section as the 'Department') to support the development of private aquaculture.

"(2) ELEMENTS OF DEPARTMENT PLAN.—The Department plan shall address—

"(A) programs of individual agencies of the Department related to aquaculture that are consistent with Department programs related to other areas of agriculture, including livestock, crops, products, and commodities under the jurisdiction of agencies of the Department;

"(B) the treatment of cultivated aquatic animals as livestock and cultivated aquatic plants as agricultural crops; and

"(C) means for effective coordination and implementation of aquaculture activities and programs within the Department, including individual agency commitments of personnel and resources.

"(c) NATIONAL AQUACULTURE INFORMATION CENTER.—In carrying out section 5, the Secretary may maintain and support a National Aquaculture Information Center at the National Agricultural Library as a repository for information on national and international aquaculture.

''(d) TREATMENT OF AQUACULTURE.—The Secretary shall treat—

''(1) private aquaculture as agriculture; and

''(2) commercially cultivated aquatic animals, plants, and microorganisms, and products of the animals, plants, and microorganisms, produced by private persons and transported or moved in standard commodity channels as agricultural livestock, crops, and commodities.

''(e) PRIVATE AQUACULTURE POLICY COORDINATION, DEVELOPMENT, AND IMPLEMENTATION.—

''(1) RESPONSIBILITY.—The Secretary shall have responsibility for coordinating, developing, and carrying out policies and programs for private aquaculture.

''(2) DUTIES.—The Secretary shall—

''(A) coordinate all intradepartmental functions and activities relating to private aquaculture; and

''(B) establish procedures for the coordination of functions, and consultation with, the coordinating group.

''(f) LIAISON WITH DEPARTMENTS OF COMMERCE AND THE INTERIOR.—The Secretary of Commerce and the Secretary of the Interior shall each designate an officer or employee of the Department of the Secretary to be the liaison of the Department to the Secretary of Agriculture.''.

(f) AUTHORIZATION OF APPROPRIATIONS.—Section 11 of the National Aquaculture Act of 1980 (as redesignated by subsection (e)(1)) is amended by striking ''the fiscal years 1991, 1992, and 1993'' each place it appears and inserting ''fiscal years 1991 through 2002''.

SEC. 874. EXPANSION OF AUTHORITIES RELATED TO THE NATIONAL ARBORETUM.

(a) SOLICITATION OF GIFTS, BENEFITS, AND DEVISES.—The first sentence of section 5 of the Act of March 4, 1927 (89 Stat. 683; 20 U.S.C. 195), is amended by inserting ''solicit,'' after ''authorized to''.

(b) CONCESSIONS, FEES, AND VOLUNTARY SERVICES.—The Act of March 4, 1927 (44 Stat. 1422, chapter 505; 20 U.S.C. 191 et seq.), is amended by adding at the end the following:

''SEC. 6. CONCESSIONS, FEES, AND VOLUNTARY SERVICES.

''(a) IN GENERAL.—Notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) and section 321 of the Act of June 30, 1932 (47 Stat. 412, chapter 314; 40 U.S.C. 303b), the Secretary of Agriculture, in furtherance of the mission of the National Arboretum, may—

''(1) negotiate agreements granting concessions at the National Arboretum to nonprofit scientific or educational organizations the interests of which are complementary to the mission of the National Arboretum, except that the net proceeds of the organizations from the concessions shall be used exclusively for research and educational work for the benefit of the National Arboretum;

''(2) provide by concession, on such terms as the Secretary of Agriculture considers appropriate and necessary, for commercial services for food, drink, and nursery sales, if an agreement for a permanent concession under this paragraph is negotiated with a qualified person submitting a proposal after due consideration of all proposals received after the Secretary of Agriculture provides reasonable public notice of the intent of the Secretary to enter into such an agreement;

''(3) dispose of excess property, including excess plants and fish, in a manner designed to maximize revenue from any sale of the property, including by way of public auction, except that this paragraph shall not apply to the free dissemination of new varieties of seeds and germ plasm in accordance with section 520 of the Revised Statutes (commonly known as the 'Department of Agriculture Organic Act of 1862') (7 U.S.C. 2201);

''(4) charge such fees as the Secretary of Agriculture considers reasonable for temporary use by individuals or groups of National Arboretum facilities and grounds for any purpose consistent with the mission of the National Arboretum;

''(5) charge such fees as the Secretary of Agriculture considers reasonable for the use of the National Arboretum for commercial photography or cinematography;

''(6) publish, in print and electronically and without regard to laws relating to printing by the Federal Government, informational brochures, books, and other publications concerning the National Arboretum or the collections of the Arboretum; and

''(7) license use of the National Arboretum name and logo for public service or commercial uses.

''(b) USE OF FUNDS.—Any funds received or collected by the Secretary of Agriculture as a result of activities described in subsection (a) shall be retained in a special fund in the Treasury for the use and benefit of the National Arboretum as the Secretary of Agriculture considers appropriate.

''(c) ACCEPTANCE OF VOLUNTARY SERVICES.—The Secretary of Agriculture may accept the voluntary services of organizations described in subsection (a)(1), and the voluntary services of individuals (including employees of the National Arboretum), for the benefit of the National Arboretum.''.

SEC. 875. STUDY OF AGRICULTURAL RESEARCH SERVICE.

(a) STUDY.—The Secretary of Agriculture shall request the National Academy of Sciences to conduct a study of the role and mission of the Agricultural Research Service. The study shall—

(1) evaluate the strength of science of the Service and the relevance of the science to national priorities;

(2) examine how the work of the Service relates to the capacity of the United States agricultural research, education, and extension system overall; and

(3) include recommendations, as appropriate.

(b) REPORT.—Not later than 18 months after the effective date of this title, the Secretary shall prepare a report that describes the results of the study conducted under subsection (a) and submit the report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(c) FUNDING.—The Secretary shall use to carry out this section not more than $500,000 of funds made available to the Agricultural Research Service for research.

SEC. 876. LABELING OF DOMESTIC AND IMPORTED LAMB AND MUTTON.

Section 7 of the Federal Meat Inspection Act (21 U.S.C. 607) is amended by adding at the end the following:

''(f) LAMB AND MUTTON.—

''(1) STANDARDS.—The Secretary, consistent with United States international obligations, shall establish standards for the labeling of sheep carcasses, parts of carcasses, meat, and meat food products as 'lamb' or 'mutton'.

''(2) METHOD.—The standards under paragraph (1) shall be based on the use of the break or spool joint method to differentiate lamb from mutton by the degree of calcification of bone to reflect maturity.''.

SEC. 877. SENSE OF SENATE.

It is the sense of the Senate that the Department of Agriculture should continue to make methyl bromide alternative research and extension activities a high priority of the Department: *Provided,* That it is the sense of the Senate that the Department of Agriculture, the Environmental Protection Agency, producer and processor organizations, environmental organizations, and State agencies continue their dialogue on the risks and benefits of extending the 2001 phaseout deadline.

TITLE IX—AGRICULTURAL PROMOTION

Subtitle A—Popcorn

SEC. 901. SHORT TITLE.

This subtitle may be cited as the ''Popcorn Promotion, Research, and Consumer Information Act''.

SEC. 902. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—Congress finds that—

(1) popcorn is an important food that is a valuable part of the human diet;

(2) the production and processing of popcorn plays a significant role in the economy of the United States in that popcorn is processed by several popcorn processors, distributed through wholesale and retail outlets, and consumed by millions of people throughout the United States and foreign countries;

(3) popcorn must be of high quality, readily available, handled properly, and marketed efficiently to ensure that the benefits of popcorn are available to the people of the United States;

(4) the maintenance and expansion of existing markets and uses and the development of new markets and uses for popcorn are vital to the welfare of processors and persons concerned with marketing, using, and producing popcorn for the market, as well as to the agricultural economy of the United States;

(5) the cooperative development, financing, and implementation of a coordinated program of popcorn promotion, research, consumer information, and industry information is necessary to maintain and expand markets for popcorn; and

(6) popcorn moves in interstate and foreign commerce, and popcorn that does not move in those channels of commerce directly burdens or affects interstate commerce in popcorn.

(b) POLICY.—It is the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of the powers provided in this subtitle, of an orderly procedure for developing, financing (through adequate assessments on unpopped popcorn processed domestically), and carrying out an effective, continuous, and coordinated program of promotion, research, consumer information, and industry information designed to—

(1) strengthen the position of the popcorn industry in the marketplace; and

(2) maintain and expand domestic and foreign markets and uses for popcorn.

(c) PURPOSES.—The purposes of this subtitle are to—

(1) maintain and expand the markets for all popcorn products in a manner that—

(A) is not designed to maintain or expand any individual share of a producer or processor of the market;

(B) does not compete with or replace individual advertising or promotion efforts designed to promote individual brand name or trade name popcorn products; and

(C) authorizes and funds programs that result in government speech promoting government objectives; and

(2) establish a nationally coordinated program for popcorn promotion, research, consumer information, and industry information.

(d) STATUTORY CONSTRUCTION.—This subtitle treats processors equitably. Nothing in this subtitle—

(1) provides for the imposition of a trade barrier to the entry into the United States of imported popcorn for the domestic market; or

(2) provides for the control of production or otherwise limits the right of any individual processor to produce popcorn.

SEC. 903. DEFINITIONS.

In this subtitle (except as otherwise specifically provided):

(1) BOARD.—The term ''Board'' means the Popcorn Board established under section 905(b).

(2) COMMERCE.—The term ''commerce'' means interstate, foreign, or intrastate commerce.

(3) CONSUMER INFORMATION.—The term ''consumer information'' means information and programs that will assist consumers and other persons in making evaluations and decisions regarding the purchase, preparation, and use of popcorn.

(4) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

(5) INDUSTRY INFORMATION.—The term ''industry information'' means information and programs that will lead to the development of—

(A) new markets, new marketing strategies, or increased efficiency for the popcorn industry; or

(B) activities to enhance the image of the popcorn industry.

(6) MARKETING.—The term ''marketing'' means the sale or other disposition of unpopped popcorn for human consumption in a channel of commerce, but does not include a sale or disposition to or between processors.

(7) ORDER.—The term ''order'' means an order issued under section 904.

(8) PERSON.—The term ''person'' means an individual, group of individuals, partnership, corporation, association, or cooperative, or any other legal entity.

(9) POPCORN.—The term ''popcorn'' means unpopped popcorn (Zea Mays L) that is—

(A) commercially grown;

(B) processed in the United States by shelling, cleaning, or drying; and

(C) introduced into a channel of commerce.

(10) PROCESS.—The term ''process'' means to shell, clean, dry, and prepare popcorn for the market, but does not include packaging popcorn for the market without also engaging in another activity described in this paragraph.

(11) PROCESSOR.—The term ''processor'' means a person engaged in the preparation of unpopped popcorn for the market who owns or shares the ownership and risk of loss of the popcorn and who processes and distributes over 4,000,000 pounds of popcorn in the market per year.

(12) PROMOTION.—The term ''promotion'' means an action, including paid advertising, to enhance the image or desirability of popcorn.

(13) RESEARCH.—The term ''research'' means any type of study to advance the image, desirability, marketability, production, product development, quality, or nutritional value of popcorn.

(14) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(15) STATE.—The term ''State'' means each of the 50 States and the District of Columbia.

(16) UNITED STATES.—The term ''United States'' means all of the States.

SEC. 904. ISSUANCE OF ORDERS.

(a) IN GENERAL.—To effectuate the policy described in section 902(b), the Secretary, subject to subsection (b), shall issue 1 or more orders applicable to processors. An order shall be applicable to all popcorn production and marketing areas in the United States. Not more than 1 order shall be in effect under this subtitle at any 1 time.

(b) PROCEDURE.—

(1) PROPOSAL OR REQUEST FOR ISSUANCE.—The Secretary may propose the issuance of an order, or an association of processors or any other person that would be affected by an order may request the issuance of, and submit a proposal for, an order.

(2) NOTICE AND COMMENT CONCERNING PROPOSED ORDER.—Not later than 60 days after the receipt of a request and proposal for an order under paragraph (1), or at such time as the Secretary determines to propose an order, the Secretary shall publish a proposed order and give due notice and opportunity for public comment on the proposed order.

(3) ISSUANCE OF ORDER.—After notice and opportunity for public comment under paragraph (2), the Secretary shall issue an order, taking into consideration the comments received and including in the order such provisions as are necessary to ensure that the order conforms to this subtitle. The order shall be issued and become effective not later than 150 days after the date of publication of the proposed order.

(c) AMENDMENTS.—The Secretary, as appropriate, may amend an order. The provisions of this subtitle applicable to an order shall be applicable to any amendment to an order, except that an amendment to an order may not require a referendum to become effective.

SEC. 905. REQUIRED TERMS IN ORDERS.

(a) IN GENERAL.—An order shall contain the terms and conditions specified in this section.

(b) ESTABLISHMENT AND MEMBERSHIP OF POPCORN BOARD.—

(1) IN GENERAL.—The order shall provide for the establishment of, and appointment of members to, a Popcorn Board that shall consist of not fewer than 4 members and not more than 9 members.

(2) NOMINATIONS.—The members of the Board shall be processors appointed by the Secretary from nominations submitted by processors in a manner authorized by the Secretary, subject to paragraph (3). Not more than 1 member may be appointed to the Board from nominations submitted by any 1 processor.

(3) GEOGRAPHICAL DIVERSITY.—In making appointments, the Secretary shall take into account, to the extent practicable, the geographical distribution of popcorn production throughout the United States.

(4) TERMS.—The term of appointment of each member of the Board shall be 3 years, except that the members appointed to the initial Board shall serve, proportionately, for terms of 2, 3, and 4 years, as determined by the Secretary.

(5) COMPENSATION AND EXPENSES.—A member of the Board shall serve without compensation, but shall be reimbursed for the expenses of the member incurred in the performance of duties for the Board.

(c) POWERS AND DUTIES OF BOARD.—The order shall define the powers and duties of the Board, which shall include the power and duty—

(1) to administer the order in accordance with the terms and provisions of the order;

(2) to make regulations to effectuate the terms and provisions of the order;

(3) to appoint members of the Board to serve on an executive committee;

(4) to propose, receive, evaluate, and approve budgets, plans, and projects of promotion, research, consumer information, and industry information, and to contract with appropriate persons to implement the plans or projects;

(5) to accept and receive voluntary contributions, gifts, and market promotion or similar funds;

(6) to invest, pending disbursement under a plan or project, funds collected through assessments authorized under subsection (f), only in—

(A) obligations of the United States or an agency of the United States;

(B) general obligations of a State or a political subdivision of a State;

(C) an interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(D) obligations fully guaranteed as to principal and interest by the United States;

(7) to receive, investigate, and report to the Secretary complaints of violations of the order; and

(8) to recommend to the Secretary amendments to the order.

(d) PLANS AND BUDGETS.—

(1) IN GENERAL.—The order shall provide that the Board shall submit to the Secretary for approval any plan or project of promotion, research, consumer information, or industry information.

(2) BUDGETS.—The order shall require the Board to submit to the Secretary for approval budgets on a fiscal year basis of the anticipated expenses and disbursements of the Board in the implementation of the order, including projected costs of plans and projects of promotion, research, consumer information, and industry information.

(e) CONTRACTS AND AGREEMENTS.—

(1) IN GENERAL.—The order shall provide that the Board may enter into contracts or agreements for the implementation and carrying out of plans or projects of promotion, research, consumer information, or industry information, including contracts with a processor organization, and for the payment of the cost of the plans or projects with funds collected by the Board under the order.

(2) REQUIREMENTS.—A contract or agreement under paragraph (1) shall provide that—

(A) the contracting party shall develop and submit to the Board a plan or project, together with a budget that shows the estimated costs to be incurred for the plan or project;

(B) the plan or project shall become effective on the approval of the Secretary; and

(C) the contracting party shall keep accurate records of each transaction of the party, account for funds received and expended, make periodic reports to the Board of activities conducted, and make such other reports as the Board or the Secretary may require.

(3) PROCESSOR ORGANIZATIONS.—The order shall provide that the Board may contract with processor organizations for any other services. The contract shall include provisions comparable to the provisions required by paragraph (2).

(f) ASSESSMENTS.—

(1) PROCESSORS.—The order shall provide that each processor marketing popcorn in the United States or for export shall, in the manner prescribed in the order, pay assessments and remit the assessments to the Board.

(2) DIRECT MARKETERS.—A processor that markets popcorn produced by the processor directly to consumers shall pay and remit the assessments on the popcorn directly to the Board in the manner prescribed in the order.

(3) RATE.—

(A) IN GENERAL.—The rate of assessment prescribed in the order shall be a rate established by the Board but not more than $.08 per hundredweight of popcorn.

(B) ADJUSTMENT OF RATE.—The order shall provide that the Board, with the approval of the Secretary, may raise or lower the rate of assessment annually up to a maximum of $.08 per hundredweight of popcorn.

(4) USE OF ASSESSMENTS.—

(A) IN GENERAL.—Subject to subparagraphs (B) and (C) and subsection (c)(5), the order shall provide that the assessments collected shall be used by the Board—

(i) to pay expenses incurred in implementing and administering the order, with provision for a reasonable reserve; and

(ii) to cover such administrative costs as are incurred by the Secretary, except that the administrative costs incurred by the Secretary (other than any legal expenses incurred to defend and enforce the order) that may be reimbursed by the Board may not exceed 15 percent of the projected annual revenues of the Board.

(B) EXPENDITURES BASED ON SOURCE OF ASSESSMENTS.—In implementing plans and projects of promotion, research, consumer information, and industry information, the Board shall expend funds on—

(i) plans and projects for popcorn marketed in the United States or Canada in proportion to the amount of assessments collected on domestically marketed popcorn; and

(ii) plans and projects for exported popcorn in proportion to the amount of assessments collected on exported popcorn.

(C) NOTIFICATION.—If the administrative costs incurred by the Secretary that are reimbursed by the Board exceed 10 percent of the projected annual revenues of the Board, the Secretary shall notify as soon as practicable the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(g) PROHIBITION ON USE OF FUNDS.—The order shall prohibit any funds collected by the Board under the order from being used to influence government action or policy, other than the use of funds by the Board for the development and recommendation to the Secretary of amendments to the order.

(h) BOOKS AND RECORDS OF THE BOARD.—The order shall require the Board to—

(1) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

(2) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

(3) account for the receipt and disbursement of all funds entrusted to the Board.

(i) BOOKS AND RECORDS OF PROCESSORS.—

(1) MAINTENANCE AND REPORTING OF INFORMATION.—The order shall require that each processor of popcorn for the market shall—

(A) maintain, and make available for inspection, such books and records as are required by the order; and

(B) file reports at such time, in such manner, and having such content as is prescribed in the order.

(2) USE OF INFORMATION.—The Secretary shall authorize the use of information regarding processors that may be accumulated under a law or regulation other than this subtitle or a regulation issued under this subtitle. The information shall be made available to the Secretary as appropriate for the administration or enforcement of this subtitle, the order, or any regulation issued under this subtitle.

(3) CONFIDENTIALITY.—

(A) IN GENERAL.—Subject to subparagraphs (B), (C), and (D), all information obtained by the Secretary under paragraphs (1) and (2) shall be kept confidential by all officers, employees, and agents of the Board and the Department.

(B) DISCLOSURE BY SECRETARY.—Information referred to in subparagraph (A) may be disclosed if—

(i) the Secretary considers the information relevant;

(ii) the information is revealed in a suit or administrative hearing brought at the request of the Secretary, or to which the Secretary or any officer of the United States is a party; and

(iii) the information relates to the order.

(C) DISCLOSURE TO OTHER AGENCY OF FEDERAL GOVERNMENT.—

(i) IN GENERAL.—No information obtained under the authority of this subtitle may be made available to another agency or officer of the Federal Government for any purpose other than the implementation of this subtitle and any investigatory or enforcement activity necessary for the implementation of this subtitle.

(ii) PENALTY.—A person who knowingly violates this subparagraph shall, on conviction, be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or both, and if an officer, employee, or agent of the Board or the Department, shall be removed from office or terminated from employment, as applicable.

(D) GENERAL STATEMENTS.—Nothing in this paragraph prohibits—

(i) the issuance of general statements, based on the reports, of the number of persons subject to the order or statistical data collected from the reports, if the statements do not identify the information provided by any person; or

(ii) the publication, by direction of the Secretary, of the name of a person violating the order, together with a statement of the particular provisions of the order violated by the person.

(j) OTHER TERMS AND CONDITIONS.—The order shall contain such terms and conditions, consistent with this subtitle, as are necessary to effectuate this subtitle, including regulations relating to the assessment of late payment charges.

SEC. 906. REFERENDA.

(a) INITIAL REFERENDUM.—

(1) IN GENERAL.—Within the 60-day period immediately preceding the effective date of an order, as provided in section 904(b)(3), the Secretary shall conduct a referendum among processors who, during a representative period as determined by the Secretary, have been engaged in processing, for the purpose of ascertaining whether the order shall go into effect.

(2) APPROVAL OF ORDER.—The order shall become effective, as provided in section 904(b), only if the Secretary determines that the order has been approved by not less than a majority of the processors voting in the referendum and if the majority processed more than 50 percent of the popcorn certified as having been processed, during the representative period, by the processors voting.

(b) ADDITIONAL REFERENDA.—

(1) IN GENERAL.—Not earlier than 3 years after the effective date of an order approved under subsection (a), on the request of the Board or a representative group of processors, as described in paragraph (2), the Secretary may conduct additional referenda to determine whether processors favor the termination or suspension of the order.

(2) REPRESENTATIVE GROUP OF PROCESSORS.—An additional referendum on an order shall be conducted if the referendum is requested by 30 percent or more of the number of processors who, during a representative period as determined by the Secretary, have been engaged in processing.

(3) DISAPPROVAL OF ORDER.—If the Secretary determines, in a referendum conducted under paragraph (1), that suspension or termination of the order is favored by at least ⅔ of the processors voting in the referendum, the Secretary shall—

(A) suspend or terminate, as appropriate, collection of assessments under the order not later than 180 days after the date of determination; and

(B) suspend or terminate the order, as appropriate, in an orderly manner as soon as practicable after the date of determination.

(c) COSTS OF REFERENDUM.—The Secretary shall be reimbursed from assessments collected by the Board for any expenses incurred by the Secretary in connection with the conduct of any referendum under this section.

(d) METHOD OF CONDUCTING REFERENDUM.—Subject to this section, a referendum conducted under this section shall be conducted in such manner as is determined by the Secretary.

(e) CONFIDENTIALITY OF BALLOTS AND OTHER INFORMATION.—

(1) IN GENERAL.—The ballots and other information or reports that reveal or tend to reveal the vote of any processor, or any business operation of a processor, shall be considered to be strictly confidential and shall not be disclosed.

(2) PENALTY FOR VIOLATIONS.—An officer or employee of the Department who knowingly violates paragraph (1) shall be subject to the penalties described in section 905(i)(3)(C)(ii).

SEC. 907. PETITION AND REVIEW.

(a) PETITION.—

(1) IN GENERAL.—A person subject to an order may file with the Secretary a petition—

(A) stating that the order, a provision of the order, or an obligation imposed in connection with the order is not established in accordance with law; and

(B) requesting a modification of the order or obligation or an exemption from the order or obligation.

(2) STATUTE OF LIMITATIONS.—A petition under paragraph (1) concerning an obligation may be filed not later than 2 years after the date of imposition of the obligation.

(3) HEARINGS.—The petitioner shall be given the opportunity for a hearing on a petition filed under paragraph (1), in accordance with regulations issued by the Secretary.

(4) RULING.—After a hearing under paragraph (3), the Secretary shall issue a ruling on the petition that is the subject of the hearing, which shall be final if the ruling is in accordance with applicable law.

(b) REVIEW.—

(1) COMMENCEMENT OF ACTION.—The district court of the United States for any district in which a person who is a petitioner under subsection (a) resides or carries on business shall have jurisdiction to review a ruling on the petition, if the person files a complaint not later than 20 days after the date of issuance of the ruling under subsection (a)(4).

(2) PROCESS.—Service of process in a proceeding under paragraph (1) may be made on the Secretary by delivering a copy of the complaint to the Secretary.

(3) REMANDS.—If the court determines, under paragraph (1), that a ruling issued under subsection (a)(4) is not in accordance with applicable law, the court shall remand the matter to the Secretary with directions—

(A) to make such ruling as the court shall determine to be in accordance with law; or

(B) to take such further proceedings as, in the opinion of the court, the law requires.

(c) ENFORCEMENT.—The pendency of proceedings instituted under subsection (a) may not impede, hinder, or delay the Secretary or the Attorney General from taking action under section 908.

SEC. 908. ENFORCEMENT.

(a) IN GENERAL.—The Secretary may issue an enforcement order to restrain or prevent any person from violating an order or regulation issued under this subtitle and may assess a civil penalty of not more than $1,000 for each violation of the enforcement order, after an opportunity for an administrative hearing, if the Secretary determines that the administration and enforcement of the order and this subtitle would be adequately served by such a procedure.

(b) JURISDICTION.—The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, an order or regulation issued under this subtitle.

(c) REFERRAL TO ATTORNEY GENERAL.—A civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action.

SEC. 909. INVESTIGATIONS AND POWER TO SUBPOENA.

(a) INVESTIGATIONS.—The Secretary may make such investigations as the Secretary considers necessary—

(1) for the effective administration of this subtitle; and

(2) to determine whether any person subject to this subtitle has engaged, or is about to engage, in an act that constitutes or will constitute a violation of this subtitle or of an order or regulation issued under this subtitle.

(b) OATHS, AFFIRMATIONS, AND SUBPOENAS.—For the purpose of an investigation under subsection (a), the Secretary may administer oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States.

(c) AID OF COURTS.—

(1) REQUEST.—In the case of contumacy by, or refusal to obey a subpoena issued to, any person, the Secretary may request the aid of any court of the United States within the jurisdiction of which the investigation or proceeding is carried on, or where the person resides or carries on business, in requiring the attendance and testimony of the person and the production of records.

(2) ENFORCEMENT ORDER OF THE COURT.—The court may issue an enforcement order requiring the person to appear before the Secretary to produce records or to give testimony concerning the matter under investigation.

(3) CONTEMPT.—A failure to obey an enforcement order of the court under paragraph (2) may be punished by the court as a contempt of the court.

(4) PROCESS.—Process in a case under this subsection may be served in the judicial district in which the person resides or conducts business or wherever the person may be found.

SEC. 910. RELATION TO OTHER PROGRAMS.

Nothing in this subtitle preempts or supersedes any other program relating to popcorn promotion organized and operated under the laws of the United States or any State.

SEC. 911. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this subtitle.

SEC. 912. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out this subtitle. Amounts made available under this section or otherwise made available to the Department, and amounts made available under any other marketing or promotion order, may not be used to pay any administrative expense of the Board.

Subtitle B—Canola and Rapeseed

SEC. 921. SHORT TITLE.

This subtitle may be cited as the ''Canola and Rapeseed Research, Promotion, and Consumer Information Act''.

SEC. 922. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—Congress finds that—

(1) canola and rapeseed products are an important and nutritious part of the human diet;

(2) the production of canola and rapeseed products plays a significant role in the economy of the United States in that canola and rapeseed products are produced by thousands of canola and rapeseed producers, processed by numerous processing entities, and canola and rapeseed products produced in the United States are consumed by people throughout the United States and foreign countries;

(3) canola, rapeseed, and canola and rapeseed products should be readily available and marketed efficiently to ensure that consumers have an adequate supply of canola and rapeseed products at a reasonable price;

(4) the maintenance and expansion of existing markets and development of new markets for canola, rapeseed, and canola and rapeseed products are vital to the welfare of canola and rapeseed producers and processors and those persons concerned with marketing canola, rapeseed, and canola and rapeseed products, as well as to the general economy of the United States, and are necessary to ensure the ready availability and efficient marketing of canola, rapeseed, and canola and rapeseed products;

(5) there exist established State and national organizations conducting canola and rapeseed research, promotion, and consumer education programs that are valuable to the efforts of promoting the consumption of canola, rapeseed, and canola and rapeseed products;

(6) the cooperative development, financing, and implementation of a coordinated national program of canola and rapeseed research, promotion, consumer information, and industry information is necessary to maintain and expand existing markets and develop new markets for canola, rapeseed, and canola and rapeseed products; and

(7) canola, rapeseed, and canola and rapeseed products move in interstate and foreign commerce, and canola, rapeseed, and canola and rapeseed products that do not move in interstate or foreign commerce directly burden or affect interstate commerce in canola, rapeseed, and canola and rapeseed products.

(b) POLICY.—It is the policy of this subtitle to establish an orderly procedure for developing, financing through assessments on domestically-produced canola and rapeseed, and implementing a program of research, promotion, consumer information, and industry information designed to strengthen the position in the marketplace of the canola and rapeseed industry, to maintain and expand existing domestic and foreign markets and uses for canola, rapeseed, and canola and rapeseed products, and to develop new markets and uses for canola, rapeseed, and canola and rapeseed products.

(c) CONSTRUCTION.—Nothing in this subtitle provides for the control of production or otherwise limits the right of individual producers to produce canola, rapeseed, or canola or rapeseed products.

SEC. 923. DEFINITIONS.

In this subtitle (unless the context otherwise requires):

(1) BOARD.—The term ''Board'' means the National Canola and Rapeseed Board established under section 925(b).

(2) CANOLA; RAPESEED.—The terms ''canola'' and ''rapeseed'' means any brassica plant grown in the United States for the production of an oilseed, the oil of which is used for a food or nonfood use.

(3) CANOLA OR RAPESEED PRODUCTS.—The term ''canola or rapeseed products'' means products produced, in whole or in part, from canola or rapeseed.

(4) COMMERCE.—The term ''commerce'' includes interstate, foreign, and intrastate commerce.

(5) CONFLICT OF INTEREST.—The term ''conflict of interest'' means a situation in which a member of the Board has a direct or indirect financial interest in a corporation, partnership, sole proprietorship, joint venture, or other business entity dealing directly or indirectly with the Board.

(6) CONSUMER INFORMATION.—The term ''consumer information'' means information that will assist consumers and other persons in making evaluations and decisions regarding the purchase, preparation, and use of canola, rapeseed, or canola or rapeseed products.

(7) DEPARTMENT.—The term ''Department'' means the Department of Agriculture.

(8) FIRST PURCHASER.—The term ''first purchaser'' means—

(A) except as provided in subparagraph (B), a person buying or otherwise acquiring canola, rapeseed, or canola or rapeseed products produced by a producer; or

(B) the Commodity Credit Corporation, in a case in which canola or rapeseed is forfeited to the Commodity Credit Corporation as collateral for a loan issued under a price support loan program administered by the Commodity Credit Corporation.

(9) INDUSTRY INFORMATION.—The term ''industry information'' means information or programs that will lead to the development of new markets, new marketing strategies, or increased efficiency for the canola and rapeseed industry, or an activity to enhance the image of the canola or rapeseed industry.

(10) INDUSTRY MEMBER.—The term ''industry member'' means a member of the canola and rapeseed industry who represents—

(A) manufacturers of canola or rapeseed products; or

(B) persons who commercially buy or sell canola or rapeseed.

(11) MARKETING.—The term ''marketing'' means the sale or other disposition of canola, rapeseed, or canola or rapeseed products in a channel of commerce.

(12) ORDER.—The term ''order'' means an order issued under section 924.

(13) PERSON.—The term ''person'' means an individual, partnership, corporation, association, cooperative, or any other legal entity.

(14) PRODUCER.—The term ''producer'' means a person engaged in the growing of canola or rapeseed in the United States who owns, or who shares the ownership and risk of loss of, the canola or rapeseed.

(15) PROMOTION.—The term ''promotion'' means an action, including paid advertising, technical assistance, or trade servicing activity, to enhance the image or desirability of canola, rapeseed, or canola or rapeseed products in domestic and foreign markets, or an activity designed to communicate to consumers, processors, wholesalers, retailers, government officials, or others information relating to the positive attributes of canola, rapeseed, or canola or rapeseed products or the benefits of use or distribution of canola, rapeseed, or canola or rapeseed products.

(16) QUALIFIED STATE CANOLA AND RAPESEED BOARD.—The term ''qualified State canola and rapeseed board'' means a State canola and rapeseed promotion entity that is authorized and functioning under State law.

(17) RESEARCH.—The term ''research'' means any type of test, study, or analysis to advance the image, desirability, marketability, production, product development, quality, or functional or nutritional value of canola, rapeseed, or canola or rapeseed products, including research activity designed to identify and analyze barriers to export sales of canola or rapeseed produced in the United States.

(18) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(19) STATE.—The term ''State'' means any of the 50 States, the District of Columbia and the Commonwealth of Puerto Rico.

(20) UNITED STATES.—The term ''United States'' means collectively the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 924. ISSUANCE AND AMENDMENT OF ORDERS.

(a) IN GENERAL.—Subject to subsection (b), the Secretary shall issue 1 or more orders under this subtitle applicable to producers and first purchasers of canola, rapeseed, or canola or rapeseed products. The order shall be national in scope. Not more than 1 order shall be in effect under this subtitle at any 1 time.

(b) PROCEDURE.—

(1) PROPOSAL OR REQUEST FOR ISSUANCE.—The Secretary may propose the issuance of an order under this subtitle, or an association of canola and rapeseed producers or any other person that would be affected by an order issued pursuant to this subtitle may request the issuance of, and submit a proposal for, an order.

(2) NOTICE AND COMMENT CONCERNING PROPOSED ORDER.—Not later than 60 days after the receipt of a request and proposal for an order pursuant to paragraph (1), or whenever the Secretary determines to propose an order, the Secretary shall publish a proposed order and give due notice and opportunity for public comment on the proposed order.

(3) ISSUANCE OF ORDER.—After notice and opportunity for public comment are given as provided in paragraph (2), the Secretary shall issue an order, taking into consideration the comments received and including in the order provisions necessary to ensure that the order is in conformity with the requirements of this subtitle. The order shall be issued and become effective not later than 180 days following publication of the proposed order.

(c) AMENDMENTS.—The Secretary, from time to time, may amend an order issued under this section.

SEC. 925. REQUIRED TERMS IN ORDERS.

(a) IN GENERAL.—An order issued under this subtitle shall contain the terms and conditions specified in this section.

(b) ESTABLISHMENT AND MEMBERSHIP OF THE NATIONAL CANOLA AND RAPESEED BOARD.—

(1) IN GENERAL.—The order shall provide for the establishment of, and appointment of members to, a National Canola and Rapeseed Board to administer the order.

(2) SERVICE TO ENTIRE INDUSTRY.—The Board shall carry out programs and projects that will provide maximum benefit to the canola and rapeseed industry in all parts of the United States and only promote canola, rapeseed, or canola or rapeseed products.

(3) BOARD MEMBERSHIP.—The Board shall consist of 15 members, including—

(A) 11 members who are producers, including—

(i) 1 member from each of 6 geographic regions comprised of States where canola or rapeseed is produced, as determined by the Secretary; and

(ii) 5 members from the geographic regions referred to in clause (i), allocated according to the production in each region; and

(B) 4 members who are industry members, including at least—

(i) 1 member who represents manufacturers of canola or rapeseed end products; and

(ii) 1 member who represents persons who commercially buy or sell canola or rapeseed.

(4) LIMITATION ON STATE RESIDENCE.—There shall be no more than 4 producer members of the Board from any State.

(5) MODIFYING BOARD MEMBERSHIP.—In accordance with regulations approved by the Secretary, at least once each 3 years and not more than once each 2 years, the Board shall review the geographic distribution of canola and rapeseed production throughout the United States and, if warranted, recommend to the Secretary that the Secretary—

(A) reapportion regions in order to reflect the geographic distribution of canola and rapeseed production; and

(B) reapportion the seats on the Board to reflect the production in each region.

(6) CERTIFICATION OF ORGANIZATIONS.—

(A) IN GENERAL.—The eligibility of any State organization to represent producers shall be certified by the Secretary.

(B) CRITERIA.—The Secretary shall certify any State organization that the Secretary determines has a history of stability and permanency and meets at least 1 of the following criteria:

(i) MAJORITY REPRESENTATION.—The total paid membership of the organization—

(I) is comprised of at least a majority of canola or rapeseed producers; or

(II) represents at least a majority of the canola or rapeseed producers in the State.

(ii) SUBSTANTIAL NUMBER OF PRODUCERS REPRESENTED.—The organization represents a substantial number of producers that produce a substantial quantity of canola or rapeseed in the State.

(iii) PURPOSE.—The organization is a general farm or agricultural organization that has as a stated objective the promotion and development of the United States canola or rapeseed industry and the economic welfare of United States canola or rapeseed producers.

(C) REPORT.—The Secretary shall make a certification under this paragraph on the basis of a factual report submitted by the State organization.

(7) TERMS OF OFFICE.—

(A) IN GENERAL.—The members of the Board shall serve for a term of 3 years, except that the members appointed to the initial Board shall serve, proportionately, for terms of 1, 2, and 3 years, as determined by the Secretary.

(B) TERMINATION OF TERMS.—Notwithstanding subparagraph (C), each member shall continue to serve until a successor is appointed by the Secretary.

(C) LIMITATION ON TERMS.—No individual may serve more than 2 consecutive 3-year terms as a member.

(8) COMPENSATION.—A member of the Board shall serve without compensation, but shall be reimbursed for necessary and reasonable expenses incurred in the performance of duties for and approved by the Board.

(c) POWERS AND DUTIES OF THE BOARD.—The order shall define the powers and duties of the Board, which shall include the power and duty—

(1) to administer the order in accordance with the terms and conditions of the order;

(2) to make regulations to effectuate the terms and conditions of the order;

(3) to meet, organize, and select from among members of the Board a chairperson, other officers, and committees and subcommittees, as the Board determines appropriate;

(4) to establish working committees of persons other than Board members;

(5) to employ such persons, other than Board members, as the Board considers necessary, and to determine the compensation and define the duties of the persons;

(6) to prepare and submit for the approval of the Secretary, when appropriate or necessary, a recommended rate of assessment under section 926, and a fiscal period budget of the anticipated expenses in the administration of the order, including the probable costs of all programs and projects;

(7) to develop programs and projects, subject to subsection (d);

(8) to enter into contracts or agreements, subject to subsection (e), to develop and carry out programs or projects of research, promotion, industry information, and consumer information;

(9) to carry out research, promotion, industry information, and consumer information projects, and to pay the costs of the projects with assessments collected under section 926;

(10) to keep minutes, books, and records that reflect the actions and transactions of the Board, and promptly report minutes of each Board meeting to the Secretary;

(11) to appoint and convene, from time to time, working committees comprised of producers, industry members, and the public to assist in the development of research, promotion, industry information, and consumer information programs for canola, rapeseed, and canola and rapeseed products;

(12) to invest, pending disbursement under a program or project, funds collected through assessments authorized under section 926, or funds earned from investments, only in—

(A) obligations of the United States or an agency of the United States;

(B) general obligations of a State or a political subdivision of a State;

(C) an interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(D) obligations fully guaranteed as to principal and interest by the United States;

(13) to receive, investigate, and report to the Secretary complaints of violations of the order;

(14) to furnish the Secretary with such information as the Secretary may request;

(15) to recommend to the Secretary amendments to the order;

(16) to develop and recommend to the Secretary for approval such regulations as may be necessary for the development and execution of programs or projects, or as may otherwise be necessary, to carry out the order; and

(17) to provide the Secretary with advance notice of meetings.

(d) PROGRAMS AND BUDGETS.—

(1) SUBMISSION TO SECRETARY.—The order shall provide that the Board shall submit to the Secretary for approval any program or project of research, promotion, consumer information, or industry information. No program or project shall be implemented prior to approval by the Secretary.

(2) BUDGETS.—The order shall require the Board, prior to the beginning of each fiscal year, or as may be necessary after the beginning of a fiscal year, to submit to the Secretary for approval budgets of anticipated expenses and disbursements in the implementation of the order, including projected costs of research, promotion, consumer information, and industry information programs and projects.

(3) INCURRING EXPENSES.—The Board may incur such expenses for programs or projects of research, promotion, consumer information, or industry information, and other expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary, including any implementation, administrative, and referendum costs incurred by the Department.

(4) PAYING EXPENSES.—The funds to cover the expenses referred to in paragraph (3) shall be paid by the Board from assessments collected under section 926 or funds borrowed pursuant to paragraph (5).

(5) AUTHORITY TO BORROW.—To meet the expenses referred to in paragraph (3), the Board shall have the authority to borrow funds, as approved by the Secretary, for capital outlays and startup costs.

(e) CONTRACTS AND AGREEMENTS.—

(1) IN GENERAL.—To ensure efficient use of funds, the order shall provide that the Board may enter into a contract or agreement for

the implementation and carrying out of a program or project of canola, rapeseed, or canola or rapeseed products research, promotion, consumer information, or industry information, including a contract with a producer organization, and for the payment of the costs with funds received by the Board under the order.

(2) REQUIREMENTS.—A contract or agreement under paragraph (1) shall provide that—

(A) the contracting party shall develop and submit to the Board a program or project together with a budget that shall show the estimated costs to be incurred for the program or project;

(B) the program or project shall become effective on the approval of the Secretary; and

(C) the contracting party shall keep accurate records of all transactions, account for funds received and expended, make periodic reports to the Board of activities conducted, and make such other reports as the Board or the Secretary may require.

(3) PRODUCER ORGANIZATIONS.—The order shall provide that the Board may contract with producer organizations for any other services. The contract shall include provisions comparable to those required by paragraph (2).

(f) BOOKS AND RECORDS OF THE BOARD.—

(1) IN GENERAL.—The order shall require the Board to—

(A) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may prescribe;

(B) prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe; and

(C) account for the receipt and disbursement of all funds entrusted to the Board.

(2) AUDITS.—The Board shall cause the books and records of the Board to be audited by an independent auditor at the end of each fiscal year, and a report of the audit to be submitted to the Secretary.

(g) PROHIBITION.—

(1) IN GENERAL.—Subject to paragraph (2), the Board shall not engage in any action to, nor shall any funds received by the Board under this subtitle be used to—

(A) influence legislation or governmental action;

(B) engage in an action that would be a conflict of interest;

(C) engage in advertising that is false or misleading; or

(D) engage in promotion that would disparage other commodities.

(2) ACTION PERMITTED.—Paragraph (1) does not preclude—

(A) the development and recommendation of amendments to the order;

(B) the communication to appropriate government officials of information relating to the conduct, implementation, or results of promotion, research, consumer information, or industry information activities under the order; or

(C) any action designed to market canola or rapeseed products directly to a foreign government or political subdivision of a foreign government.

(h) BOOKS AND RECORDS.—

(1) IN GENERAL.—The order shall require that each producer, first purchaser, or industry member shall—

(A) maintain and submit to the Board any reports considered necessary by the Secretary to ensure compliance with this subtitle; and

(B) make available during normal business hours, for inspection by employees of the Board or Secretary, such books and records as are necessary to carry out this subtitle, including such records as are necessary to verify any required reports.

(2) CONFIDENTIALITY.—

(A) IN GENERAL.—Except as otherwise provided in this subtitle, all information obtained from books, records, or reports required to be maintained under paragraph (1) shall be kept confidential, and shall not be disclosed to the public by any person.

(B) DISCLOSURE.—Information referred to in subparagraph (A) may be disclosed to the public if—

(i) the Secretary considers the information relevant;

(ii) the information is revealed in a suit or administrative hearing brought at the direction or on the request of the Secretary or to which the Secretary or any officer of the Department is a party; and

(iii) the information relates to this subtitle.

(C) MISCONDUCT.—A knowing disclosure of confidential information in violation of subparagraph (A) by an officer or employee of the Board or Department, except as required by other law or allowed under subparagraph (B) or (D), shall be considered a violation of this subtitle.

(D) GENERAL STATEMENTS.—Nothing in this paragraph prohibits—

(i) the issuance of general statements, based on the reports, of the number of persons subject to the order or statistical data collected from the reports, if the statements do not identify the information furnished by any person; or

(ii) the publication, by direction of the Secretary, of the name of a person violating the order, together with a statement of the particular provisions of the order violated by the person.

(3) AVAILABILITY OF INFORMATION.—

(A) EXCEPTION.—Except as provided in this subtitle, information obtained under this subtitle may be made available to another agency of the Federal Government for a civil or criminal law enforcement activity if the activity is authorized by law and if the head of the agency has made a written request to the Secretary specifying the particular information desired and the law enforcement activity for which the information is sought.

(B) PENALTY.—Any person knowingly violating this subsection, on conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or both, and if an officer or employee of the Board or the Department, shall be removed from office or terminated from employment, as applicable.

(5) WITHHOLDING INFORMATION.—Nothing in this subtitle authorizes withholding information from Congress.

(i) USE OF ASSESSMENTS.—The order shall provide that the assessments collected under section 926 shall be used for payment of the expenses in implementing and administering this subtitle, with provision for a reasonable reserve, and to cover those administrative costs incurred by the Secretary in implementing and administering this subtitle.

(j) OTHER TERMS AND CONDITIONS.—The order also shall contain such terms and conditions, not inconsistent with this subtitle, as determined necessary by the Secretary to effectuate this subtitle.

SEC. 926. ASSESSMENTS.

(a) IN GENERAL.—

(1) FIRST PURCHASERS.—During the effective period of an order issued pursuant to this subtitle, assessments shall be—

(A) levied on all canola or rapeseed produced in the United States and marketed; and

(B) deducted from the payment made to a producer for all canola or rapeseed sold to a first purchaser.

(2) DIRECT PROCESSING.—The order shall provide that any person processing canola or rapeseed of that person's own production and marketing the canola or rapeseed, or canola or rapeseed products, shall remit to the Board or a qualified State canola and rapeseed board, in the manner prescribed by the order, an assessment established at a rate equivalent to the rate provided for under subsection (d).

(b) LIMITATION ON ASSESSMENTS.—No more than 1 assessment may be assessed under subsection (a) on any canola or rapeseed produced (as remitted by a first purchaser).

(c) REMITTING ASSESSMENTS.—

(1) IN GENERAL.—Assessments required under subsection (a) shall be remitted to the Board by a first purchaser. The Board shall use qualified State canola and rapeseed boards to collect the assessments. If an appropriate qualified State canola and rapeseed board does not exist to collect an assessment, the assessment shall be collected by the Board. There shall be only 1 qualified State canola or rapeseed Board in each State.

(2) TIMES TO REMIT ASSESSMENT.—Each first purchaser shall remit the assessment to the Board as provided for in the order.

(d) ASSESSMENT RATE.—

(1) INITIAL RATE.—The initial assessment rate shall be 4 cents per hundredweight of canola or rapeseed produced and marketed.

(2) INCREASE.—The assessment rate may be increased on recommendation by the Board to a rate not exceeding 10 cents per hundredweight of canola or rapeseed produced and marketed in a State, unless—

(A) after the initial referendum is held under section 927(a), the Board recommends an increase above 10 cents per hundredweight; and

(B) the increase is approved in a referendum under section 927(b).

(3) CREDIT.—A producer who demonstrates to the Board that the producer is participating in a program of an established qualified State canola and rapeseed board shall receive credit, in determining the assessment due from the producer, for contributions to the program of up to 2 cents per hundredweight of canola or rapeseed marketed.

(e) LATE PAYMENT CHARGE.—

(1) IN GENERAL.—There shall be a late payment charge imposed on any person who fails to remit, on or before the date provided for in the order, to the Board the total amount for which the person is liable.

(2) AMOUNT OF CHARGE.—The amount of the late payment charge imposed under paragraph (1) shall be prescribed by the Board with the approval of the Secretary.

(f) REFUND OF ASSESSMENTS FROM ESCROW ACCOUNT.—

(1) ESTABLISHMENT OF ESCROW ACCOUNT.—During the period beginning on the date on which an order is first issued under section 924(b)(3) and ending on the date on which a referendum is conducted under section 927(a), the Board shall—

(A) establish an escrow account to be used for assessment refunds; and

(B) place funds in such account in accordance with paragraph (2).

(2) PLACEMENT OF FUNDS IN ACCOUNT.—The Board shall place in such account, from assessments collected during the period referred to in paragraph (1), an amount equal to the product obtained by multiplying the total amount of assessments collected during the period by 10 percent.

(3) RIGHT TO RECEIVE REFUND.—The Board shall refund to a producer the assessments paid by or on behalf of the producer if—

(A) the producer is required to pay the assessment;

(B) the producer does not support the program established under this subtitle; and

(C) the producer demands the refund prior to the conduct of the referendum under section 927(a).

(4) FORM OF DEMAND.—The demand shall be made in accordance with such regulations, in such form, and within such time period as prescribed by the Board.

(5) MAKING OF REFUND.—The refund shall be made on submission of proof satisfactory to the Board that the producer paid the assessment for which the refund is demanded.

(6) PRORATION.—If—

(A) the amount in the escrow account required by paragraph (1) is not sufficient to refund the total amount of assessments demanded by eligible producers; and

(B) the order is not approved pursuant to the referendum conducted under section 927(a);

the Board shall prorate the amount of the refunds among all eligible producers who demand a refund.

(7) PROGRAM APPROVED.—If the plan is approved pursuant to the referendum conducted under section 927(a), all funds in the escrow account shall be returned to the Board for use by the Board in accordance with this subtitle.

SEC. 927. REFERENDA.

(a) INITIAL REFERENDUM.—

(1) REQUIREMENT.—During the period ending 30 months after the date of the first issuance of an order under section 924, the Secretary shall conduct a referendum among producers who, during a representative period as determined by the Secretary, have been engaged in the production of canola or rapeseed for the purpose of ascertaining whether the order then in effect shall be continued.

(2) ADVANCE NOTICE.—The Secretary shall, to the extent practicable, provide broad public notice in advance of any referendum. The notice shall be provided, without advertising expenses, by means of newspapers, county newsletters, the electronic media, and press releases, through the use of notices posted in State and county Cooperative State Research, Education, and Extension Service offices and county Consolidated Farm Service Agency offices, and by other appropriate means specified in the order. The notice shall include information on when the referendum will be held, registration and voting requirements, rules regarding absentee voting, and other pertinent information.

(3) APPROVAL OF ORDER.—The order shall be continued only if the Secretary determines that the order has been approved by not less than a majority of the producers voting in the referendum.

(4) DISAPPROVAL OF ORDER.—If continuation of the order is not approved by a majority of those voting in the referendum, the Secretary shall terminate collection of assessments under the order within 6 months after the referendum and shall terminate the order in an orderly manner as soon as practicable.

(b) ADDITIONAL REFERENDA.—

(1) IN GENERAL.—

(A) REQUIREMENT.—After the initial referendum on an order, the Secretary shall conduct additional referenda, as described in subparagraph (C), if requested by a representative group of producers, as described in subparagraph (B).

(B) REPRESENTATIVE GROUP OF PRODUCERS.—An additional referendum on an order shall be conducted if requested by 10 percent or more of the producers who during a representative period have been engaged in the production of canola or rapeseed.

(C) ELIGIBLE PRODUCERS.—Each additional referendum shall be conducted among all producers who, during a representative period, as determined by the Secretary, have been engaged in the production of canola or rapeseed to determine whether the producers favor the termination or suspension of the order.

(2) DISAPPROVAL OF ORDER.—If the Secretary determines, in a referendum conducted under paragraph (1), that suspension or termination of the order is favored by a majority of the producers voting in the referendum, the Secretary shall suspend or terminate, as appropriate, collection of assessments under the order within 6 months after the determination, and shall suspend or terminate the order, as appropriate, in an orderly manner as soon as practicable after the determination.

(3) OPPORTUNITY TO REQUEST ADDITIONAL REFERENDA.—

(A) IN GENERAL.—Beginning on the date that is 5 years after the conduct of a referendum under this subtitle, and every 5 years thereafter, the Secretary shall provide canola and rapeseed producers an opportunity to request an additional referendum.

(B) METHOD OF MAKING REQUEST.—

(i) IN-PERSON REQUESTS.—To carry out subparagraph (A), the Secretary shall establish a procedure under which a producer may request a reconfirmation referendum in-person at a county Cooperative State Research, Education, and Extension Service office or a county Consolidated Farm Service Agency office during a period established by the Secretary, or as provided in clause (ii).

(ii) MAIL-IN REQUESTS.—In lieu of making a request in person, a producer may make a request by mail. To facilitate the submission of requests by mail, the Secretary may make mail-in request forms available to producers.

(C) NOTIFICATIONS.—The Secretary shall publish a notice in the Federal Register, and the Board shall provide written notification to producers, not later than 60 days prior to the end of the period established under subparagraph (B)(i) for an in-person request, of the opportunity of producers to request an additional referendum. The notification shall explain the right of producers to an additional referendum, the procedure for a referendum, the purpose of a referendum, and the date and method by which producers may act to request an additional referendum under this paragraph. The Secretary shall take such other action as the Secretary determines is necessary to ensure that producers are made aware of the opportunity to request an additional referendum.

(D) ACTION BY SECRETARY.—As soon as practicable following the submission of a request for an additional referendum, the Secretary shall determine whether a sufficient number of producers have requested the referendum, and take such steps as are necessary to conduct the referendum, as required under paragraph (1).

(E) TIME LIMIT.—An additional referendum requested under the procedures provided in this paragraph shall be conducted not later than 1 year after the Secretary determines that a representative group of producers, as described in paragraph (1)(B), have requested the conduct of the referendum.

(c) PROCEDURES.—

(1) REIMBURSEMENT OF SECRETARY.—The Secretary shall be reimbursed from assessments collected by the Board for any expenses incurred by the Secretary in connection with the conduct of an activity required under this section.

(2) DATE.—Each referendum shall be conducted for a reasonable period of time not to exceed 3 days, established by the Secretary, under a procedure under which producers intending to vote in the referendum shall certify that the producers were engaged in the production of canola, rapeseed, or canola or rapeseed products during the representative period and, at the same time, shall be provided an opportunity to vote in the referendum.

(3) PLACE.—Referenda under this section shall be conducted at locations determined by the Secretary. On request, absentee mail ballots shall be furnished by the Secretary in a manner prescribed by the Secretary.

SEC. 928. PETITION AND REVIEW.

(a) PETITION.—

(1) IN GENERAL.—A person subject to an order issued under this subtitle may file with the Secretary a petition—

(A) stating that the order, a provision of the order, or an obligation imposed in connection with the order is not established in accordance with law; and

(B) requesting a modification of the order or an exemption from the order.

(2) HEARINGS.—The petitioner shall be given the opportunity for a hearing on a petition filed under paragraph (1), in accordance with regulations issued by the Secretary.

(3) RULING.—After a hearing under paragraph (2), the Secretary shall make a ruling on the petition that is the subject of the hearing, which shall be final if the ruling is in accordance with applicable law.

(4) LIMITATION ON PETITION.—Any petition filed under this subtitle challenging an order, or any obligation imposed in connected with an order, shall be filed not later than 2 years after the effective date of the order or obligation.

(b) REVIEW.—

(1) COMMENCEMENT OF ACTION.—The district court of the United States in any district in which the person who is a petitioner under subsection (a) resides or carries on business shall have jurisdiction to review a ruling on the petition, if a complaint is filed by the person not later than 20 days after the date of the entry of a ruling by the Secretary under subsection (a)(3).

(2) PROCESS.—Service of process in a proceeding under paragraph (1) shall be conducted in accordance with the Federal Rules of Civil Procedure.

(3) REMANDS.—If the court determines, under paragraph (1), that a ruling issued under subsection (a)(3) is not in accordance with applicable law, the court shall remand the matter to the Secretary with directions either—

(A) to make such ruling as the court shall determine to be in accordance with law; or

(B) to take such further proceedings as, in the opinion of the court, the law requires.

(4) ENFORCEMENT.—The pendency of proceedings instituted under subsection (a) shall not impede, hinder, or delay the Attorney General or the Secretary from taking any action under section 929.

SEC. 929. ENFORCEMENT.

(a) JURISDICTION.—The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, an order or regulation made or issued under this subtitle.

(b) REFERRAL TO ATTORNEY GENERAL.—A civil action authorized to be commenced under this section shall be referred to the Attorney General for appropriate action, except that the Secretary shall not be required to refer to the Attorney General a violation of this subtitle if the Secretary believes that the administration and enforcement of this subtitle would be adequately served by providing a suitable written notice or warning to the person who committed the violation or by administrative action under section 928.

(c) CIVIL PENALTIES AND ORDERS.—

(1) CIVIL PENALTIES.—

(A) IN GENERAL.—Any person who willfully violates any provision of an order or regulation issued by the Secretary under this subtitle, or who fails or refuses to pay, collect, or remit an assessment or fee required of the person under an order or regulation, may be assessed—

(i) a civil penalty by the Secretary of not more than $1,000 for each violation; and

(ii) in the case of a willful failure to pay, collect, or remit an assessment as required by an order or regulation, an additional penalty equal to the amount of the assessment.

(B) SEPARATE OFFENSE.—Each violation under subparagraph (A) shall be a separate offense.

(2) CEASE-AND-DESIST ORDERS.—In addition to, or in lieu of, a civil penalty under paragraph (1), the Secretary may issue an order requiring a person to cease and desist from continuing a violation.

(3) NOTICE AND HEARING.—No penalty shall be assessed, or cease-and-desist order issued, by the Secretary under this subsection unless the person against whom the penalty is assessed or the order is issued is given notice and opportunity for a hearing before the Secretary with respect to the violation.

(4) FINALITY.—The order of the Secretary assessing a penalty or imposing a cease-and-desist order under this subsection shall be final and conclusive unless the affected person files an appeal of the order with the appropriate district court of the United States in accordance with subsection (d).

(d) REVIEW BY DISTRICT COURT.—

(1) COMMENCEMENT OF ACTION.—Any person who has been determined to be in violation of this subtitle, or against whom a civil penalty has been assessed or a cease-and-desist order issued under subsection (c), may obtain review of the penalty or order by—

(A) filing, within the 30-day period beginning on the date the penalty is assessed or order issued, a notice of appeal in—

(i) the district court of the United States for the district in which the person resides or conducts business; or

(ii) the United States District Court for the District of Columbia; and

(B) simultaneously sending a copy of the notice by certified mail to the Secretary.

(2) RECORD.—The Secretary shall file promptly, in the appropriate court referred to in paragraph (1), a certified copy of the record on which the Secretary has determined that the person has committed a violation.

(3) STANDARD OF REVIEW.—A finding of the Secretary under this section shall be set aside only if the finding is found to be unsupported by substantial evidence.

(e) FAILURE TO OBEY ORDERS.—Any person who fails to obey a cease-and-desist order issued under this section after the order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in subsections (c) and (d), of not more than $5,000 for each offense. Each day during which the failure continues shall be considered as a separate violation of the order.

(f) FAILURE TO PAY PENALTIES.—If a person fails to pay an assessment of a civil penalty under this section after the assessment has become a final and unappealable order, or after the appropriate United States district court has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in the district court in which the person resides or conducts business. In an action for recovery, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

(g) ADDITIONAL REMEDIES.—The remedies provided in this subtitle shall be in addition to, and not exclusive of, other remedies that may be available.

SEC. 930. INVESTIGATIONS AND POWER TO SUBPOENA.

(a) INVESTIGATIONS.—The Secretary may make such investigations as the Secretary considers necessary—

(1) for the effective administration of this subtitle; and

(2) to determine whether any person has engaged or is engaging in an act that constitutes a violation of this subtitle, or an order, rule, or regulation issued under this subtitle.

(b) SUBPOENAS, OATHS, AND AFFIRMATIONS.—

(1) IN GENERAL.—For the purpose of an investigation under subsection (a), the Secretary may administer oaths and affirmations, subpoena witnesses, take evidence, and issue subpoenas to require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States.

(2) ADMINISTRATIVE HEARINGS.—For the purpose of an administrative hearing held under section 928 or 929, the presiding officer is authorized to administer oaths and affirmations, subpoena and compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of records may be required from any place in the United States.

(c) AID OF COURTS.—In the case of contumacy by, or refusal to obey a subpoena issued to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which the investigation or proceeding is carried on, or where the person resides or carries on business, in order to enforce a subpoena issued by the Secretary under subsection (b). The court may issue an order requiring the person to comply with the subpoena.

(d) CONTEMPT.—A failure to obey an order of the court under this section may be punished by the court as contempt of the court.

(e) PROCESS.—Process may be served on a person in the judicial district in which the person resides or conducts business or wherever the person may be found.

(f) HEARING SITE.—The site of a hearing held under section 928 or 729 shall be in the judicial district where the person affected by the hearing resides or has a principal place of business.

SEC. 931. SUSPENSION OR TERMINATION OF AN ORDER.

The Secretary shall, whenever the Secretary finds that an order or a provision of an order obstructs or does not tend to effectuate the declared policy of this subtitle, terminate or suspend the operation of the order or provision. The termination or suspension of an order shall not be considered an order within the meaning of this subtitle.

SEC. 932. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this subtitle.

SEC. 933. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated for each fiscal year such sums as are necessary to carry out this subtitle.

(b) ADMINISTRATIVE EXPENSES.—Funds appropriated under subsection (a) shall not be available for payment of the expenses or expenditures of the Board in administering a provision of an order issued under this subtitle.

Subtitle C—Kiwifruit

SEC. 941. SHORT TITLE.

This subtitle may be cited as the ''National Kiwifruit Research, Promotion, and Consumer Information Act''.

SEC. 942. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) domestically produced kiwifruit are grown by many individual producers;

(2) virtually all domestically produced kiwifruit are grown in the State of California, although there is potential for production in many other areas of the United States;

(3) kiwifruit move in interstate and foreign commerce, and kiwifruit that do not move in channels of commerce directly burden or affect interstate commerce;

(4) in recent years, large quantities of kiwifruit have been imported into the United States;

(5) the maintenance and expansion of existing domestic and foreign markets for kiwifruit, and the development of additional and improved markets for kiwifruit, are vital to the welfare of kiwifruit producers and other persons concerned with producing, marketing, and processing kiwifruit;

(6) a coordinated program of research, promotion, and consumer information regarding kiwifruit is necessary for the maintenance and development of the markets; and

(7) kiwifruit producers, handlers, and importers are unable to implement and finance such a program without cooperative action.

(b) PURPOSES.—The purposes of this subtitle are—

(1) to authorize the establishment of an orderly procedure for the development and financing (through an assessment) of an effective and coordinated program of research, promotion, and consumer information regarding kiwifruit;

(2) to use the program to strengthen the position of the kiwifruit industry in domestic and foreign markets and maintain, develop, and expand markets for kiwifruit; and

(3) to treat domestically produced kiwifruit and imported kiwifruit equitably.

SEC. 943. DEFINITIONS.

In this subtitle (unless the context otherwise requires):

(1) BOARD.—The term ''Board'' means the National Kiwifruit Board established under section 945.

(2) CONSUMER INFORMATION.—The term ''consumer information'' means any action taken to provide information to, and broaden the understanding of, the general public regarding the consumption, use, nutritional attributes, and care of kiwifruit.

(3) EXPORTER.—The term ''exporter'' means any person from outside the United States who exports kiwifruit into the United States.

(4) HANDLER.—The term ''handler'' means any person, excluding a common carrier, engaged in the business of buying and selling, packing, marketing, or distributing kiwifruit as specified in the order.

(5) IMPORTER.—The term ''importer'' means any person who imports kiwifruit into the United States.

(6) KIWIFRUIT.—The term ''kiwifruit'' means all varieties of fresh kiwifruit grown or imported in the United States.

(7) MARKETING.—The term ''marketing'' means the sale or other disposition of kiwifruit into interstate, foreign, or intrastate commerce by buying, marketing, distribution, or otherwise placing kiwifruit into commerce.

(8) ORDER.—The term ''order'' means a kiwifruit research, promotion, and consumer information order issued by the Secretary under section 944.

(9) PERSON.—The term ''person'' means any individual, group of individuals, partnership,

corporation, association, cooperative, or other legal entity.

(10) PROCESSING.—The term ''processing'' means canning, fermenting, distilling, extracting, preserving, grinding, crushing, or in any manner changing the form of kiwifruit for the purposes of preparing the kiwifruit for market or marketing the kiwifruit.

(11) PRODUCER.—The term ''producer'' means any person who grows kiwifruit in the United States for sale in commerce.

(12) PROMOTION.—The term ''promotion'' means any action taken under this subtitle (including paid advertising) to present a favorable image for kiwifruit to the general public for the purpose of improving the competitive position of kiwifruit and stimulating the sale of kiwifruit.

(13) RESEARCH.—The term ''research'' means any type of research relating to the use, nutritional value, and marketing of kiwifruit conducted for the purpose of advancing the image, desirability, marketability, or quality of kiwifruit.

(14) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(15) UNITED STATES.—The term ''United States'' means the 50 States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 944. ISSUANCE OF ORDERS.

(a) ISSUANCE.—To effectuate the declared purposes of this subtitle, the Secretary shall issue an order applicable to producers, handlers, and importers of kiwifruit. Any such order shall be national in scope. Not more than 1 order shall be in effect under this subtitle at any 1 time.

(b) PROCEDURE.—

(1) PROPOSAL FOR ISSUANCE OF ORDER.—Any person that will be affected by this subtitle may request the issuance of, and submit a proposal for, an order under this subtitle.

(2) PROPOSED ORDER.—Not later than 90 days after the receipt of a request and proposal for an order, the Secretary shall publish a proposed order and give due notice and opportunity for public comment on the proposed order.

(3) ISSUANCE OF ORDER.—After notice and opportunity for public comment are provided under paragraph (2), the Secretary shall issue an order, taking into consideration the comments received and including in the order provisions necessary to ensure that the order is in conformity with this subtitle.

(c) AMENDMENTS.—The Secretary may amend any order issued under this section. The provisions of this subtitle applicable to an order shall be applicable to an amendment to an order.

SEC. 945. NATIONAL KIWIFRUIT BOARD.

(a) MEMBERSHIP.—An order issued by the Secretary under section 944 shall provide for the establishment of a National Kiwifruit Board that consists of the following 11 members:

(1) 6 members who are producers (or representatives of producers) and who are not exempt from an assessment under section 946(b).

(2) 4 members who are importers (or representatives of importers) and who are not exempt from an assessment under section 946(b) or are exporters (or representatives of exporters).

(3) 1 member appointed from the general public.

(b) ADJUSTMENT OF MEMBERSHIP.—Subject to the 11-member limit, the Secretary may adjust membership on the Board to accommodate changes in production and import levels of kiwifruit.

(c) APPOINTMENT AND NOMINATION.—

(1) APPOINTMENT.—The Secretary shall appoint the members of the Board from nominations submitted in accordance with this subsection.

(2) PRODUCERS.—The members referred to in subsection (a)(1) shall be appointed from individuals nominated by producers.

(3) IMPORTERS AND EXPORTERS.—The members referred to in subsection (a)(2) shall be appointed from individuals nominated by importers or exporters.

(4) PUBLIC REPRESENTATIVE.—The public representative shall be appointed from nominations submitted by other members of the Board.

(5) FAILURE TO NOMINATE.—If producers, importers, and exporters fail to nominate individuals for appointment, the Secretary may appoint members on a basis provided for in the order. If the Board fails to nominate a public representative, the member may be appointed by the Secretary without a nomination.

(d) ALTERNATES.—The Secretary shall appoint an alternate for each member of the Board. An alternate shall—

(1) be appointed in the same manner as the member for whom the individual is an alternate; and

(2) serve on the Board if the member is absent from a meeting or is disqualified under subsection (f).

(e) TERMS.—A member of the Board shall be appointed for a term of 3 years. No member may serve more than 2 consecutive 3-year terms, except that of the members first appointed—

(1) 5 members shall be appointed for a term of 2 years; and

(2) 6 members shall be appointed for a term of 3 years.

(f) DISQUALIFICATION.—If a member or alternate of the Board who was appointed as a producer, importer, exporter, or public representative member ceases to belong to the group for which the member was appointed, the member or alternate shall be disqualified from serving on the Board.

(g) COMPENSATION.—A members or alternate of the Board shall serve without pay.

(h) GENERAL POWERS AND DUTIES.—The Board shall—

(1) administer an order issued by the Secretary under section 944, and an amendment to the order, in accordance with the order and amendment and this subtitle;

(2) prescribe rules and regulations to carry out the order;

(3) meet, organize, and select from among members of the Board a chairperson, other officers, and committees and subcommittees, as the Board determines appropriate;

(4) receive, investigate, and report to the Secretary accounts of violations of the order;

(5) make recommendations to the Secretary with respect to an amendment that should be made to the order; and

(6) employ or contract with a manager and staff to assist in administering the order, except that, to reduce administrative costs and increase efficiency, the Board shall seek, to the extent practicable, to employ or contract with personnel who are already associated with State chartered organizations involved in promoting kiwifruit.

SEC. 946. REQUIRED TERMS IN ORDER.

(a) BUDGETS AND PLANS.—

(1) IN GENERAL.—An order issued under section 944 shall provide for periodic budgets and plans in accordance with this subsection.

(2) BUDGETS.—The Board shall prepare and submit to the Secretary a budget prior to the beginning of the fiscal year of the anticipated expenses and disbursements of the Board in the administration of the order, including probable costs of research, promotion, and consumer information. A budget shall become effective on a ⅔-vote of a quorum of the Board and approval by the Secretary.

(3) PLANS.—Each budget shall include a plan for research, promotion, and consumer information regarding kiwifruit. A plan under this paragraph shall become effective on approval by the Secretary. The Board may enter into contracts and agreements, on approval by the Secretary, for—

(A) the development of and carrying out the plan; and

(B) the payment of the cost of the plan, with funds collected pursuant to this subtitle.

(b) ASSESSMENTS.—

(1) IN GENERAL.—The order shall provide for the imposition and collection of assessments with regard to the production and importation of kiwifruit in accordance with this subsection.

(2) RATE.—The assessment rate shall be the reate that is recommended by a ⅔-vote of a quorum of the Board and approved by the Secretary, except that the rate shall not exceed $0.10 per 7-pound tray of kiwifruit or equivalent.

(3) COLLECTION BY FIRST HANDLERS.—Except as provided in paragraph (5), the first handler of kiwifruit shall—

(A) be responsible for the collection from the producer, and payment to the Board, of assessments required under this subsection; and

(B) maintain a separate record of the kiwifruit of each producer whose kiwifruit are so handled, including the kiwifruit owned by the handler.

(4) IMPORTERS.—The assessment on imported kiwifruit shall be paid by the importer to the United States Customs Service at the time of entry into the United States and shall be remitted to the Board.

(5) EXEMPTION FROM ASSESSMENT.—The following persons or activities are exempt from an assessment under this subsection:

(A) A producer who produces less than 500 pounds of kiwifruit per year.

(B) An importer who imports less than 10,000 pounds of kiwifruit per year.

(C) A sale of kiwifruit made directly from the producer to a consumer for a purpose other than resale.

(D) The production or importation of kiwifruit for processing.

(6) CLAIM OF EXEMPTION.—To claim an exemption under paragraph (5) for a particular year, a person shall—

(A) submit an application to the Board stating the basis for the exemption and certifying that the quantity of kiwifruit produced, imported, or sold by the person will not exceed any poundage limitation required for the exemption in the year; or

(B) be on a list of approved processors developed by the Board.

(c) USE OF ASSESSMENTS.

(1) AUTHORIZED USES.—The order shall provide that funds paid to the Board as assessments under subsection (b) may be used by the Board—

(A) to pay for research, promotion, and consumer information described in the budget of the Board under subsection (a) and for other expenses incurred by the Board in the administration of an order;

(B) to pay such other expenses for the administration, maintenance, and functioning of the Board, including any enforcement efforts for the collection of assessments as may be authorized by the Secretary, including interest and penalties for late payments; and

(C) to fund a reserve established under section 947(d).

(2) REQUIRED USES.—The order shall provide that funds paid to the Board as assessments under subsection (b) shall be used by the Board—

(A) to pay the expenses incurred by the Secretary, including salaries and expenses of Federal Government employees, in implementing and administering the order; and

(B) to reimburse the Secretary for any expenses incurred by the Secretary in conducting referenda under this subtitle.

(3) LIMITATION ON USE OF ASSESSMENTS.—Except for the first year of operation of the Board, expenses for the administration, maintenance, and functioning of the Board may not exceed 30 percent of the budget for a year.

(d) FALSE CLAIMS.—The order shall provide that any promotion funded with assessments collected under subsection (b) may not make—

(1) any false claims on behalf of kiwifruit; and

(2) any false statements with respect to the attributes or use of any product that competes with kiwifruit for sale in commerce.

(e) PROHIBITION ON USE OF FUNDS.—The order shall provide that funds collected by the Board under this subtitle through assessments may not, in any manner, be used for the purpose of influencing legislation or governmental policy or action, except for making recommendations to the Secretary as provided for under this subtitle.

(f) BOOKS, RECORDS, AND REPORTS.—

(1) BOARD.—The order shall require the Board—

(A) to maintain books and records with respect to the receipt and disbursement of funds received by the Board;

(B) to submit to the Secretary from time to time such reports as the Secretary may require for appropriate accounting; and

(C) to submit to the Secretary at the end of each fiscal year a complete audit report by an independent auditor regarding the activities of the Board during the fiscal year.

(2) OTHERS.—To make information and data available to the Board and the Secretary that is appropriate or necessary for the effectuation, administration, or enforcement of this subtitle (or any order or regulation issued under this subtitle), the order shall require handlers and importers who are responsible for the collection, payment, or remittance of assessments under subsection (b)—

(A) to maintain and make available for inspection by the employees and agents of the Board and the Secretary such books and records as may be required by the order; and

(B) to file, at the times and in the manner and content prescribed by the order, reports regarding the collection, payment, or remittance of the assessments.

(g) CONFIDENTIALITY.—

(1) IN GENERAL.—The order shall require that all information obtained pursuant to subsection (f)(2) be kept confidential by all officers and employees and agents of the Department and of the Board. Only such information as the Secretary considers relevant shall be disclosed to the public and only in a suit or administrative hearing, brought at the request of the Secretary or to which the Secretary or any officer of the United States is a party, involving the order with respect to which the information was furnished or acquired.

(2) LIMITATIONS.—Nothing in this subsection prohibits—

(A) issuance of general statements based on the reports of a number of handlers and importers subject to an order, if the statements do not identify the information furnished by any person; or

(B) the publication, by direction of the Secretary, of the name of any person violating an order issued under section 944(a), together with a statement of the particular provisions of the order violated by the person.

(3) PENALTY.—Any person who willfully violates this subsection, on conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or both, and, if the person is a member, officer, or agent of the board or an employee of the Department, shall be removed from office.

(h) WITHHOLDING INFORMATION.—Nothing in this subtitle authorizes the withholding of information from Congress.

SEC. 947. PERMISSIVE TERMS IN ORDER.

(a) PERMISSIVE TERMS.—On the recommendation of the Board and with the approval of the Secretary, an order issued under section 944 may include the terms and conditions specified in this section and such additional terms and conditions as the Secretary considers necessary to effectuate the other provisions of the order and are incidental to, and not inconsistent with, this subtitle.

(b) ALTERNATIVE PAYMENT AND REPORTING SCHEDULES.—The order may authorize the Board to designate different handler payment and reporting schedules to recognize differences in marketing practices and procedures.

(c) WORKING GROUPS.—The order may authorize the Board to convene working groups drawn from producers, handlers, importers, exporters, or the general public and utilize the expertise of the groups to assist in the development of research and marketing programs for kiwifruit.

(d) RESERVE FUNDS.—The order may authorize the Board to accumulate reserve funds from assessments collected pursuant to section 946(b) to permit an effective and continuous coordinated program of research, promotion, and consumer information in years in which production and assessment income may be reduced, except that any reserve fund may not exceed the amount budgeted for operation of this subtitle for 1 year.

(e) PROMOTION ACTIVITIES OUTSIDE UNITED STATES.—The order may authorize the Board to use, with the approval of the Secretary, funds collected under section 946(b) and funds from other sources for the development and expansion of sales in foreign markets of kiwifruit produced in the United States.

SEC. 948. PETITION AND REVIEW.

(a) PETITION.—

(1) IN GENERAL.—A person subject to an order may file with the Secretary a petition—

(A) stating that the order, a provision of the order, or an obligation imposed in connection with the order is not in accordance with law; and

(B) requesting a modification of the order or an exemption from the order.

(2) HEARINGS.—A person submitting a petition under paragraph (1) shall be given an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary.

(3) RULING.—After the hearing, the Secretary shall make a ruling on the petition which shall be final if the petition is in accordance with law.

(4) LIMITATION ON PETITION.—Any petition filed under this subtitle challenging an order, or any obligation imposed in connected with an order, shall be filed not later than 2 years after the effective date of the order or obligation.

(b) REVIEW.—

(1) COMMENCEMENT OF ACTION.—The district court of the United States in any district in which the person who is a petitioner under subsection (a) resides or carries on business is vested with jurisdiction to review the ruling on the petition of the person, if a complaint for that purpose is filed not later than 20 days after the date of the entry of a ruling by the Secretary under subsection (a).

(2) PROCESS.—Service of process in the proceedings shall be conducted in accordance with the Federal Rules of Civil Procedure.

(3) REMANDS.—If the court determines that the ruling is not in accordance with law, the court shall remand the matter to the Secretary with directions—

(A) to make such ruling as the court shall determine to be in accordance with law; or

(B) to take such further action as, in the opinion of the court, the law requires.

(4) ENFORCEMENT.—The pendency of a proceeding instituted pursuant to subsection (a) shall not impede, hinder, or delay the Attorney General or the Secretary from obtaining relief pursuant to section 949.

SEC. 949. ENFORCEMENT.

(a) JURISDICTION.—A district court of the United States shall have jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any order or regulation made or issued by the Secretary under this subtitle.

(b) REFERRAL TO ATTORNEY GENERAL.—A civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action, except that the Secretary is not required to refer to the Attorney General a violation of this subtitle, or any order or regulation issued under this subtitle, if the Secretary believes that the administration and enforcement of this subtitle would be adequately served by administrative action under subsection (c) or suitable written notice or warning to any person committing the violation.

(c) CIVIL PENALTIES AND ORDERS.—

(1) CIVIL PENALTIES.—Any person who willfully violates any provision of any order or regulation issued by the Secretary under this subtitle, or who fails or refuses to pay, collect, or remit any assessment or fee duly required of the person under the order or regulation, may be assessed a civil penalty by the Secretary of not less than $500 nor more than $5,000 for each such violation. Each violation shall be a separate offense.

(2) CEASE-AND-DESIST ORDERS.—In addition to or in lieu of the civil penalty, the Secretary may issue an order requiring the person to cease and desist from continuing the violation.

(3) NOTICE AND HEARING.—No order assessing a civil penalty or cease-and-desist order may be issued by the Secretary under this subsection unless the Secretary gives the person against whom the order is issued notice and opportunity for a hearing on the record before the Secretary with respect to the violation.

(4) FINALITY.—The order of the Secretary assessing a penalty or imposing a cease-and-desist order shall be final and conclusive unless the person against whom the order is issued files an appeal from the order with the appropriate district court of the United States, in accordance with subsection (d).

(d) REVIEW BY UNITED STATES DISTRICT COURT.—

(1) COMMENCEMENT OF ACTION.—Any person against whom a violation is found and a civil penalty assessed or cease-and-desist order issued under subsection (c) may obtain review of the penalty or order in the district court of the United States for the district in which the person resides or does business, or the United States district court for the District of Columbia, by—

(A) filing a notice of appeal in the court not later than 30 days after the date of the order; and

(B) simultaneously sending a copy of the notice by certified mail to the Secretary.

(2) RECORD.—The Secretary shall promptly file in the court a certified copy of the record on which the Secretary found that the person had committed a violation.

(3) STANDARD OF REVIEW.—A finding of the Secretary shall be set aside only if the finding is found to be unsupported by substantial evidence.

(e) FAILURE TO OBEY ORDERS.—Any person who fails to obey a cease-and-desist order issued by the Secretary after the order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review under the procedures specified in subsections (c) and (d), of not more than $500 for each offense. Each day during which the failure continues shall be considered a separate violation of the order.

(f) FAILURE TO PAY PENALTIES.—If a person fails to pay an assessment of a civil penalty after the assessment has become a final and unappealable order issued by the Secretary, or after the appropriate United States district court has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in the district court of the United States in any district in which the person resides or conducts business. In the action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

SEC. 950. INVESTIGATIONS AND POWER TO SUBPOENA.

(a) IN GENERAL.—The Secretary may make such investigations as the Secretary considers necessary—

(1) for the effective carrying out of the responsibilities of the Secretary under this subtitle; or

(2) to determine whether a person subject to this subtitle has engaged or is engaging in any act that constitutes a violation of this subtitle, or any order, rule, or regulation issued under this subtitle.

(b) POWER TO SUBPOENA.—

(1) INVESTIGATIONS.—For the purpose of an investigation made under subsection (a), the Secretary may administer oaths and affirmations and may issue subpoenas to require the production of any records that are relevant to the inquiry. The production of any such records may be required from any place in the United States.

(2) ADMINISTRATIVE HEARINGS.—For the purpose of an administrative hearing held under section 948 or 949, the presiding officer is authorized to administer oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of any such records may be required from any place in the United States.

(c) AID OF COURTS.—In the case of contumacy by, or refusal to obey a subpoena to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which the investigation or proceeding is carried on, or where the person resides or carries on business, to enforce a subpoena issued by the Secretary under subsection (b). The court may issue an order requiring the person to comply with the subpoena.

(d) CONTEMPT.—Any failure to obey the order of the court may be punished by the court as a contempt of the order.

(e) PROCESS.—Process in any such case may be served in the judicial district of which the person resides or conducts business or wherever the person may be found.

(f) HEARING SITE.—The site of any hearing held under section 948 or 949 shall be within the judicial district where the person is an inhabitant or has a principal place of business.

SEC. 951. REFERENDA.

(a) INITIAL REFERENDUM.—

(1) REFERENDUM REQUIRED.—During the 60-day period immediately preceding the proposed effective date of an order issued under section 944, the Secretary shall conduct a referendum among kiwifruit producers and importers who will be subject to assessments under the order, to ascertain whether producers and importers approve the implementation of the order.

(2) APPROVAL OF ORDER.—The order shall become effective, as provided in section 944, if the Secretary determines that—

(A) the order has been approved by a majority of the producers and importers voting in the referendum; and

(B) the producers and importers produce and import more than 50 percent of the total volume of kiwifruit produced and imported by persons voting in the referendum.

(b) SUBSEQUENT REFERENDA.—The Secretary may periodically conduct a referendum to determine if kiwifruit producers and importers favor the continuation, termination, or suspension of any order issued under section 944 that is in effect at the time of the referendum.

(c) REQUIRED REFERENDA.—The Secretary shall hold a referendum under subsection (b)—

(1) at the end of the 6-year period beginning on the effective date of the order and at the end of each subsequent 6-year period;

(2) at the request of the Board; or

(3) if not less than 30 percent of the kiwifruit producers and importers subject to assessments under the order submit a petition requesting the referendum.

(d) VOTE.—On completion of a referendum under subsection (b), the Secretary shall suspend or terminate the order that was subject to the referendum at the end of the marketing year if—

(1) the suspension or termination of the order is favored by not less than a majority of the producers and importers voting in the referendum; and

(2) the producers and importers produce and import more than 50 percent of the total volume of kiwifruit produced and imported by persons voting in the referendum.

(e) CONFIDENTIALITY.—The ballots and other information or reports that reveal, or tend to reveal, the vote of any person under this subtitle and the voting list shall be held strictly confidential and shall not be disclosed.

SEC. 952. SUSPENSION AND TERMINATION OF ORDER BY SECRETARY.

(a) IN GENERAL.—If the Secretary finds that an order issued under section 944, or a provision of the order, obstructs or does not tend to effectuate the purposes of this subtitle, the Secretary shall terminate or suspend the operation of the order or provision.

(b) LIMITATION.—The termination or suspension of any order, or any provision of an order, shall not be considered an order under this subtitle.

SEC. 953. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this subtitle.

SEC. 954. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such funds as are necessary to carry out this subtitle for each fiscal year.

Subtitle D—Commodity Promotion and Evaluation

SEC. 961. COMMODITY PROMOTION AND EVALUATION.

(a) FINDINGS.—Congress finds that—

(1) it is in the national public interest and vital to the welfare of the agricultural economy of the United States to expand and develop markets for agricultural commodities through generic, industry-funded promotion programs;

(2) the programs play a unique role in advancing the demand for agricultural commodities, since the programs increase the total market for a product to the benefit of consumers and all producers;

(3) the programs complement branded advertising initiatives, which are aimed at increasing the market share of individual competitors;

(4) the programs are of particular benefit to small producers, who may lack the resources or market power to advertise on their own;

(5) the programs do not impede the branded advertising efforts of individual firms but instead increase market demand by methods that each individual entity would not have the incentive to employ;

(6) the programs, paid for by the producers who directly reap the benefits of the programs, provide a unique opportunity for agricultural producers to inform consumers about their products;

(7) it is important to ensure that the programs be carried out in an effective and coordinated manner that is designed to strengthen the position of the commodities in the marketplace and to maintain and expand the markets and uses of the commodities; and

(8) independent evaluation of the effectiveness of the programs will assist Congress and the Secretary of Agriculture in ensuring that the objectives of the programs are met.

(b) INDEPENDENT EVALUATIONS.—Except as otherwise provided by law, and at such intervals as the Secretary of Agriculture may determine, but not more frequently than every 3 years or 3 years after the establishment of a program, the Secretary shall require that each industry-funded generic promotion program authorized by Federal law for an agricultural commodity shall provide for an independent evaluation of the program and the effectiveness of the program. The evaluation may include an analysis of benefits, costs, and the efficacy of promotional and research efforts under the program. The evaluation shall be funded from industry assessments and made available to the public.

(c) ADMINISTRATIVE COSTS.—The Secretary shall provide to Congress annually information on administrative expenses on programs referred to in subsection (b).

AUTHORITY FOR RECORD TO REMAIN OPEN

Mr. LOTT. Mr. President, I ask unanimous consent that the RECORD remain open until 2 p.m. today for the submission of statements and the introduction of bills.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENTS—H.R. 849

Mr. LOTT. I ask unanimous consent that calendar number 50, H.R. 849, be referred to the Labor Committee until the close of business on Wednesday, March 27, and if the committee has not taken action by that time, the bill be automatically discharged and placed on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. I further ask unanimous consent that it be in order for the majority leader, after consultation with the Democratic leader, to turn to the consideration of H.R. 849 at any time beginning Thursday, March 28, 1996.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 10:30 A.M., TUESDAY, FEBRUARY 13, 1996

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now stand in recess under the previous order.

There being no objection, the Senate, at 1:27 p.m., recessed until Tuesday, February 13, 1996 at 10:30 a.m.

NOMINATIONS

Executive nominations received by the Senate February 9, 1996:

DEPARTMENT OF STATE

THE FOLLOWING-NAMED CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, FOR THE PERSONAL RANK OF CAREER AMBASSADOR IN RECOGNITION OF ESPECIALLY DISTINGUISHED SERVICE OVER A SUSTAINED PERIOD:

J. STAPLETON ROY, OF PENNSYLVANIA

IN THE COAST GUARD

PURSUANT TO THE PROVISIONS OF 14 U.S.C. 729, THE FOLLOWING NAMED COMMANDERS OF THE COAST GUARD RESERVE TO BE PERMANENT COMMISSIONED OFFICERS IN THE COAST GUARD RESERVE IN THE GRADE OF CAPTAIN.

STEVEN D. POOLE
THOMAS J. FALVEY
JOHN P. MICELI
GERALD P. FLEMING
CATHERINE A. BENNETT
RODERICK L. POWELL
RICHARD T. WALDE
FRANK A. FREISHEIM
BRIAN J. MC DONNELL
IVAN R. KRISSEL
RICHARD E. TINSMAN
KEVIN J. MAC NAUGHTON

IN THE ARMY

THE FOLLOWING-NAMED OFFICERS FOR PROMOTION IN THE RESERVE OF THE ARMY, UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE SECTIONS 12203(A) AND 3366:

CHAPLAIN CORPS

To be lieutenant colonel

DANNY W. AGEE, 000–00–0000
JACQUELINE ALEXANDER, 000–00–0000
ROBERT L. BAST, 000–00–0000
MICHAEL A. BATTLE, 000–00–0000
ANTHONY BEGAY, 000–00–0000
GERALD BLANKENHEIM, 000–00–0000
RICHARD W. BOWER, 000–00–0000
STEPHEN L. CONWELL, 000–00–0000
ALBERT E. FRANKE, 000–00–0000
JIMMY W. GALLOWAY, 000–00–0000
RUSSELL S. GORDON, 000–00–0000
CARL D. HAMPTON, 000–00–0000
JAMES B. HENSON, 000–00–0000
ERIC C. HOLMSTROM, 000–00–0000
CHARLES R. HUMPHREY, 000–00–0000
CLEVEN L. JONES, SR., 000–00–0000
MICHAEL H. KERRIGAN, 000–00–0000
ALAN M. KOLLER, 000–00–0000
DOUGLAS MC CREADY, 000–00–0000
WALTER R. MC GEHEE, 000–00–0000
FRANCIS S. MIDURA, 000–00–0000
RODNEY K. MILLER, 000–00–0000
WILLIAM R. MILLER, 000–00–0000
MARVIN L. MILLS, 000–00–0000
CHARLES A. MORRISON, 000–00–0000
ROBERT S. MORTENSION, 000–00–0000
DONALD W. MYERS, 000–00–0000
MYRON E. NYSETHER, 000–00–0000
CARL A. PFEIFFER, 000–00–0000
MICHAEL C. PHIPPS, 000–00–0000
WILLIAM G. PHIPPS, 000–00–0000
DAVID A. PILLSBURY, 000–00–0000
ROBERT E. PINDELL, 000–00–0000
DAVID P. ROLANDO, 000–00–0000
JAMES F. ROZMUS, 000–00–0000
JAMES A. RYAN, 000–00–0000
HAROLD A. SHUDLICK, 000–00–0000
JIMMY A. SMITH, 000–00–0000
PATRICK J. STENSON, 000–00–0000
RICHARD B. TUDOR, 000–00–0000
RICHARD T. VANN, 000–00–0000
CARLOS VILLANUEVA, 000–00–0000
WILLIAM C. WAGNER, 000–00–0000
CLARENCE M. WALKER, 000–00–0000
FRANK A. WITTOUCK, 000–00–0000

EXTENSIONS OF REMARKS

RESOLUTION TO HONOR MR. PHILLIP J. HENOCH OF ROCHESTER, MN

HON. GIL GUTKNECHT

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, February 9, 1996

Mr. GUTKNECHT. Mr. Speaker, I rise today to congratulate one of the great citizens of my hometown, Rochester, MN, on his 81st birthday:

Whereas, Phillip J. Henoch has served his country with honor as a member of the U.S. Submarine Corps during the Second World War; and

Whereas, Phillip J. Henoch has been honored by the city of Rochester for his community volunteer work; and

Whereas, Phillip J. Henoch has been commended by the Rochester Chamber of Commerce for his many contributions to the Rochester community; and

Whereas, Phillip J. Henoch was instrumental in the founding of the Northland House, which later became the Ronald McDonald House; and

Whereas, Phillip J. Henoch currently serves as an officer and director for the southeastern Minnesota initiative fund, which helps build and strengthen local communities; and

Whereas, Phillip J. Henoch was one of the original founders of the Greater Rochester Area University Center; and

Whereas, Phillip J. Henoch has served on numerous committees for the Rochester Independent School District No. 535; and

Whereas, Phillip J. Henoch has exemplified the generosity of the business community in order to better our community for many years; and

Whereas, Phillip J. Henoch has contributed to both his country and community, thereby making both better places to live, work, and raise a family: Therefore, be it

Resolved, That the U.S. House of Representatives join the leaders of the Rochester community in acknowledging the many contributions of Mr. Phillip J. Henoch and wishing him a happy 81st birthday.

HAPPY ANNIVERSARY GRANITE CITY, IL

HON. JERRY F. COSTELLO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, February 9, 1996

Mr. COSTELLO. Mr. Speaker, I want to ask my colleagues to joint me in honoring a prominent community in my district which is celebrating its 100th anniversary. On March 9, 1996, Granite City, IL, will celebrate its centennial at a special banquet at St. Gregory's Armenian Center.

The residents of Granite City make up a very proud community, one with a diverse ethnic makeup and hard-working reputation. The city is home to steel factories, medical centers, and meatpacking houses, as well as the Charles Melvin Price Army Support Center and a variety of excellent small businesses.

It has been my pleasure to represent Granite City in the Congress since I was elected in 1988. The local officials and residents are committed to making their community a better place to live, with improved schools, enhanced infrastructure, and opportunities for area residents to make a living and care for their families.

Together, we have worked to make the Price Center a strong military facility; secure funding to improve the McKinley Bridge; help area steel companies expand their factories; struggle through the great flood of 1993; and create more opportunities for local companies at the Tri-City Port District.

As Granite City looks to the future, its next 100 years, we can be assured that as long as the community continues to work together to achieve progress, opportunity lies ahead.

CHRIS J. WITTING RECOGNIZED AS CIVIC LEADER IN CENTRAL NEW YORK

HON. JAMES T. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, February 9, 1996

Mr. WALSH. Mr. Speaker, I rise today to pay tribute to a true civic leader, a man who has not only led the way for manufacturing interests in central New York but has touched the lives of thousands of his fellow citizens with his philanthropy, his counsel, and his encouragement.

Chris J. Witting, a former industrialist who headed Syracuse's Crouse-Hinds Corp. in its heyday, has been a personal inspiration to me and to many others in public life. An astute businessman, Chris Witting has been a model of success—even in what I call relative retirement.

His belief in the power of individuals and their positive-thinking has spurred many of us to boldly persevere in the formation of public policy that is in keeping with our values.

Chris Witting is loved and respected throughout central New York. I will honor him at a public event February 19 in our hometown of Syracuse, NY. I look forward to presenting him with a copy of this memorial, a small token of my personal gratitude for the great impetus he has given to progress in central New York.

I would ask my colleagues today to join me in saluting an American who has lived up to the expectations of the Founding Fathers when they called for strength of spirit and determination in all things in order to build a great Nation.

I offer thanks and congratulations to Chris Witting for his lifetime of dedication to our quality of life and our outstanding community.

SALUTE TO BANKS CONTRACTING CO., INC.

HON. KWEISI MFUME

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, February 9, 1996

Mr. MFUME. Mr. Speaker, I rise today to pay tribute to Banks Contracting Co., Inc., an African-American owned general contracting firm that specializes in commercial and industrial renovations.

As many residents or visitors to the Baltimore-Washington area can attest, Banks Contracting Co. has worked on some of the most important sites in the area constructed over the last 15 years. Sites to which Banks Construction has contributed include some of Baltimore's most famous and visited locales, including the National Aquarium, Camden Yards, and the Baltimore Arena. Banks is currently working on the Baltimore Children's Museum, which is slated to open in 1998. In addition to these well-known landmarks, past clients include the Johns Hopkins Hospital, the Federal Reserve Bank of Richmond, NationsBank, the University of Maryland, Westinghouse, and Toyota, to name but a few.

In addition to these business successes, Banks also has a strong reputation within the community. The company has addressed the needs of the community throughout the years by serving as a mentor to young men and women in the construction field. Several of these young people, with financial and business assistance from Banks Construction Co., have moved on and established their own successful businesses.

In addition, Banks Construction is also a member of the Maryland/District of Columbia Minority Supplier Development Council and has, in the past, contributed its resources to the Contractor's College in Baltimore. In 1995, Banks was the key corporate sponsor for the Associated Black Charity's 10th Annual Fundraising Celebration and in 1994 it received the Administrator's Award for Excellence from the U.S. Small Business Administration. Banks has also been recognized in past years by Westinghouse and the Maryland/District of Columbia Minority Supplier Development Council.

And so, Mr. Speaker, I applaud Banks Construction Co. for its excellence not only as a contractor on some of Baltimore's most important projects, but also a member of our community, one that is willing to give some of its gifts back to its community.

TRIBUTE TO JOHN LAWRENCE, EDUCATOR

HON. CARRIE P. MEEK

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, February 9, 1996

Mrs. MEEK of Florida. Mr. Speaker. I rise to pay tribute to one of Florida's preeminent educational leaders upon his retirement from a

33-year-long career. A native of Durham, NC, Mr. John Lawrence began his professional career in 1963 after graduating from North Carolina Central University with a bachelor's degree in biological science.

While serving full-time as a teacher mentoring countless students at several high schools, Mr. Lawrence juggled his time to earn a master's degree in administration and supervision, while furthering his studies in marina biology at Florida State University and getting another master's degree in adult education at my alma mater, Florida A&M University.

In 1978 he joined the Florida Department of Education as program director of the adult and community education section. His stint in this endeavor proved to be one of the most productive enterprises of his professional career, resulting in his being named chief of the State Bureau of Adult and Community Education.

During his tenure Mr. Lawrence upgraded Florida's adult and community programs, raising them to preeminent prestige and innovation. He was awarded numerous accolades for his visionary leadership and educational entrepreneurship. His advice and counsel were sought by many national school boards and educational councils, giving incisive lectures on the subject of adult and community programs throughout the length and breadth of the educational spectrum. Most prominent among his varied roles was that a serving as a premiere consultant in the World Council on Adult Education in the then-Federal Republic of West Germany.

In 1990 the Council of State Education of Adult and Community Education chose him to serve as chairman. In this capacity the First Lady, Barbara Bush, tapped his expertise in her national adult literacy initiative, taking him regularly to the White House for consultation.

Despite his all-out involvement with Florida's educational initiatives, Mr. Lawrence found time to serve on the Teachers' Credit Union in Leon County, as well as fulfill chairmanships on the Code Enforcement Board of the city of Tallahassee, National Adult Education Professional Development Consortium, National Association of Secondary School Principals, and the National Advisory Committee of the GED Testing Program.

Throughout his career, Mr. Lawrence demonstrated the knack to solidify long-lasting friendships in his professional, civic, social and religious circles. Standing by him in his multifaceted endeavors is Virginia Landers Lawrence, his wife and confidante of 30 years. As proud parents they have instilled into their two sons, John Edward II and Jason Earl, the unerring standard of personal responsibility and moral commitment to the highest sense of self-worth and respect for their fellow human beings.

Mr. Lawrence is indeed the epitome of utmost dedication to the well-being of his family and his church, and personified a dogged determination in enhancing the educational initiatives in his chosen profession. He has become the trailblazer par excellence of our Nation's adult and community education, and his wise counsel in this arena will be sorely missed.

His retirement brings to a close the genuine dedication of one of Florida's unsung public servants. On this occasion I would like to extend my fellow Floridians' utmost gratitude to Mr. John Lawrence for a job well-done and a sterling achievement rarely matched among our Nation's visionaries in educational leadership.

CELEBRATING FEBRUARY 4, NATIONAL DAY FOR SRI LANKA

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Friday, February 9, 1996

Mrs. MINK of Hawaii. Mr. Speaker, I am very honored and pleased to have this opportunity to offer my heartfelt congratulations and best wishes to all of the citizens and friends of Sri Lanka as the country celebrated its National Day on February 4.

Sri Lanka has enjoyed independence from British colonial rule these past 48 years and exemplifies a political system and history steeped in democratic tradition. During the past four decades Sri Lanka has held regular national elections and has enjoyed traditionally friendly relations with the United States, based in large part on our shared commitment to democratic principles. Sri Lanka has experienced some ethnic strife related to Tamil separatists and we encourage newly elected President Chandrika Kumaratunga to find a peaceful and lasting solution to this conflict.

During the past half century, Sri Lanka has served as a glowing example of a young democratic country that has overcome numerous hardships to make tremendous strides in the political, international, economic, and cultural arena. Sri Lanka has much to be proud of. Of note is the high 90-percent literacy rate for both men and women which can be attributed to a Government policy of free public education from primary through the university. These policies will create and foster a vigorous economy and strengthen even further our trade relationship.

Happy Fourth of February to Sri Lanka on its National Day.

CONFERENCE REPORT ON S. 652, TELECOMMUNICATIONS ACT OF 1996

SPEECH OF

HON. MICHAEL G. OXLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 1, 1996

Mr. OXLEY. Mr. Speaker, I would like to take a minute to talk about section 275 of the telecommunications conference report concerning alarm monitoring services. Section 275 generally restricts Bell operating companies and their affiliates from providing alarm monitoring services for 5 years from the date of enactment. It does, however, allow BOC's that were lawfully engaged in the alarm monitoring business on or before November 30, 1995, to continue to provide such services. There are no prohibitions under current law barring Bell operating companies from providing alarm monitoring, and those companies that have chosen to enter this business in reliance on current law should not be unduly penalized after such lawful entry. Moreover, such companies should be permitted to operate and expand their business just like any other company in our free market system. Restrictions on growth deny consumers the benefits that additional competition will bring.

The only restriction on grandfathered BOC's contained in the conference report is that such companies may not acquire any equity interest in or obtain financial control of an unaffiliated alarm monitoring company. Let me be perfectly clear, as is the language of the conference report: This restriction does not encompass customer or asset acquisitions. There is no restriction on acquisitions of customer accounts or the assets of unaffiliated alarm companies by a Bell operating company that was offering alarm monitoring services on or before November 30, 1995. After 5 years, the limited restriction on acquiring an equity interest or obtaining financial control will be lifted and there will be no entry, equity, or financial control restrictions whatsoever on Bell operating company provision of alarm monitoring services.

HONORING THE AWARD WINNERS OF THE DALE CITY CIVIC ASSOCIATION

HON. THOMAS M. DAVIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, February 9, 1996

Mr. DAVIS. Mr. Speaker, it gives me great pleasure today to rise and bring to the attention of my colleagues some very special and important people in Dale City in the 11th Congressional District of Virginia. These are people who have put the good of their community, Dale City, VA, above their own needs and desires, not only performing their jobs, but going above and beyond the call of duty. These individuals have become role models to others in their professions and to other volunteers. They were honored on Saturday February 3, 1996 by the Dale City Civic Association, one of the largest, most active, and accomplished citizens associations in the Commonwealth of Virginia. I would like to offer my congratulations to the award recipients.

The Dale City Civic Awards Association was created nearly 30 years ago and hosts an annual service awards banquet. In addition, the association awards a number of scholarships for college-bound students from Dale City, monitors development and serves as a sounding board for citizens and businesses.

Citizen of the Year: Jo Ann Mains. Ms. Mains serves on numerous community boards, helps raise money for the Dale City Volunteer Fire Department, ACTS, the Boys and Girls Clubs, and she also gives her valuable time by helping needy families.

Young Citizen of the Year: Shivon Kershaw. Ms. Kershaw serves in many church and civic associations in Prince William County. In addition to these activities she has won Martin Luther King oratory contests both at the middle school and high school levels for the past 2 years. Despite her many extracurricular activities she still maintains a very high grade point average.

Community Service Award: Terrence Spillane. Mr. Spillane served on the County Board of Supervisors for 8 years and was a leader in sound fiscal policies, human services, and economic development.

Nurse of the Year: Deana Michell. Ms. Michell is a nurse at Potomac Hospital whose constant pursuit of perfection and relationship with patients has earned her the respect and admiration of her colleagues and patients at the hospital.

Police Officer of the Year: Officer Patricia Harman: Officer Harman has given not only her official time, but her private time helping the people of her community become educated in safety.

Fire Fighter of the Year. Howard Coleman. Mr. Coleman has been a member of the Dale City Volunteer Fire and Rescue Department since 1991. Mr. Coleman has always displayed an eagerness to help his fellow citizens and their quality of life.

Emergency Medical Services Award: Anthony Hool. Mr. Hool has been a member of the Dale City Volunteer Fire and Rescue Department for the past 18 years. During this time Mr. Hool has been responsible for developing the EMS system in Dale City. He is also one of the most respected EMS providers in the Commonwealth of Virginia.

Elementary School Teacher of the Year: Carolyn Harrington. Ms. Harrington is a second grade teacher at Neabsco Elementary School in Dale City. Her dedication and love of her work is reflected in the children of the community.

Middle School Teacher of the Year: Vernice Turner. Ms. Turner is a seventh grade language arts teacher at Mills E. Godwin Middle School. She is one who gives generously of her time and demonstrates the highest level of professionalism and competence.

High School Teacher of the Year. Jim Sivells. Mr. Sivells is a social studies teacher at Cecil D. Hylton High School. His dedication to his work truly makes government come alive for his students and is reflected in their admiration for him.

Mr. Speaker, I know my colleagues join with me in congratulating these outstanding citizens for their tireless efforts to make Dale City, VA, a better place to live.

TRIBUTE TO KWEISI MFUME

SPEECH OF

HON. JERRY F. COSTELLO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 31, 1996

Mr. COSTELLO. Mr. Speaker, I want to join my colleagues in honoring our colleague, Congressman KWEISI MFUME, as he prepares to leave Congress to take over the National Association for the Advancement of Colored People [NAACP].

I have had the privilege of serving with KWEISI for many years, and can testify to the fact that he has had an enormously positive impact on the U.S. House of Representatives. He has well represented his constituents in Baltimore, and has been an aggressive advocate for the causes of human rights and urban development.

As the former chairman of the Congressional Black Caucus, KWEISI was successful in raising the profile of the caucus agenda, and speaking for millions of African-Americans who look to the caucus for leadership. By becoming chief executive officer of the NAACP, KWEISI will continue those efforts and represent that organization with the same vigor and competence as he represented his constituents in Maryland's Seventh District.

Mr. Speaker, I know many of my colleagues join me in bidding KWEISI best wishes on his new challenge, and will be working closely with him on issues of concern to all of us in the future.

Daily Digest

Senate

Chamber Action

Routine Proceedings, pages S1161–S1263

Measures Introduced: Two bills and one resolution were introduced, as follows: S. 1567 and S. 1568, and S. Con. Res. 42. **Page S1180**

Measures Reported: Reports were made as follows:

S. 1005, to amend the Public Buildings Act of 1959 to improve the process of constructing, altering, purchasing, and acquiring public buildings, with an amendment in the nature of a substitute. (S. Rept. No. 104–232)

S. 604, to amend title 49, United States Code, to relieve farmers and retail farm suppliers from limitations on maximum driving and on-duty time in the transportation of agricultural commodities or farm supplies if such transportation occurs within a 100-air mile radius of the source of the commodities or the distribution point for the farm supplies, with an amendment in the nature of a substitute. (S. Rept. No. 104–233)

S. 772, to provide for an assessment of the violence broadcast on television. (S. Rept. No. 104–234) **Page S1180**

Age Discrimination in Employment—Agreement: A unanimous-consent agreement was reached providing for the consideration of H.R. 849, to amend the Age Discrimination in Employment Act of 1967 to reinstate an exemption for certain bona fide hiring and retirement plans applicable to State and local firefighters and law enforcement officers. **Pages S1262–63**

Messages From the President: Senate received the following messages from the President of the United States:

Transmitting the report on the national emergency with respect to Iraq; referred to the Committee on Banking, Housing, and Urban Affairs. (PM–118). **Pages S1176–77**

Transmitting the report on the national emergency with respect to the Middle East peace process; referred to the Committee on Banking, Housing, and Urban Affairs. (PM–119). **Page S1178**

Transmitting the report of the Agreement Between the United States and the Republic of Poland; referred to the Committee on Commerce, Science, and Transportation. (PM–120). **Page S1178**

Transmitting the report with respect to Japan; referred to the Committee on Commerce, Science, and Transportation. (PM–121). **Pages S1178–79**

Nominations Received: Senate received the following nominations:

The following-named Career Member of the Senior Foreign Service, Class of Career Minister, for the personal rank of Career Ambassador in recognition of especially distinguished service over a sustained period:

J. Stapleton Roy, of Pennsylvania.

Routine lists in the Army, Coast Guard. **Page S1263**

Messages From the President: **Pages S1176–79**

Communications: **Pages S1179–80**

Statements on Introduced Bills: **Pages S1180–85**

Additional Cosponsors: **Pages S1185–87**

Additional Statements: **Pages S1187–91**

Text of S. 1541 as passed the Senate: **Pages S1191–S1262**

Recess: Senate convened at 11 a.m., and recessed at 1:27 p.m., until 10:30 a.m., on Tuesday, February 13, 1996, for a pro forma session.

Committee Meetings

(Committees not listed did not meet)

EMPLOYEE INVOLVEMENT PROGRAMS

Committee on Labor and Human Resources: On Thursday, February 8, committee concluded hearings on S. 295, to allow labor management to establish, assist, maintain, or participate in an organization or entity in which employees participate to address matters of mutual interest, after receiving testimony from Molly Dalman, Michael Klein, Anne Nagy, Bonny Topp, and David Khorey, all of the Donnelly Corporation, Holland, Michigan; Christopher Fuldner, EFCO Corporation, Monett, Missouri; Richard

Wellins, Development Dimensions International, Pittsburgh, Pennsylvania; and Jon Hiatt, AFL–CIO, and Alan Reuther, United Auto Workers, both of Washington, D.C.

WHITEWATER

Special Committee To Investigate the Whitewater Development Corporation and Related Matters: On Thursday, February 8, committee resumed hearings to examine issues relative to the Whitewater Development Corporation, receiving testimony from Jane Sherburne, Special Counsel to the President; Capricia Marshall, Special Assistant to the First Lady; Gary Walters, Head Usher, and Dennis Freemyer, Assistant Head Usher, both of the White House; and David Kendall, Williams and Connolly, Washington, D.C.

Hearings continue on Tuesday, February 13.

House of Representatives

Chamber Action

Bills Introduced: 1 public bill, H.R. 2964 was introduced. **Page H1234**

Report Filed: One report was filed as follows: H.R. 2854, to modify the operation of certain agricultural programs, amended (H. Rept. 104–642, Part 1). **Page H1234**

George Washington Birthday Ceremonies: The Speaker appointed Representatives Davis and Moran to represent the House at appropriate ceremonies for the observance of George Washington's birthday to be held on Thursday, February 22, 1996. **Page H1233**

Civil Rights Commission: The Speaker reappointed Mr. Carl A. Anderson of Arlington, Virginia, as a member from private life to the Commission on Civil Rights for a six-year term, on the part of the House. **Page H1233**

Senate Messages: Messages received from the Senate today appear on page H1233.

Quorum Calls—Votes: No quorum calls or votes developed during the proceedings of the House today.

Adjournment: Met at 11 a.m. and adjourned at 11:04 a.m.

Committee Meetings

DEBT CEILING LIMIT

Committee on Banking and Financial Services: On February 8, the Committee held a hearing to provide an update on the debt ceiling limit issue. Testimony was heard from Representatives Saxton, Mica, Kanjorski, and Kennedy of Massachusetts; Robert E. Rubin, Secretary of the Treasury; and public witnesses.

OVERSIGHT

Committee on Government Reform and Oversight: On February 8, the Subcommittee on Human Resources and Intergovernmental Relations held an oversight hearing on the use of automated screens by Medicare contractors to prevent payment of medically unnecessary claims. Testimony was heard from Gary Kavanagh, Deputy Director, Bureau of Program Operations, Health Care Financing Administration, Department of Health and Human Services; Sally Jaggar, Director, Health Financing and Policy Issues, GAO; and public witnesses.

NII COPYRIGHT PROTECTION

Committee on the Judiciary: On February 8, the Subcommittee on Courts and Intellectual Property concluded hearings on H.R. 2441, NII Copyright Protection Act of 1995. Testimony was heard from Jeanne Hurley Simon, Chairperson, National Commission on Libraries and Information Science; Tuck Tinsley III, President, American Printing House for the Blind, Inc.; and public witnesses.

NEW PUBLIC LAWS

(For last listing of Public Laws, see DAILY DIGEST *p. D71)*

H.R. 2924, to guarantee the timely payment of social security benefits in March 1996. Signed February 8, 1996. (P.L. 104–103)

S. 652, to provide for a pro-competitive, de-regulatory national policy framework designed to accelerate rapidly private sector deployment of advanced telecommunications and information technologies and services to all Americans by opening all telecommunications markets to competition. Signed February 8, 1996. (P.L. 104–104)

CONGRESSIONAL PROGRAM AHEAD

Week of February 12 through 17, 1996

Senate Chamber

Senate will meet on *Tuesday* and *Friday* for pro forma sessions.

Senate Committees

(Committee meetings are open unless otherwise indicated)

Committee on Finance: February 14, to hold hearings on the nomination of Stuart E. Eizenstat, of Maryland, to be Under Secretary of Commerce for International Trade, 3 p.m., SD–215.

Committee on Governmental Affairs: February 14, Permanent Subcommittee on Investigations, to hold hearings to examine Medicare's billings policy for investigational devices and procedures by hospitals nationwide, 10 a.m., SD–342.

Special Committee To Investigate Whitewater Development Corporation and Related Matters: February 13, 14, and 15, to resume hearings to examine issues relative to the Whitewater Development Corporation, 10 a.m., SH–216.

House Committees

No Committee meetings are scheduled.

Next Meeting of the SENATE

10:30 a.m., Tuesday, February 13

Senate Chamber

Program for Tuesday: Senate will meet in pro forma session.

Next Meeting of the HOUSE OF REPRESENTATIVES

11 a.m., Tuesday, February 13

House Chamber

Program for Tuesday: No legislative business is scheduled.

Extensions of Remarks, as inserted in this issue

HOUSE

Congressional Record

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